PROGRAM TO STRENGTHEN BASIC EDUCATION REFORM

(PR-0117)

EXECUTIVE SUMMARY

Borrower:	Government of the Republic of Paraguay	
Executing agency:	Ministry of Education and Culture (MEC)	
Amount and source:	IDB (OC):	US$40,000,000
	Local:	US$ 4,000,000
	Total:	US$44,000,000
Financial terms and conditions:	Amortization period:	25 years
	Grace period:	5 years
	Disbursement period:	5 years
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0.75%
	Currency:	basket of currencies

Objectives: The general objective of the program is to improve the quality and equity of basic education in Paraguay, thereby helping to reduce poverty and contribute to the country's social and economic development. The specific objectives are to: (i) improve teaching practices and administrative processes in Cycle I and II schools; (ii) lessen inequality within the education system; (iii) facilitate access to Cycle III of the educación escolar básica [basic education] program (EEB); (iv) promote parent involvement in school affairs through Asociaciones de Cooperación Escolar [Educational Cooperation Associations] (ACEs); (v) improve teacher quality and initial training; and (vi) strengthen MEC administration.

Description: The program has been structured to address three essential needs: (i) the need to strengthen the educational capacity of schools so that, operating autonomously, they can provide quality education to their communities; (ii) the need to reduce serious inequities within Paraguay's education system by designing strategies to benefit the poorest segments of society; and (iii) the need to introduce in-service training in schools and the Institutos de Formación Docente [Teacher Training Institutes] (IFDs), in a collective effort to make teachers

professionally responsible for the academic performance of their students.

To accomplish these objectives, the program has been structured with four components:

Component 1: Activities targeting primary schools (US$18.8 million): The resources for this component would be used to finance activities targeting urban and rural schools identified as high-risk in terms of educational capacity; to promote successful educational experiences in schools with more than 200 students; and to encourage parent involvement in school affairs.

High repeater and dropout rates will be addressed by: (i) implementing a proposed bilingual teaching program in 1,000 rural schools (25% of the enrolled student population) to improve student learning during the first six years of school (Cycles I and II); (ii) conducting an integrated learning program for the first two cycles of the EEB program for the benefit of 150 schools characterized by conditions of poverty and high educational risk and accounting for 10% of all urban schools; (iii) building on Paraguay's successful experience in community participation and community-based management through a transfer of resources to ACEs in the schools participating in the two subcomponents above to strengthen capacity for organizing parents, upgrade school infrastructure, and purchase equipment; and (iv) financing 600 educational improvement projects, to be distributed on a competitive basis among the 1,200 largest schools, which would be designated to promote greater autonomy in resource management and the development of successful new approaches to education.

Component 2: Improvement of initial teacher training (US$1.8 million): The purpose of this component is to help strengthen initial teacher training systems by providing the resources and conditions needed to improve the learning process, development, and institutional evaluation.

Specifically, financing will be provided for 25 improvement projects prepared by government IFDs to improve the quality of teaching and the working conditions. Additional financing will be provided for advanced courses to improve the quality of administration and instruction, especially for language, mathematics, and science teachers. Financing will also be provided for the design and application of a system to evaluate the institutional efficiency of state and private IFDs.

Component 3: Infrastructure and equipment for the expansion of Cycle III of the EEB (US$13.7 million). The objective of this component is to manage and expand the seventh, eighth, and ninth years of the Paraguayan educational system (Cycle III of the EEB), with a focus on investment in classroom construction for comprehensive schools operating as educational centers. Financing will also be provided for the repair and construction of restroom facilities.

Component 4: Strategic support for MEC operations (US$4.6 million). The purpose of this component is to strengthen the MEC in the areas of regulation, policy formulation, monitoring, evaluation, and public information so as to further consolidate the educational reform initiated in 1992 and ensure the sustainability and impact of investments in the sector. Specifically, the objectives are: (i) to strengthen the Sistema Nacional de Evaluación del Proceso Educativo [National Education Evaluation System] (SNEPE) by financing data collection for use in monitoring the targeted programs defined in Component 1 and by disseminating SNEPE findings for use by the Paraguayan educational system as a whole and the general public; (ii) to help the Consejo Nacional de Educación y Cultura [National Council on Education and Culture] (CONEC) strengthen its capacity to formulate and evaluate education policy by financing studies on EEB, seminars, and publications; and (iii) to develop a social communications strategy for the dissemination of information on educational reform activities, and in particular those of the program, to which end financing would be provided for publications, radio programs for parents and teachers, and other public information events and broadcasts.

The Bank's country and sector strategy:

In the area of formal education, the Bank's strategy focuses on: (i) strengthening preschool and basic education; (ii) decentralizing responsibility for education to communities and *municipios*; (iii) training education personnel; (iv) providing greater access to basic education for the monolingual Guaraní-speaking population; and (v) strengthening the ties between school and the workplace. To this end, the program addresses the challenges facing Paraguay and is consistent with the Bank's strategy and the mandates of the Eighth Replenishment.

In 1994, the Bank approved two loans for Paraguay to implement a primary education improvement program (770/OC-PR and 908/SF-PR) as well as a technical-cooperation operation (ATN/SF-5034-PR). As of December 1999, 93% of the resources for these operations had been disbursed. The remaining 7% has been committed and the final disbursement is planned for August 2000. In

1998, a technical-cooperation program to improve bilingual education (ATN/SF-6053-PR) was approved to build on efforts begun under the first loan, and to conduct new studies and activities for use in the monolingual Guaraní schools and for preparation of this operation.

Environmental and social review:

The activities of this program will have no adverse impact on the environment (see paragraph 4.18).

Benefits:

The investments to be made under this program are designed to boost student retention rates, raise levels of schooling (highest grade completed), and improve learning performance in Cycles I and II of the EEB in rural and urban schools identified as high-risk. Specifically, component 1 focuses on activities to improve the quality and internal efficiency of the first two cycles, while component 3 seeks to improve access and infrastructure for the Cycle III expansion. The expected educational results are an increase in the percentage of students completing 6th grade from 70% to 75% and a two-year increase in average schooling level in the targeted schools. Efforts will also be made to expand Cycle III coverage to 70%, accommodating nearly 6,000 new students and improving physical conditions and equipment for another 12,000 students already in school.

In addressing the inequalities of the Paraguayan education system, the program will give preference to two lines of activity: the first benefiting the 10% of schools at highest risk in educational terms, and the second benefiting high-risk rural schools accounting for the lowest-ranking 25% of rural enrollment in terms of educational performance. The benefits will thus flow to the poorest students in urban and rural areas. The goal is to reduce repeater and dropout rates and increase retention rates by 7%, thereby raising the percentage of students completing sixth grade to 75%. At the same time, improvements in internal efficiency should raise average schooling levels by approximately two years (from 4 to 6 years).

The program is expected to produce the following economic benefits for families: (i) a higher percentage of the population completing primary school (accounting for a salary differential of 50% to 100% depending on the baseline situation and economic opportunities existing in rural vs. urban areas); (ii) a larger group eligible for high school and greater access to Cycle III, a prerequisite for eventually completing secondary education and benefiting from still higher salary differentials (up to 150%); and (iii) higher average schooling levels (in terms of grades completed), and hence greater workforce productivity and employability, irrespective of decisions to migrate to cities or not.

Risks:

Over the past year, Paraguay has been affected by an extremely complex institutional and political crisis, which at one point disrupted all normal activity, with repercussions for the continuity of educational reform. As the country consolidates its democratic process and overcomes the current economic crisis, the situation is expected to return to normal. The new educational authorities have in fact taken up the reform principles and strategies (Plan 2020) once again, setting up new technical teams composed of professionals who participated in the Plan's formulation.

Execution of the program will require a change in institutional culture, which may encounter resistance from the educational community. To minimize this risk, the program will have a communications and information campaign in place from start to finish to create favorable attitudes toward the changes in teaching and administrative practices to be promoted.

The MEC's inexperience in administering targeted programs and the technical and administrative complexity of this particular program could delay execution and ultimately undermine the motivation of teaching staff. Similarly, the inexperience of MEC supervisors in monitoring and advising on learning technique projects could prove a serious obstacle to the program's success. To mitigate this risk, the program provides for the establishment of expert teams within the MEC general divisions concerned, a technical support team for each Program Coordination Unit (PCU), and various training activities to improve the technical capacity of teachers forming part of the supervisory teams at the school-zone level.

Although the government has undertaken to provide the local counterpart resources for the program on a timely basis, the country's fiscal situation could delay actual disbursement, upsetting the timetable for executing activities and slowing the accomplishment of program objectives. This could create skepticism within the teaching community about the government's commitment to the program and the principles underlying it, which could in turn affect their motivation and commitment to the changes in teaching and administrative practices being pursued.

Special contractual clauses:

Conditions precedent to the first disbursement. Prior to the first disbursement of financing, it must be demonstrated to the Bank that: (i) the Advisory Board referred to in paragraph 3.1 has been established; (ii) the PCU has been set up and the technical team appointed to operate it (paragraph 3.1); (iii) the Program Operations Manual has been put into effect in accordance with terms and conditions previously agreed upon with the Bank (paragraph 3.6); (iv) two special accounts have been set up for the exclusive purpose of administering program resources, one in guaranís and the other in dollars (paragraph 3.61); (v) presentation of regulatory documents issued by the MEC concerning: expansion and consolidation of Cycle III of the EEB, methodological guidelines for language instruction in the program, and expansion of the IFDs (paragraphs 3.42, 3.10, and 3.33); (vi) presentation of the model contract to be signed by the MEC and ACEs for the transfer of program resources (paragraph 3.20); and (vii) presentation of a model legal instrument stipulating the obligations of the parties under the program (paragraph 3.27 and 3.31).

Special contractual conditions: (i) before financing can be transferred to ACEs, the contract referred to in (vi) above must have been signed (paragraph 3.20); (ii) at the time that financing is transferred to a school or state IFD, the legal instrument referred to in (vii) above must be in force (paragraph 3.27 and 3.31); (iii) within thirty days after the close of each semiannual period during program execution, the MEC must present a semiannual progress report to the Bank on program activities. Reports presented at the close of each year of program execution must also include the operating plan for that year, the financial statement for the program, and information on procurement during the prior year and planned procurement for the current year (paragraph 3.63); (iv) annually, within thirty days after preparation and submission of the semiannual progress report for the close of each year of program execution, the MEC will analyze this information with the Bank to assess the progress made in implementing the program, difficulties that may have arisen in its execution, and the steps taken to overcome them (paragraph 3.64); and (v) as part of the program evaluation process, two evaluations will be conducted – intermediate and final – based on the methodology and guidelines agreed upon by the MEC and the Bank. The results of the first evaluation must be presented to the Bank once 50% of program resources have been committed, or once 42 months have elapsed since the effective date of the loan contract, whichever comes first. The final evaluation, which will be based on the same content and methodology as the intermediate evaluation, must be conducted within six months prior to the deadline for the final disbursement of the financing, and the results must be presented to the Bank together with the final disbursement request (paragraph 3.65).

Poverty-targeting and social sector classification:

This operation qualifies as a social equity enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704).

Furthermore, given its focus on improving basic public education, this operation qualifies as a poverty-targeted investment (PTI). The borrowing country will be using the 10 percentage points in additional financing (paragraph 4.20).

Exceptions to Bank policy:

An exception to disbursement rules and procedures is proposed in the case of resource transfers to Educational Cooperation Associations (ACEs). The mechanism proposed will streamline the disbursement process and allow for more effective parent participation in school affairs (paragraph 3.58).

Procurement:

Goods, services, and works for this program must be procured in accordance with Bank procedures. International competitive bidding will be required for contracts valued at US$2 million in the case of construction works; US$350,000 or more in the case of goods; and US$200,000 or more in the case of services.

I. FRAME OF REFERENCE

A. Socioeconomic framework

1.1 Paraguay has a population of approximately 5.5 million, which is growing at an average annual rate of 2.6%, one of the highest in the region. It has an age structure typical of a young population, 40% of which is under the age of 15. Forty-nine percent of the population lives in rural areas, compared with 26% for Latin America as a whole. This makes Paraguay one of the most rural countries in the region.

1.2 During the 1990s, Gross Domestic Product (GDP) grew at an annual rate of 2.4%, accompanied by annual population growth of 2.9%, an indication of per-capita income stagnation. In 1998, the slowdown in economic growth impacted the already high unemployment rate, which reached 14.4%. At the same time, as a result of the financial crisis and the effects of El Niño, inflation rose to 14.6% in 1998 before declining to 5.4% in 1999.

1.3 Poverty and inequality levels in the country remain high, particularly in rural areas, where extremely difficult living conditions persist. Based on a poverty line of US$60 per capita per month (PPP) (the poverty line used by the Bank), four out of five rural households and one of every two urban households were poor in 1998 (incidence of poverty in 1998: 87% in rural areas; 51% in urban areas). Income distribution is extremely unequal: the poorest 20% of the population accounts for only 2% of total income, whereas the richest 20% accounts for 60% of income. In addition, 64% of all households in the country have at least one Unmet Basic Need (UBN), and two of every three children live in poverty. According to data from a 1997/98 integrated survey of Paraguayan households, the literacy rate was 8.9% (7% for men; 10.7% for women). The literacy rate in urban areas was 5.6%, compared with 13.4% in rural areas.

1.4 The official languages of Paraguay are Guaraní and Spanish. According to the 1992 census, the country's linguistic profile is as follows: 39.3% monolingual Guaraní; 49% bilingual Spanish and Guaraní; 6.4% monolingual Spanish; and 5.3% other languages. This situation reflects the survival capacity of the Guaraní culture and language as a factor of national cohesion, but represents a great challenge to the education system, since 23.3% of the urban population speak primarily Guaraní compared with more than 72% of the rural population. Accordingly, the country's educational policy emphasizes a multicultural and bilingual approach to education to accommodate the country's diversity, recognizing that mother-tongue literacy is fundamental if children are to enjoy ready access to and stay in the formal education system.

B. The situation of the educational system

1. Organization of the education system

1.5 The education system extends from early to higher education and is structured as shown in Table I-1. Higher education is provided through universities, professional institutes, and vocational training institutions. The indigenous population (1% of EEB enrollment) is offered flexible study programs adapted to their sociocultural requirements. Some of the ethnic groups have textbooks written in their own languages.

Table I-1
Structure of the Education System

Level	Cycle/Grade	Age
Early	Preschool	5
Basic Education	Cycle I (1^{st}, 2^{nd}, 3^{rd})	6 to 8
	Cycle II (4^{th}, 5^{th}, 6^{th})	9 to 11
	Cycle III (7^{th}, 8^{th}, 9^{th})	12 to 14
High School	Cycle with diversified baccalaureate (1^{st}, 2^{nd}, and 3^{rd} course)	15 to 17

1.6 The Ministry of Education centrally administers 87.3% of the schools offering basic education (Cycles I and II); the paid private sector and subsidized individuals cover the remaining 12.7%. Most of the schools are located in rural areas (76.4%). School size varies from fewer than 50 students to more than 900. The average is 273 per school.

1.7 In 1997, 63% of enrollment in the Paraguayan education system was concentrated in the first and second cycles of the EEB (approximately 905,000 students), with 23% in high school and 7% in preschool. At the same time that basic education reform was being introduced in the country in 1992, there was a significant expansion in teacher training, with unprecedented growth in demand from students seeking to enter the IFDs. There were 19 teacher training institutes in 1992, compared with 118 at the current time, of which 41 are state-run institutions and 76 are private.

1.8 With respect to the public education financing system, the National Constitution provides that no less than 20% of the country's national budget must be allocated to the education sector, a mandate that has been fulfilled since 1994. The MEC's budget share as a percentage of GDP has in fact been growing annually, from approximately 2.8% in 1993 to 4.3% in 1998, a figure that is still below the levels

recommended by international agencies, which suggest an investment of no less than 6% in the education sector. Eighty-nine percent of the budget goes to salaries, a proportion that is typical of countries with levels of development similar to that of Paraguay. This leaves little margin for investment and the purchase of other inputs and services to improve the quality of education.

1.9 Parents contribute directly to public education financing through Educational Cooperation Associations (ACEs),[1] tuition and contributions (high school), or contributions in kind, money, or volunteer work to resolve operational needs and/or build classrooms and maintain the schools. The MEC does not have information on the amount of monetary resources this contribution represents for the sector.

2. The government's strategic plan for education

1.10 In 1990, the country launched a process for thorough renovation of its education system which was formalized in 1996 in a strategic proposal entitled "Paraguay 2020. Let us meet the challenge of education together". This proposal presents a comprehensive vision and a consistent set of priorities for the efforts required to reform the education system. At the basic education level the main policies are: (i) to develop a quality curriculum; (ii) to improve capacity for school administration; (iii) to train quality teachers; (iv) to improve and expand school infrastructure; (v) to provide learning resources for the school; and (vi) to develop special attention programs for the high-risk schools.

1.11 In 1998, the government promulgated a new General Education Act, introducing substantial changes in the structure and operation of the education system, including: (i) a new structure for the education system (see Table I-1); (ii) establishment of the National Council on Education and Culture (CONEC) as an independent body to ensure the continuity of medium- and long-term education plans, propose policies, and periodically evaluate the education system, reporting to the executive and legislative branches; and (iii) student instruction in the country's two official languages: Spanish and Guaraní.

3. Program to improve primary education (PR-0025)[2]

1.12 In support of the transformation process initiated in the early 1990s, the Paraguayan government, with Bank support, conducts a US$59 million Program for the Improvement of Primary Education (770/OC-PR, 908/SF-PR, and ATN/SF-5034-PR). The objectives of the program are: (i) to improve the quality of preschool and primary education; (ii) to increase the internal efficiency of the

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[1] ACEs are organized school parent groups legally recognized by MEC resolution whose main function is to participate in school management through activities to solve educational and material needs.

[2] For background information see the project performance monitoring report (PPMR), Regional Operations Department 1, IDB, December 1999.

system; (iii) to optimize the use of resources allocated to the sector; and (iv) to strengthen the Ministry of Education and Culture.

1.13 Characterized as first-generation reforms and implemented with loan resources, these measures have produced, *inter alia*, the following results: (i) modification of the study plans and programs for grades 1 to 6, with the relevant teacher training; (ii) the modification of teacher training programs for early and basic education; (iii) establishment of the National Continuing Teacher Training Program; (iv) development and regular updating of the Educational Map; (v) the development and implementation of periodical evaluations through the National Education Evaluation System (SNEPE); (vi) the distribution of textbooks, school library facilities, teaching support materials, and school equipment; (vii) the rehabilitation of 120 schools and four teacher training institutes; and (viii) the implementation of two successful pilot programs: the Spoken Guaraní Project in 400 schools and the Active School "Mita Iru" Program (see Table I-2).

Table I-2

Primary results of the Education Reform with support from PR-0025

- Increase in the net admissions rate for first grade from 61% in 1994 to 71% in 1997.
- Increase in EEB Cycles I and II coverage to 90%.
- Expansion of free and compulsory education through the ninth grade.
- Increase in the number of class hours per year (from 666 hours to 800 hours in 1999).
- Implementation of the "Mita Iru" Bilingual Education and Active School Program.
- Improvement in EEB completion efficiency from 60.2% (1988/93 cohort) to 68.6% (1992/97 cohort).
- Construction of 3,302 classrooms in state schools.
- Distribution of the 13,630,000 textbooks for grades 1 through 6 during the period 1994-1998.
- Implementation of the National Education Map.
- Creation and implementation of the SNEPE.
- Installation of the National Continuing Teacher Training System (SINAD).

1.14 Despite the progress made, basic education performance remains poor, specifically in terms of internal efficiency, the quality of learning, and educational inequality. The reforms must be carried further through measures shifting the focus from the central level (the Ministry) to the schools, and from the provision of inputs

(textbooks, educational materials) to the improvement of processes (teaching methodologies and school administration) and results. In the short and medium term, efforts should center on strengthening an increasingly autonomous administrative capacity and renovating teaching practices to ensure that the education reforms produce the desired impact.

C. Analysis of basic education (Cycles I and II): principal problems

1. Internal efficiency and quality

1.15 Paraguay has a net enrollment rate of 91% for the first two cycles, which compares favorably to several countries in the region with higher income levels (Brazil, Colombia, Peru). The system's internal efficiency has also improved significantly, with 90% of the students staying in school for more than five years; the percentage of students completing primary education has risen significantly (out of every 100 students entering primary school in 1981, 42 reached the sixth grade, while for every 100 students entering in 1992, 62 reached sixth grade). Internal efficiency problems persist, however, in terms of the high repeater rates: only 43% of each group of students enrolling in first grade graduate in six years without repeating grades, with 70% graduating eventually (27% after repeating one or more times). Repeater rates in the first two grades of the EEB represent a particularly serious problem: 14.6% in rural areas and 12.3% in urban schools. It takes an average of nine years to produce a sixth grade graduate, which means that the system is consuming 50% more resources that necessary.

1.16 The level of learning is low, which shows that the system's growth has not resulted in an adequate learning level for graduates. The results of the SNEPE tests indicate that in 1996 the national sixth grade average was 54.2 for communication and 49.3 for mathematics, declining in rural schools to 46 and 44 respectively. The third grade was measured the following year and the results were also low: 55.8 for communication and 53.4 for mathematics. As a reference point, the educational reform has stipulated, as an acceptable indicator of success, a figure of 70% for correct student answers.

1.17 As a result of the policy expanding compulsory and free EEB through grade nine, and the gradual improvement in its internal efficiency, the MEC is encountering strong popular pressure for access to Cycle III. The infrastructure and trained personnel necessary, however, are not available. The Program to Improve the Quality Of Secondary Education (MECES), which is now being implemented by the MEC with World Bank financing and is geared to Cycle III of the EEB, has addressed teacher training, and part of the required infrastructure is for that cycle. These resources, however, have proven insufficient, and a classroom deficit of nearly 40% persists.

1.18 The increasing demand for admission to the IFDs and their rapid expansion throughout the country have not been accompanied by an improvement in the quality of their services. Although the MEC has established a number of requirements for state recognition of these institutes, these requirements have been made so flexible that basic standards of quality have been compromised. A process must be instigated to improve these teacher training institutions and create an evaluation system that provides transparent indications of the quality of service provided by each institute.

2. Equity

1.19 Paraguay's education system is characterized by enormous inequalities, particularly between the rural and urban populations. In the 25-and-over age group, the average level of schooling is 4.2 years for the rural population and 7.8 years for urban dwellers. Table I-3 shows the differences: the highest rates of both enrollment (51%) and grade repetition (10%) are found in rural areas; the rural dropout rate (5%) and percentage of noncertified teachers (49%) are also higher; and 22% of all rural schools do not offer two complete cycles. There are no significant differences in these indicators when compared on the basis of gender.

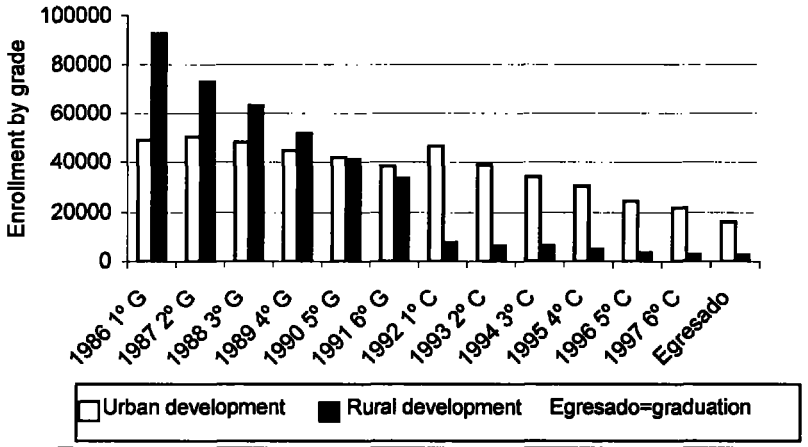
Table I-3
Basic Education: Indicators for Cycles I and II–1997

INDICATOR	NATIONAL %	AREA	
		Urban %	Rural %
Enrollment distribution	100	49	51
Annual repeater rate	9	7	10
Annual dropout rate	4	4	5
Retention	62	84	47
Students per teacher	21	25	18
Noncertified teachers	33	9	49
Incomplete schools	21	19	22

Source: "Evolución de los Indicadores del Sistema Educativo" - MEC. División de Planificación, Estadísticas e Información, agosto, 1999

1.20 The student/teacher ratio is significantly smaller in the rural areas (18/1) than in the urban areas (25/1). This difference indicates an uneven distribution of teacher positions resulting from the existing degree of population dispersion and the lack of a physical micro-planning policy for education.

Table I-4
Progress of a rural vs. an urban cohort (1986-97)



Source: "Evolución de los Indicadores del Sistema Educativo"- MEC. División de Planificación, Estadísticas e Información, agosto, 1999.

1.21 Table I-4 shows the differences in progress for a rural vs. an urban cohort. Three conclusions can be drawn: (i) there is a higher probability for students enrolled in rural schools to repeat grades and/or drop out of basic education (Cycles I and II), particularly in the first two grades; by contrast, urban schools retain a higher percentage of the student population; (ii) out of the 36% of sixth grade graduates attending rural schools, only 8% go on to Cycle III of the EEB in rural areas; the entire corresponding urban cohort, on the other hand, goes on to Cycle III, where enrollment is even higher than in sixth grade (the hypothesis, here, is that many rural students are obliged to transfer to urban areas because of the absence of rural schools offering this cycle); and (iii) the probability of completing basic education (cycle III) for rural students is remote: only 5% of the cohort studied managed to do so; by contrast, two of every three urban students completed basic education and went on to high school.

1.22 This analysis is complemented and reinforced by data from the most recent household survey, which includes information on schooling levels that allows for comparison by age group and income level, and on variables that affect family demand for education. Table I-5 summarizes the substantial differences in schooling levels attained by urban and rural populations according to income level. It is striking that the differences between rich and poor are even more pronounced

than those between urban and rural populations. For instance, among persons from poor families: the average schooling level is barely fifth grade; one out of every three students manages to complete primary education; and only 2% complete secondary education. This contrasts with the levels of schooling attained by the richer population segments (the highest quintile), where the average schooling level is 11th grade, with nearly all students completing primary education and 60% completing secondary education.

Table I-5
Schooling levels in the 25 – 45 age group

Minimum schooling level attained	Total	Rural	Urban	First Quintile (poorest)	Fifth Quintile (richest)
Completion of primary	32%	52%	18%	67%	6%
Completion of secondary	23%	5%	35%	2%	60%
Average schooling level *	8 grades	5.8 grades	9.4 grades	5 grades	11 grades

Source: IDB (RES/SIS) calculations based on the 1998 Household Survey. (*) Average schooling level refers to the 20 – 30 age group.

1.23 Both types of factors and their effects on family decisions and the rates of return of education are analyzed in greater detail in Chapter IV, Section B, on socioeconomic feasibility.

D. The Bank's sector strategy

1.24 In the area of formal education, the Bank's strategy focuses on: (i) strengthening preschool and basic education; (ii) decentralizing responsibility for education to communities and *municipios*; (iii) training education personnel; (iv) providing greater access to basic education for the monolingual Guaraní-speaking population; and (v) strengthening the ties between school and the workplace. To this end, the program addresses the challenges facing Paraguay and is consistent with the Bank's strategy and the mandates of the Eighth Replenishment.

1.25 In 1994, the Bank approved two loans for Paraguay to implement a primary education improvement program (770/OC-PR and 908/SF-PR) as well as a technical-cooperation operation (ATN/SF-5034-PR). As of December 1999, 93% of the resources for these operations had been disbursed. The remaining 7% has been committed and the final disbursement is planned for August 2000. In 1998, a technical-cooperation program to improve bilingual education (ATN/SF-6053-PR) was approved to build on efforts begun under the first loan, and to conduct new studies and activities for use in the monolingual Guaraní schools and for preparation of this operation.

E. Program strategy

1.26 Efforts in recent years have focused on: (i) modification of the basic education curriculum; (ii) improvement of school operating conditions through the provision of textbooks, libraries, infrastructure improvements, teacher training, and other inputs; and (iii) strengthening of the MEC (better statistical information, development of quality evaluation processes through the SNEPE, fitting out of offices). This second stage is therefore designed so as to continue the progress already made, but also entails a change of emphasis, shifting the focus of the program to the strengthening of schools in order to raise student learning levels. Specifically, the new program has been structured to address three essential needs: (i) the need to strengthen the educational capacity and organization of schools, enabling them to gain the initiative and creativity necessary to carry the reform forward; (ii) the need to reduce serious inequities within Paraguay's education system by designing strategies to benefit the poorest segments of society (positive discrimination) and help them overcome their historic problems with learning, grade repetition, and high dropout rates; and (iii) the need to introduce in-service training in schools and the IFDs, in a collective effort to make teachers professionally responsible for the academic performance of their students.

1.27 Efforts will therefore be made in this second stage to effect the changes in teaching practice and administration that will result in more effective schools, in which children learn the material covered by the curriculum. A central focus of the program will be to strengthen school identity and participation by the education community within the framework of an Institutional Education Project. This planning instrument will take the form of a "school management agreement", introducing a new model for school operations in which the teaching staff will define a strategy for improving educational performance and a set of indicators for monitoring that performance. This strategy will seek to increase school autonomy in the use of resources as well as the improvement of educational performance.

1.28 It is proposed to include equity as an explicit criterion for prioritizing investments and program activities. Given the enormous challenge of improving school infrastructure, the impact of scarce program resources would be maximized by creating a special line for maintaining existing infrastructure, to be managed directly by the ACEs, and by prioritizing the construction of new classrooms so as to expand Cycle III of basic education on a systematic basis.

1.29 Experience with parent training combined with an improvement and expansion of school infrastructure through parent organizations (ACEs) represents a proven and cost-effective model for meeting school infrastructure needs and mobilizing parent participation in school affairs. The training will help to define the type of participation desired in the school concerned and to develop proposals for improving the quality of their children's education. This initiative constitutes a

recognition of the family's educational role in the school and will contribute to the country's democratization.

1.30 The program is designed to move from a broad strategy, in which inputs and technical support are provided on a uniform basis for all teachers and all schools, to a differentiated strategy that discriminates in favor of the most disadvantaged groups. This positive discrimination approach is justified mainly by reasons of economic development and equity. Priority would be given to those at greatest risk of leaving school without the basic cultural abilities required to participate fully in society (political participation, productive work, etc.). In the case of this program, the urgent need to focus on these schools can be confirmed by comparing their repeater and dropout rates with the national totals:

Table I-6
Comparison of Indicators for the Targeted Schools and the National Totals

	Targeted rural schools	Total rural schools	Targeted urban schools	Total urban schools
Repeater rates	15,9%	10,8%	14,7%	7,5%
Dropout rates	9,8%	5,5%	10,0%	5,5%

Source: Team calculations based on MEC educational statistics.

1.31 Operational considerations also weigh in favor of targeting specific groups of schools rather than attempting to meet the needs of all schools simultaneously through uniform measures. These considerations include the following:

a. Targeted strategies allow human and material resources, always in short supply relative to the multiplicity of existing needs, to be allocated to clearly defined, feasible activities, for which the means are available to accomplish stated objectives and thus produce results. This approach is preferable to large-scale operations in which the attention actually given to beneficiaries is extremely limited and insufficient to accomplish the objective pursued, so that the resources are used but without producing results.

b. Targeted strategies often produce significant and institutional learning effects that extend indirectly to the entire system. For instance, the targeted activities under this program will be executed through supervisory personnel who will be trained for this purpose throughout the process, which will undoubtedly have implications for all of the Ministry's supervisory activities.

c. Successful targeted interventions have demonstration effects that often extend to many teachers and schools not directly involved, thereby engendering transformation and improvement throughout the education system.

Table I-7 Conceptual Framework for the Program: Guiding Principles	
A. ***EQUITY*** Positive discrimination Whose needs should be addressed?	**Rural Population:** • 1,000 schools covering 25% of enrollment.
	Urban Population: • Focus on the 10% of schools most vulnerable (150 schools).
B. ***QUALITY*** Transformation of teaching practices What steps must be taken? How should needs be addressed?	**Components and Subcomponents** **1. Activities targeting primary schools** • Improvement of rural high-risk schools. • Improvement of urban high-risk schools. • Strengthening of Educational Cooperation Associations. • Fund for competitively selected education improvement projects. **2. Improvement of initial teacher training** • Academic improvement of the Teacher Training Institutes. • Evaluation system for the Teacher Training Institutes. **3. Infrastructure and equipment for the expansion of Cycle III of basic education** **4. Strategic support for MEC operations**

II. THE PROGRAM

A. Objectives and description

2.1 The objective of the program is to improve the quality and equity of basic education in Paraguay, thereby helping to reduce poverty and contribute to the country's social and economic development. The program's central focus will be to strengthen the identity of the school and promote community participation in school affairs through educational improvement projects. The activities to be conducted would be integrated, i.e. based on a perspective broader than the provision of specific inputs, and designed to improve processes and thus produce results (quality). It is proposed to include equity as an explicit criterion for prioritizing investments and program activities. Given the enormous challenge of improving school infrastructure, the impact of scarce program resources would be maximized by creating a special line for maintaining existing infrastructure, to be managed directly by the ACEs, and by prioritizing the construction of new classrooms so as to expand Cycle III of basic education on a systematic basis. Emphasis is also placed on the need to improve teacher training through activities directly targeting the IFDs.

Table II-1: Indicators of Results (illustration)[1]

Quality and Equity (Cycles I and II)		
	Rural	**Urban**
• Reduction in repeater rates.	16% to 10%	12.5% to 6%
• Reduction in dropout rates.	5.4% to 2%	3.6% to 2%
• Reduction in repeater rates grades 1 and 2.	15.9% to 7%	14% to 5%
• Improvement in student retention.	7 percentage points	9 percentage points
Administration		
• Improvements in physical conditions and equipment executed by the ACEs in 1,000 rural schools and 150 high-risk urban schools. • Improvement projects completed at 600 schools. • 115 IFDs evaluated.		
Access to Cycle III		
• Overall coverage 65% accomplished. • Capacity and quality of infrastructure and equipment improved at 280 schools.		

2.2 The specific objectives are to: (i) improve teaching practices and administrative processes in Cycle I and II schools; (ii) lessen inequality within the education system; (iii) facilitate access to Cycle III basic education; (iv) promote parent involvement in school affairs through Asociaciones de Cooperación Escolar [Educational Cooperation Associations] (ACEs); (v) improve teacher quality and initial training; and (vi) strengthen MEC administration. Fulfillment of these

objectives will be measured using the indicators defined in Table II-1 and in the Logical Framework for the Program (Annex II-1).[3]

B. Structure of the program

2.3 The program has been structured with four components: activities targeting primary schools; improvement of initial teacher training; infrastructure and equipment for the expansion of Cycle III of basic education; and strategic support for MEC operations.

1. Component 1: Activities targeting primary schools (US$18.8 million)

2.4 The resources for this component would be used to finance activities targeting urban and rural schools identified as high-risk in terms of educational capacity; to promote successful educational experiences in schools and greater autonomy in school administration; and to encourage parent involvement in school affairs. This component is divided into four subcomponents.

a. Improvement of rural schools (US$7.6 million)

2.5 This subcomponent would implement a proposed bilingual teaching program in 1,000 rural schools to improve student learning in Cycles I and II of basic education, benefiting approximately 115,000 students (25% of the enrolled student population) and 6,400 teachers. This proposal was developed taking into account the nature of rural conditions in Paraguay and lessons learned from previous experience in rural education projects.

2.6 Financing will be provided for activities to: (i) conduct a public awareness campaign providing guidance to parents, teachers, and students on the characteristics and advantages of this educational approach; to that end, workshops will be held with program beneficiaries, support will be provided for the production and performance of monthly radio programs and itinerant theatrical presentations; (ii) conduct participatory diagnostic assessments to determine the main problems faced by schools and define an institutional education project for each school; (iii) train school teachers and principals in order to improve teaching practices, specifically in the areas of communication (Spanish/Guaraní), mathematics, science, learning evaluation, and school administration; (iv) acquire learning resources: the preparation and distribution of self-teaching manuals in connection with the training workshops mentioned above, the development of student exercise books to reinforce learning in communication and mathematics, 5,000 library facilities, teaching materials for the learning corners, and the reprinting of the texts of the educational reform; (v) arrange for the exchange of experiences between

[3] These indicators (for process as well as results) are explained in greater detail in Annex III-3.

professors and schools through Educational Innovation Fairs; and (vi) develop and implement a system enabling the central and area teams to monitor the experience.

b. Improvement of high-risk urban schools (US$4.3 million)

2.7 The purpose of this subcomponent is to design and implement an integrated learning program for the first two cycles of the EEB program for the benefit of 150 schools characterized by conditions of poverty and high educational risk and accounting for 10% of all urban schools and approximately 74,000 students and 2,600 teachers. Specifically, the aim is for students to significantly raise their learning levels; for teachers to obtain training in their own schools through a process of critical reflection on ways to improve their teaching practices, through teamwork and with and the support of a set of educational materials; for principals to improve their administrative practices and take a more proactive role in improving the quality of learning in their schools; and for the links between the school, the community, and the family to be strengthened. For Cycle I, the model would emphasize the learning of basic cultural skills in communication (Spanish/Guaraní) and mathematics; for Cycle II, the focus would be on improvements in the teaching of natural and social sciences and in school administration.

2.8 The activities to be financed would be as follows: (i) specific consultancies to support the production of training materials (in the areas of communication, mathematics, sciences, and school administration) and to provide assistance during the program; (ii) training workshops for the central technical team, supervisors, and principals on means to improve learning in communication (Spanish/Guaraní), mathematics, sciences, as well as school administration under the Institutional Education Project (PEI); (iii) training workshops in the school to improve teacher instructional practices, specifically in the areas of communication (Spanish/Guaraní), mathematics, sciences, learning evaluation, and school administration; (iv) the exchange of experiences between teachers and schools through Educational Innovation Fairs; (v) the purchase or development and distribution of learning resources such as instructional guides for teachers in communication (Spanish/Guaraní), mathematics and sciences, teaching worksheets, a set of educational games, one radio/tape recorder per school including cassettes, 80,000 student exercise books for Cycle I (communication and mathematics), 150 school libraries and 1,350 library facilities with the necessary bookshelves, the production of 900 posters on the subcomponent, and brochures; (vi) three evaluation seminars; and (vii) the development and implementation by the central team of a system for monitoring the experience.

c. Strengthening of Educational Cooperation Associations (US$4.1 million)

2.9 The purpose of this subcomponent is to build on Paraguay's successful experience in community participation and community-based management in the education sector. The program would work with parents at the targeted schools (1,000 rural and 150 urban schools) organized within the ACEs and would provide resources with which to upgrade their local school infrastructure and purchase equipment. In this case, the overriding criterion is positive discrimination (equity) and an emphasis on strengthening community participation in education through school improvements.

2.10 Resources would be transferred directly to the ACEs. The model used in the MECES program financed by the World Bank has been perfected for this purpose. Each school would decide on the use of these resources according to its needs in terms of infrastructure and equipment. It is estimated that each school would receive between US$2,500 and US$5,000, depending on the school's location and size – a significant amount given that the cost of classroom construction through the ACEs is lower. These resources would be transferred through the legal mechanisms currently used by the MEC in its work with the ACEs. Prior to the distribution of these resources, financing would be provided for workshops to improve capacity for parent organization and participation in the ACEs. Training and information materials would be produced for that activity.

d. Fund for competitively selected education improvement projects (US$2.8 million)

2.11 The objective of this subcomponent is to create the conditions necessary for schools to exercise greater autonomy in their own administration, generate successful educational experiences in urban areas, and promote community participation. Resources from the fund would be used to finance approximately 600 competitively selected projects designed by teachers in schools offering Cycles I and II but not participating in the high-risk urban and rural schools subcomponent.

2.12 Although the priorities and content of the projects would be determined by the schools, the program would only finance projects directly related to the improvement of student learning, and in whose formulation the school community has participated. The resources (US$2,000 to US$4,000 per project, depending on enrollment) would be transferred directly to schools through the appropriate legal mechanism. Financing would be provided for four competitively awarded training workshops, information and training materials, the projects concerned, and monitoring of the activity.

2. Component 2: Improvement of initial teacher training (US$1.8 million)

2.13 The purpose of this component is to help strengthen the system of initial teacher training, providing the resources and conditions needed to improve the processes of instruction, evaluation, and institution building. This would entail two lines of activity: (i) providing incentives for the initiative and creativity existing within the state IFDs by inviting them to prepare projects to improve the quality of their training; (ii) implementing a system for evaluating the academic resources of (state and private) IFD graduates. This component includes two subcomponents:

a. Academic improvement of the Teacher Training Institutes (IFDs) (US$1.3 million)

2.14 The aim of this subcomponent is to improve the quality of instruction in state IFDs by financing projects in support of activities to raise the level of training and improve operating conditions. Specifically, a fund would be set up to finance 25 competitively selected improvement projects developed by IFDs. The financing (an average of US$20,000 per project) would be transferred directly to the state IFDs through the legal mechanisms normally used by the MEC to provide financing to these educational centers. Before this activity begins, financing would be provided for an international seminar to exchange experiences in teacher training, to be attended by international experts in this field. Aside from specific projects, financing would be provided for three training workshops, information materials, training, and monitoring of the activity.

2.15 In tandem with the formulation of projects, the program would finance 50 advanced courses to improve the quality of instruction, especially among language, mathematics, science and technology, and social studies teachers, as well as in the area of institutional management. Financing would also be provided for 25 internships in various countries of the region to promote greater awareness of new teaching methodologies in the above-mentioned subjects.

b. Development of an evaluation system (US$500,000)

2.16 Financing would be provided for the design and application of a system to evaluate the institutional efficiency of state and private IFDs. This process would begin with a test of all IFD graduates measuring basic competencies for language (Spanish/Guaraní), mathematics, and science instruction. The term basic educational competencies means thorough knowledge of the basic discipline as well as the essential principles for teaching it. This test would be administered in Years 1, 3, and 5 of the program. In a second stage, quality standards would be defined for the various aspects of IFD operations (management, retention, academic personnel, operating conditions, teaching materials, etc.) to provide a basis for putting the institutional evaluation system into practice during Year 4 of the program.

2.17 The main activities to be financed would be as follows: (i) a workshop to provide information on the nature and objectives of the evaluation system for IFDs in Paraguay; (ii) the design and administration of tests for IFD graduates; (iii) workshops to provide information on the results of the tests and design the IFD improvement plan; (iv) an international consultancy to provide support for the final design of the IFD evaluation systems; and (v) implementation of the evaluation system.

3. Component 3: Infrastructure and equipment for the expansion of Cycle III of the EEB (US$13.7 million)

2.18 Considering the challenge posed by the explosion in demand for access to Cycle III of the EEB and the need for orderly expansion of the Cycle, the emphasis of this component will be on determining how the new investments can best be used to maximize the impact of program resources in terms of expanding Cycle III coverage. Here, the criteria of impact and efficiency in the use of infrastructure take precedence over the objectives of equity, which are directly addressed in the first component.

2.19 Accordingly, and in line with the Paraguay 2020 Plan, the eligible schools would be institutions referred to as "school centers", offering Cycles I and II of the EEB, in full, from central locations in each district, with enrollment concentrated primarily in grades six and seven. These schools are each responsible for 8 to 10 associated schools located in the immediate vicinity. These associated schools could also be eligible if they meet criteria defined in the program operations manual. At the same time, to ensure effective coverage, it was agreed to concentrate investments in schools that have introduced Cycle III, by offering a seventh grade, fully staffed with the necessary teaching personnel. Among these eligible schools, priority would be given to those making most efficient use of existing space. These two criteria, large enrollment and a full teaching staff, not only ensure the efficient use of resources, but also, from an educational standpoint, are necessary conditions for offering a Cycle III program that meets minimum standards of quality.

4. Component 4: Strategic support for MEC operations (US$4.6 million)

2.20 The central focus of this component would be to strengthen the MEC in the areas of regulation; policy formulation, monitoring, and evaluation; and social communication, with a view to continued consolidation and implementation of the education reform while ensuring the sustainability and impact of the investments financed by loans 770-OC and 980-SF. Its structure consists of three subcomponents:

a. Strengthening of the National Education Evaluation System (SNEPE) (US$3.4 million)

2.21 In addition to carrying out the evaluation activities for grades three and six of the EEB, the SNEPE will initiate two lines of action that will lend substantial support to program activities under component 1: (i) initial and final evaluations of grades three and six in the rural and urban beneficiary schools under subcomponents 1.1 and 1.2, which will provide information on the results of the targeted activities and allow for effective monitoring; and (ii) measures to strengthen the mechanisms for disseminating results and the development of instruments enabling teachers to make the best use of this information, an activity that the will benefit all schools,, but is strategically designed to ensure that the education improvement projects focus primarily on improved performance in communication and mathematics.

2.22 For the dissemination and use of program results, reports would be published on each school evaluated, for use by all schools in the country, and educational practice reports would be produced for the general use of teachers. In addition, special reports would be produced for teachers in the targeted programs.

2.23 Specifically, financing would be provided for: (i) sample-based tests for grades three and six, to be applied in Year 2 of the program; (ii) the design of experimental tests for the purposes of measurement in the targeted schools; (iii) the administration of tests in communication and mathematics in grades three and six of the targeted schools, together with questionnaires for parents concerning their perception of the tests; (iv) the dissemination of results; (v) the purchase and maintenance of equipment; (vi) the hiring of three professionals in the areas of information systems and SNEPE statistics; and (vi) training and internships for the SNEPE technical team.

b. Support for the National Council on Education and Culture (CONEC) (US$200,000)

2.24 The purpose of this subcomponent is to strengthen CONEC, the MEC's advisory body, particularly in its role of formulating and evaluating the country's educational policies. Specifically, financing would be provided for: (i) revision of the Strategic Plan 2020; (ii) research on basic education; (iii) seminars and workshops; and (iv) publication of the CONEC annual report.

c. Strategy for social communication on the education reform (US$1 million)

2.25 The aim of this subcomponent is to create a favorable attitude towards the process of education reform in general, and the program in particular, through radio, television, and the press. Financing would be provided for: (i) the preparation and distribution of a bimonthly program newsletter, which would serve as the

program's official voice; the newsletter would be intended for educators participating in the program, ACEs, and government and local authorities; (ii) the preparation of an annual education review to serve as the official voice of the MEC, to be managed by educators in the country; (iii) the production of 30 radio programs per year; (iv) the production of special television programs on education reform, to be co-financed with local TV; (v) the development of five publicity campaigns for the five years of program duration, to be conducted at the start of each school year; and (vi) the production of program posters and brochures.

C. Cost and financing

2.26 The cost of the program would be US$44 million, of which the Bank would finance US$40 million (90%) with resources from the ordinary capital. The country would finance the remaining US$4 million (10%), out of the MEC's annual investment budget. Table II-2 provides a breakdown of the financing by component and subcomponent:

Table II-2
Program Costs
(in US$ millions)

Budget Category	IDB/CO	Local	Total	%
Administration and Supervision	**2,125**	**435**	**2,560**	**5.8**
DIRECT COSTS				
Component 1: Activities targeting primary schools	**17,927**	**865**	**18,792**	**42.7**
(a) Improvement of rural schools	6,887	750	7,637	
(b) Improvement of high-risk urban schools.	4,162	115	4,277	
(c) Strengthening of Educational Cooperation Associations	4,125	-	4,125	
(d) Fund for competitively selected education improvement projects	2,753	-	2,753	
Component 2: Improvement of initial teacher training	**1,786**	-	**1,786**	**4.1**
(a) Academic improvement of the IFDs	1,303	-	1,303	
(b) Development of an evaluation system for the IFDs	483	-	483	
Component 3: Infrastructure and equipment for the expansion of Cycle III of the EEB	**12,000**	**1,690**	**13,690**	**31.1**
Component 4: Strategic support for MEC operations	**4,094**	**495**	**4,589**	**10.4**
(a) Strengthening of the SNEPE	2,893	495	3,388	
(b) Support for CONEC	200	-	200	
(c) Strategy for social communication on the education reform	1,001	-	1,001	
Subtotal	**37,932**	**3,485**	**41,417**	**94.1**
PPF	**500**	-	**500**	**1.1**
Audit	**60**	-	**60**	**0.1**
Evaluations	**200**		**200**	**0.4**
FIV	**400**		**400**	**0.9**
Credit fee		**515**	**515**	**1.2**
Contingencies	**908**		**908**	**2.1**
Totals	**40,000**	**4,000**	**44,000**	**100.0%**

2.27 The financing would be drawn from the ordinary capital and would be subject to the following conditions:

Table II-3
Loan Conditions

Amortization period:	25 years
Grace period:	5 years
Disbursement period:	5 years
Commitment period:	5 years
Interest rate:	Variable
Inspection and supervision:	1 %
Credit fee:	0.75% of undisbursed balance

III. PROGRAM EXECUTION

A. Organizational structure for program execution

3.1 The MEC will be the executing agency for the program. The principle underlying the organizational framework for execution is to strengthen the formal structure of the MEC, generating the necessary technical capacity within the general departments concerned (Early and Basic Education, Educational Development, Higher Education, and School Construction), to carry out the activities assigned to them under each of the program components. Using reassigned MEC staff and local consultants hired with program resources, basic technical teams would be created within the departments and, with support from the existing structures, would coordinate the execution of each component with the appropriate departments (school supervision zones). A program coordination unit (PCU), reporting to the Minister through the Vice Minister of Education, would be set up to as a direct counterpart for the Bank, with responsibility for general coordination of the program. An Advisory Council would be established and would be chaired by the Vice Minister of Education and composed of the MEC General Directors involved in program execution and the general and technical coordinators within the PCU. This Council would be responsible for facilitating the PCU's coordination activities with the other MEC administrative units (see Annex III-1).

3.2 The PCU will be responsible for ensuring effective and timely execution of the program, coordinating the planning and implementation of its technical, financial, and administrative aspects, as well as monitoring and evaluation. The PCU will be headed by an Executive Coordinator, who will maintain direct contact with the Minister and Vice Minister of Education with respect to the general course of the program and the policies for its execution, ensuring consistency between its components and coordinating execution activities in cooperation with the MEC general departments involved, as well as local departmental authorities.

3.3 The Executive Coordinator will be advised by a Technical Education Coordinator, who will be responsible for directing the work of the specialists entrusted with each of the program components or subcomponents, i.e.: high-risk rural schools; high-risk urban schools; the fund for competitively selected projects to improve teacher training; infrastructure and equipment; and strategic support for MEC activities. The Executive Coordinator will also receive support from an Administration and Finance Coordinator and a Contracting Coordinator, each responsible for his respective area. Matters related to administration and finance as well as contracting will be subject to the overall technical education criteria for the program.

3.4 Implementation of the program, and in particular the targeted subcomponents and the fund for competitively selected projects, will require extensive participation by

the MEC central technical teams, as well as school district superintendents and school principals and teachers at the local level.

3.5 In view of the innovative character of the initiatives proposed under the program, pilot projects are planned as part of the activities to be financed with resources from the Project Preparation Facility (PPF), which will enable the central and district and technical teams to conduct advance tests of the various teaching instruments and institutional management changes to be introduced by the program. These pilot projects will provide guidance with respect to any adjustments that may prove necessary and will better enable the technical teams to expand the various initiatives after the first year of program execution. Specialized technical assistance will be hired for the duration of program execution in order to improve and strengthen the technical capacity of MEC technical staff at the central, district, and local levels.

B. Operational framework

3.6 To ensure effective administration of the program, the MEC has decided to strengthen its internal structures at the central level of the General Department of Early and Basic Education (DGEIEB) and the General Department for Educational Development (DGDE). These departments will conduct integrated and systematic activities in every district of the country to provide leadership for their coordination, ensure the optimal use of resources, and maximize the macro-level impact of the program. In order to provide a clear division of responsibilities for program execution between the general departments mentioned above, the PCU, and other MEC units involved, an operations manual has been prepared explaining the institutional mechanisms for execution as well as the criteria for determining the eligible establishments and investments and for selecting and prioritizing projects. This manual is at an advanced stage of preparation, still requiring a number of minor adjustments. As a condition precedent to the first disbursement, it must be demonstrated that the MEC has put the program operations manual into practice. The main points covered in this manual, by investment component, are explained below.

1. Component I: Activities targeting primary schools

a. Improvement of rural schools

3.7 The execution of this subcomponent at the central level will be the responsibility of the DGEIEB. A technical team will be assigned to the DGEIEB and will be responsible for supervision and general coordination of the activities to be conducted. This team will also be responsible for the management of teaching and will be composed of a coordinator, a specialized educator in bilingual education, and four Cycle I and II teachers. It will be advised by a specialist within the PCU and a part-time group of specialists in mathematics, communication, and natural and social sciences, which will provide support in the development of materials,

training, and monitoring. The functions of this team will include the management of teaching and general support in the school districts, the design and preparation of support, information, and social communication materials, evaluation, and monitoring.

3.8 The activities under this component will be executed at the district level by mid-level MEC offices for the district concerned, which will be responsible for coordinating, training, and providing teaching support to the local level educational management teams. Each district will receive support from representatives of the IFD for that district, representatives of the Departmental Education Unit (UPD) and educational area directors. Central MEC offices will also be used for matters pertaining to the educational areas assembled by the area director, a teacher representative, and a representative of the ACEs.

3.9 The admission of schools into the program will be handled by area, not by school. The areas to be selected will be those with the greatest number of high-risk schools. The criteria for determining high-risk schools were as follows: (i) the use of a single teacher to teach a group of students in different grades (multiple grade); (ii) a high percentage of positions occupied by non-certified teachers (equal to or greater than 50%); (iii) a high repeater rate (9%) and drop-out rate (6%); and (iv) one or more Unmet Basic Needs.

3.10 The first activity under this subcomponent will be to conduct an information and awareness campaign based on three main pillars: bilingual education, community participation, and the child as the center of the education process. Local authorities (areas and schools) will be responsible for conducting this activity with assistance from the districts and the central level technical team. Support materials will be prepared for this campaign, such as brochures, audio-visual materials, and local radio programs. The presentation of a manual issued by the MEC on Methodological Guidelines for Language Instruction under the program will be a condition precedent to the first disbursement.

3.11 In order to disseminate information on the proposed teaching approach and strengthen administration in the targeted schools, in-service training workshops will be organized by the DGEIEB at the central, district, and local levels. The training workshops will cover the following subjects: program introduction, school administration, pedagogical aspects; bilingual education, school government; strengthening of Guaraní-speaking schools, and strengthening of the ACEs. Details on these workshops, in terms of the number of events, participants, costs, materials, and other aspects, are provided in the Operations Manual.

3.12 Innovative educational approaches will be developed on the basis of a prior pedagogical diagnostic assessment enabling the local educational community to define the main problems in the learning process. The central focus of the innovative approaches will be the development of basic cultural skills:

mathematics, language, and natural and social sciences. The program will promote the development of learning circles and learning resource centers (CRA), which will act as catalysts for teaching processes in the school.[4] These CRAs will be provided with basic furniture, radio, television, tape recorder, music, 70 books for teachers and children, and a set of 30 recreational titles and games. As part of this initiative, a number of in-service training events will be conducted in the form of group workshops and workshops on curriculum adaptation. The Operations Manual provides details on the number of events to be held, their duration, cost, number of participants, trainers involved, and materials to be produced or reproduced.

b. Improvement of high-risk urban schools

3.13 This subcomponent will also be executed at the central level by the General Department of Early and Basic Education (DGEIEB), where a technical team will be set up to assume responsibility for the general supervision and coordination of activities to be conducted under this subcomponent. This team will have the same responsibilities as the ones set up for the rural schools, and will be composed of a coordinator, a pedagogical specialist in bilingual education, and professors specializing in Cycles I and II language and mathematics, who will be responsible for training. This central level team will be advised by a PCU specialist and a part-time group of specialists in mathematics, language, and natural and social sciences, who will provide support in the development of materials, training, and monitoring.

3.14 For this subcomponent as well, activities will be executed through the MEC district-level operational structure. These offices will be responsible for monitoring, evaluating, and providing technical support for work at the district level. Educational management teams will be set up for each of the 150 schools to serve as catalysts for the teacher workshops, strengthen the learning circles, and coordinate monitoring and evaluation of the institutional education project. These educational management teams will be composed of the school principal, a teacher representative, and an ACE representative.

3.15 To disseminate information on the proposed teaching approach and strengthen management in the 150 targeted urban schools, annual in-service training workshops will be held in each district under the direction of the DGEIEB. The workshops will cover the following subjects: (i) technical conceptualization of the teaching approach and school management; (ii) the analysis of teaching practices and management; and (iii) the evaluation of teaching and management experiences. In years 2 and 4 of the program, fairs will be held to allow teachers to exchange

[4] The teachers will work in learning circles, as participatory bodies to transform isolated work into a cooperative effort conducted at a specified time and place. In this setting, teachers will interact with their peers to share educational concerns, reflect on their practices, gain new knowledge and experience, exchange teaching materials and evaluation instruments, plan their activities, and conduct projects to improve learning conditions. Social interaction obliges the participants to better structure, explain, and coordinate their ideas and activities.

information on teaching approaches. These fairs will be organized by the central team and will last one day. Details on the criteria for school eligibility, predetermination of targeting criteria and geographic coverage, a description of activities and execution timetables, including the number of events, participants, costs, learning materials, and other matters, are covered in the Program Operations Manual.

c. Strengthening of Educational Cooperation Associations (ACEs)

3.16 This activity consists of a system for providing support to the ACEs in executing projects to improve physical conditions and basic equipment in beneficiary Cycle I and II institutions. The distribution of contributions to the schools will be determined according to the district concerned (urban and rural) and the number of students enrolled in each institution (urban schools: US$ 5,000; rural schools with enrollment of more than 200 students (200 schools): US$ 5,000; rural schools with enrollment of less than 200 students (800 schools); US$ 2,500.

3.17 Financial resources will be used according to needs identified and prioritized by the educational community (the ACEs, principals, and teachers) based on joint analysis of learning conditions in terms of infrastructure and equipment. Instructions for this process, indicating alternatives for action in the schools, will be distributed.

3.18 Responsibility for the execution of this subcomponent will rest with the DGEIEB and the MEC's Department of School Construction. The Department of School Construction will set up a technical team composed of officials from that department and the DGEIEB, supported by professionals hired by the program (3 works inspectors and 3 social workers), who will be directly responsible for the ACE awareness and training activities, the award of support for submitted projects, project monitoring, and evaluation of the experience. The Operations Manual defines the types of projects that will be eligible, the content of the awareness and training workshops, and work connected with project support and monitoring. The inspectors will provide technical assistance to the ACEs to ensure the quality of the works, and the social workers will work with the parent associations to ensure effective community organization and provide the assistance necessary to complete the administrative procedures for managing the contributions.

3.19 The ACEs will act as intermediaries for the maintenance of institutions rehabilitated and/or expanded by the program. The MEC will distribute simple maintenance manuals and will promote greater parent and teacher awareness of the importance of preventive maintenance.

3.20 Resources will be transferred to the ACEs directly by the MEC. Only ACEs that have been legitimately recognized by MED Ministerial Resolution will be eligible to receive such transfers. Resource transfers to the schools and the ACEs will be governed by a contract establishing the rights and obligations of each party. This

contract will be accompanied by an annex specifying the work to be performed and the corresponding budget (for each project). Presentation of a model for this contract between the MEC and the ACEs will be a condition precedent to the first disbursement.

d. Fund for competitively selected education improvement projects

3.21 The DGEIEB will be responsible for the execution of this subcomponent and will be assigned a technical team with responsibility for general supervision and coordination of the activities to be conducted. This team will be composed of a coordinator, four technical specialists (training, evaluation, and monitoring, design of materials, and for administering and monitoring the progress of the projects). This Unit will be responsible for educational administration and general support for departmental authorities (districts), the design and preparation of support materials for management of the fund, the development of rules and procedures, information and social communication, and the evaluation and monitoring of educational improvement projects.

3.22 Technical teams will be set up in the districts of eligible schools to conduct the activities. Their basic responsibility will be to supervise and provide educational support to the schools. The district teams will be composed of a school superintendent, a representative of the Unidad Pedagógica Departmental [Departmental Education Unit] (UPD) and/or the IFD for the jurisdiction concerned, and a teaching specialist from the educational supervision unit. The team's functions will be to promote, select, and evaluate projects, provide technical support for the design and administration of projects, provide support during their execution, and disseminate information on the experience in their jurisdictional area. A team will be set up in each school to formulate and present the educational improvement project, manage the resources for its execution, report on the projects accounts to the MEC, and promote communication and exchange activities with other schools.

3.23 Training will be provided to the various participants in the process to enable them to place the fund in operation. The teacher training and other activities of the subcomponent will be coordinated and executed by the members of the central team with support from the district teams, which will have received advance training for that purpose. The following training events will be organized during years one, three, and four of the program: (i) project management and supervision; (ii) project preparation; (iii) management, evaluation, and accounting; and (iv) regional forums (years three, four, and five) for the exchange of information on educational experiences. The Operations Manual describes the content of these workshops, the participants involved, and the timetable for execution.

3.24 Training materials will be produced by the central technical team with support from the PCU specialist and a one-month consultancy specifically hired for the purpose.

The institutional experience gained by the MEC in implementing the Educational Innovation Projects (PIEs) under the MEC's Program for Secondary Education, financed by the World Bank. The design, publication, and validation of these materials will be carried out with PPF resources prior to the start of program execution.

3.25 Resources will be awarded to 600 educational improvement projects in EEB schools (Cycles I and II) meeting the following criteria: (i) having an enrollment of 200 or more students in grades 1-6; (ii) having an ACE in operation; and (iii) not being a beneficiary of subcomponents 1.1 and 1.2. The purpose of the projects will be to develop the innovative capacity of teacher teams and to improve learning in the schools. The focus will therefore be on the following areas: (i) communications, mathematics, and natural and social sciences (activities designed to have a substantial positive impact on student learning and combine classroom practices with the creation and production of learning resources and enrichment of the institutions' bibliographical resources; and (ii) educational reinforcement activities for children with learning problems.

3.26 The Operations Manual describes the types of expenses eligible for resources under this subcomponent, provides a flowchart of activities for the competitive selection of projects, establishes procedures for the preparation and presentation of educational improvement projects and for selecting and evaluating them and awarding the resources. The schools selected will receive a basic amount equivalent to US$2,000 per approved project. An additional allowance of US$3.6 per student will be added to the basic amount, so that the amount awarded for each project will vary according to the school's enrollment. The duration of each project will be two years.

3.27 Program resources will be transferred to the schools by the MEC through the PCU, which will be responsible for administering them. The formalities entailed in this transfer and in project execution will be governed by a legal instrument. This instrument must be in effect at the time of the transfer. The presentation of a model for this legal instrument will be a condition precedent to the first disbursement.

2. Component 2: Improvement of initial teacher training

3.28 This component will be executed at the central level under the responsibility of the DGEIEB, which will assigned a technical team responsible for the general supervision and coordination of activities. The activities of this unit will consist of educational management and general support for the IFDs, the design and preparation of support materials, the development of rules and procedures, the evaluation and monitoring of projects for the improvement of initial teacher training, the organization of training workshops, design of the IFD evaluation system, and the coordination of advanced training courses for trainers in these institutes.

a. Academic improvement of the teacher training institutes

3.29 Trainer training workshops will be conducted under this subcomponent by the central technical team, with support from a number of UPDs once they have been trained. Training will be conducted during years one and two of the program with the following content: (i) the preparation of academic improvement projects; (ii) project management; and (iii) project technical assistance. The materials for these workshops will be designed by the technical team with support from the PCU during the pilot phase. They will be financed with PPF resources. Once validated, the materials will be printed for all of the institutions involved in the program.

3.30 Training in project preparation will be provided to the country's 41 state IFDs, 25 of which will be selected for the implementation of academic improvement projects. Guidelines for competitive selection, project preparation, and the award of resources are included in the Operations Manual. The average amount per project, each with a duration of between 24 and 36 months, will be US$20,000, with the amount awarded to each project varying according to enrollment in the institute. The resources can be used to cover investment expenses (up to 40%), operations, and training (up to 20%).

3.31 Program resources will be transferred to the IFDs by the MEC through the General Department of Higher Education, which will be responsible for administering project funds, transferring resources to the institutes on a timely basis, and examining the account reports presented by the institutes. Formalities connected with the transfer of resources and project execution will be governed by a legal instrument to be issued by the MEC. This instrument must be in effect at the time of the transfer. Presentation of a model for this legal instrument will be a condition precedent to the first disbursement. Resources will be transferred to the IFDs in two steps: upon signature of the contract between the MEC and the institution, when 60% of the total will be transferred; and at the start of the second stage – depending on progress in implementing the project – when the remaining 40% will be transferred subject to prior approval of a technical progress report and an accounting report by the MEC, indicating that at least 80% of the first stage has been completed.

3.32 The internships to be conducted under this subcomponent for trainers, directors, coordinators, and specialists in the 41 IFDs, as well as technical personnel from the central level, will be held in countries of the region and will concern the areas of language, mathematics, natural sciences and technology, social sciences, and institutional management. The internships are budgeted to last at least ten working days each, and are to be awarded competitively and publicly through the use of official MEC publications. They will be based on specifications with respect to objectives, specific areas, eligibility requirements for participants from each institution, execution timetables, and documentation to be examined by an Interinstitutional Technical Selection Committee.

3.33 The advanced training courses will be provided by universities or organizations connected with higher education under competitively awarded contracts. These courses will cover such subjects as institutional management, educational practice, school administration, specific training disciplines, and classroom projects. The number of courses and participants, the eligible beneficiaries, and the course schedule will be indicated in the Operations Manual. Presentation of a document establishing the provisions to govern the policy for expansion of the IFDs will be a condition precedent to the first disbursement.

b. Development of an evaluation system for the IFDs

3.34 The activities under this subcomponent will be executed by a central technical team, whose main function will be to prepare the plan of operations, plan and execute the activities, coordinate teams of specialists, develop indicators for institutional self-evaluation, analyze the results of the measurements, develop materials and guides, produce reports on the results of evaluation, and promote and disseminate information on the program. This team will be assigned logistical support personnel to perform the work required to administer the tests (experimental and definitive).

3.35 For the purposes of designing, developing, and applying the IFD evaluation system, the curriculum of study programs and initial teacher training in mathematics, Spanish and Guaraní languages, and science and technology will be analyzed and a set of specifications will be developed on a participatory and consensual basis in cooperation with the IFD participants involved. This will make it possible to determine the competencies that must be evaluated in order to assess the academic performance of students in the last year of teacher training. Awareness and information workshops will be organized for the development of these instruments with the participation of specialists in the areas to be measured. This will enable the participants to learn about the benefits of the evaluation system and at the same time help in identifying professionals to be hired for the preparation of these items.

3.36 Disaggregated reports will be prepared to disseminate the information according to audience, and workshops for reflection and analysis will be held with professionals from the MEC and the IFDs. These reports will be made public through the mass media. Reports will be presented at the beginning and end of each academic year.

3.37 The technical team within the MEC's Department of Teacher Training will be strengthened by means of internships in countries of the region that have had experience with institutional evaluation. Consultants will be hired to prepare evaluation instruments and design the evaluation system. The central technical team will train specialists in the area and examiners for the development and application of tests. An international consultant will be hired to adapt the design of the system.

3.38 Seminar workshops will be organized in years two and four to promote awareness and disseminate information on the system's operation, with the participation of private- and public-sector IFD professionals.

3. Component 3: Infrastructure and equipment for the expansion of Cycle III of the EEB

3.39 The activities for this component will be coordinated by PCU specialists in infrastructure and building inspection, supported by the MEC's Department of School Construction. The main works will be done by construction firms or by transferring funds to the ACEs for use during the first three years of the program. The rehabilitation works will be analyzed school by school, using criteria and methodologies agreed upon and specified in the Operations Manual. Furniture of suitable quality and in sufficient amounts, such as tables and chairs, and teacher and student desks, will be purchased for new and rehabilitated buildings.

3.40 The activities will target school centers or associated schools with sufficient enrollment and personnel to offer Cycle III. New classrooms will be built or existing classroom rehabilitated in these institutions according to the number of sections for grades 7, 8 and 9 and the adequacy of available classrooms for accommodating them.

3.41 To be eligible for preselection, institutions must: fall within the public sector; be school centers or associated schools with high enrollment and a large number of students in each section of grades 6 and 7; have a full teaching staff qualified to effectively teach Cycle III; be in legal possession of their property; and have an ACE recognized by ministerial resolution.

3.42 Considering the large number of schools that may be eligible, and in order to rationalize the use of resources, priorities will be based on the following criteria: (i) the eligible schools in each department will be ranked higher or lower according to the cost of investment in infrastructure and equipment per Cycle III student enrolled, so as to give priority to investments that will have the greatest impact in terms of Cycle III education capacity; and (ii) the cost of the supplemental works as a percentage of the total investment by the school, giving priority to schools where this percentage does not exceed 50%, except in cases where it has been decided to rehabilitate existing classrooms rather than building new Cycle III classrooms. The types of projects that will be eligible are: new classrooms and equipment for Cycle IIII; separate rest rooms where necessary; supplemental works that are essential to effective Cycle III education, in terms of space, safety, and health conditions. The presentation of an MEC-issued regulatory document governing expansion and consolidation policy for Cycle III of the EEB will be a condition precedent to the first disbursement.

3.43 A formula has been established for the distribution of indicative resource vouchers by department in order to prioritize and optimize investments under this component. The methodology used for this purpose included two elements:

a. The formula starts from the share of each department in total enrollment but adjusts the resulting distribution according to two indices that redistribute resources toward departments with the greatest Cycle III coverage deficits and the highest percentage of households below the poverty line. Table III-1 shows the resulting distribution by department.

b. Based on this initial distribution, a cost-effectiveness analysis was conducted on a sample of projects representative of each department. Eligibility criteria were established for the schools to be targeted (high total enrollment in grades 6 and 7, full teaching staff, and a high degree of utilization of existing infrastructure) and investments were ranked according to a cost-per-enrolled-student index giving priority to schools meeting the greatest demand in terms of growth in Cycle III enrollment. This methodology ensures that the solutions proposed represent least-cost alternatives and that the use of resources is optimized in terms of the objective of expanding Cycle III coverage and providing the physical conditions necessary for students to effectively complete nine grades of basic compulsory education.

Table III-1
Allocation of Indicative Vouchers by Department

Department	Share (%) of enrollment in EEB, Cycle III (a)	Net coverage for Cycle III	Net coverage index (b)	% of poor house-holds	Poverty index (c)	Allocation formula (a*b*c)
ASUNCIÓN	17.0	91.7	0.5	N/A	0.5	4.5
CONCEPCIÓN	3.8	44.9	1.1	47.8	1.4	5.7
SAN PEDRO	6.6	42.6	1.1	62.2	1.8	13.6
CORDILLERA	4.8	57.1	0.8	35.2	1.0	4.2
GUAIRÁ	3.4	47.1	1.0	40.7	1.2	4.2
CAAGUAZÚ	8.7	43.9	1.1	60.6	1.8	16.9
CAAZAPA	2.4	35.6	1.4	48.1	1.4	4.6
ITAPÚA	7.0	34.3	1.4	36.8	1.1	10.5
MISIONES	2.6	61.6	0.8	38.3	1.1	2.3
PARAGUARÍ	4.6	45.8	1.1	34.5	1.0	4.9
ALTO PARANÁ	9.1	37.0	1.3	26.3	0.8	9.1
CENTRAL	22.9	51.6	0.9	20.7	0.6	12.9
ÑEEMBUUCÚ	1.6	43.6	1.1	36.5	1.1	1.9
AMAMBAY	2.0	32.1	1.5	39.4	1.1	3.4
CANINDEYÚ	1.4	22.3	2.2	38.5	1.1	3.5
PDTE. HAYES	1.2	37.3	1.3	36.2	1.1	1.7
BOQUERÓN	0.5	36.0	1.3	32.9	1.0	0.6
ALTO PARAGUA	0.2	25.5	1.9	44.6	1.3	0.6
TOTAL	**100.0**	**48.2**	**1.0**	**34.4**	**1.0**	**100.0**

3.44 The documentation presenting each project must contain: (i) identification and characterization of the educational institution; (ii) a description of the condition and

use of infrastructure; (iii) the proposed preliminary project, including works and equipment; (iv) an estimate of unit and total costs (for works and equipment); and (v) a tentative execution timetable.

3.45 The works will be inspected by specialized firms, individual consultants, and/or through the intermediary of the MEC inspection unit. To support the maintenance work to be performed by the ACEs, the program will finance the printing of maintenance instructions adapted to the needs of the program. An amount equivalent to 4% of the total investment per school will also be provided for the first year of maintenance, to instill a preventive maintenance mentality for school facilities prior to the transfer of this responsibility to the ACEs.

4. Component 4: Strategic support for MEC operations

a. Strengthening of the SNEPE

3.46 The educational evaluation system is operated within the MEC. The Department of Educational and Vocational Guidance (DOEV) directs the system and is responsible for planning, coordinating, executing, and evaluating student academic performance. Between 2001 and 2005 three activities will be conducted: (i) maintaining national evaluations of performance by a sample of students in Grades 3 and 6 in the subjects of mathematics, communication, social studies, and natural sciences accompanied by a parent questionnaire; (ii) monitoring the implementation of the targeted programs, providing information on academic performance in the 1,000 rural schools and 150 urban schools in the subjects of mathematics and communication and the parent questionnaire for the years 2001 and 2004; (iii) advising on and monitoring technical aspects of the evaluation program in the IFDs; and (iv) disseminating the results.

3.47 To perform this work, the DOEV has personnel trained in the preparation of questionnaires and the logistics of application and dissemination. For the evaluation of approximately 3,500 schools, the program will strengthen the technical and operational capacity of the SNEPE. A technical education coordinator, three area coordinators, two computer experts, a statistician, and seven logistical support staff will be hired for this purpose for three months in the years 2001 and 2004. The professional team will be strengthened through participation in seminars and international internships on educational quality evaluation and with occasional support as needed by international consultants.

3.48 Institutions participating in the evaluations will receive the results for their students individually as well as reports with methodological recommendations for each of the areas evaluated. The SNEPE will disseminate new information on an ongoing basis to the schools targeted by the programs so as to constantly provide fertile new input into the educational process.

b. Support for CONEC

3.49 CONEC will be responsible for execution of this subcomponent, coordinating its activities with the PCU, which will provide technical and financial support. The work program will be explained in an Annual Plan of Operations (POA) proposed by CONEC and agreed to within the Program Advisory Council.

3.50 Consulting services will be hired for the research to be conducted during the first three years of the program. The research findings will be published and disseminated to the relevant audiences through workshops or forums.

3.51 Consulting services will be hired by the PCU to update Plan 2020. The terms of reference will be prepared by CONEC, which will be responsible for supervision and approval of the work. The work of the consultancy will include discussion workshops and round tables to ensure the participation of participants involved in the formulation of policies. The updated version of Plan 2020 should be ready by the end of year two of the program, and will be published and disseminated through seminars.

3.52 The subject matter for the workshops, seminars and congresses to be conducted by CONEC will be agreed upon with the Program Advisory Council and will include bilingual education, teacher training, educational evaluation, educational materials, etc. Coordinators will be hired to organize these events and will be responsible for programming and execution under the guidance and supervision of CONEC. Eight events are planned for the duration of the program, to be specified in the POAs.

3.53 A consultant will be hired for the production and publication of CONEC's annual reports. The PCU will hire the consultant in accordance with terms of reference prepared by CONEC, which will be responsible for supervision of the consultant's work. These reports will be prepared and published annually and will also be disseminated by means of seminars.

c. Strategy for social communication on education reform

3.54 The PCU will be responsible for executing this subcomponent through the Executive and Technical Coordination Unit, which will receive support from a specialist and an assistant hired for the technical aspects of the activities and preparation of the materials to be provided to the graphics firms or publicity agencies responsible for publication. Decisions concerning the lines of communication to be established will be taken by MEC authorities, who will also be involved in a number of subcomponent activities.

C. Procurement and contracting

3.55 Goods, services, and works will be procured in accordance with regular Bank procedures. International competitive bidding will be required for construction

works valued at US$2 million or more, for goods valued at US$350,000 or more and for services valued at more than US$200,000. The procurement timetable for the program is provided in Annex III-2.

3.56 For the purposes of program execution, the PCU will have a specialist in procurement and contracting who will support all of the activities in this area. If necessary, this specialist will provide support to the MEC central office now responsible for conducting the bidding processes.

D. Disbursement timetable

3.57 The program execution period is five years. The revolving fund for this operation has been established at 5% of the financing resources. Based on the programming, the following disbursement timetable is planned:

Table III-2
Disbursement Timetable (US$ millions)

SOURCE	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
BANK	8,521	9,831	11,248	6,442	3,958	40,000
LOCAL COUNTERPART	998	758	720	912	612	4,000
TOTAL	9,519	10,589	11,968	7,354	4,570	44,000
PERCENTAGE	21.6	24.1	27.2	16.7	10.4	100.0

3.58 In view of the highly dispersed scope of program activities and the hundreds of projects to be financed, the Bank would adopt a simplified procedure in administering the revolving fund for the transfer of resources to the ACEs. In this case, the resources would be transferred in a single lump sum and the advance justification would consist of: (i) the presentation of a signed contract with the MEC; and (ii) evidence that the funds have been received by the ACEs. In order to make accounting as transparent and manageable as possible, the MEC will take advantage of the various training workshops under the program to inform the ACEs on accounting requirements and will distribute the necessary instructions. The ACEs will also receive support from a consultant hired by the program to advise them on the accounting process and assist them in organizational strengthening. It should be noted that this fund's transfer mechanism has already been used for the World Bank's MECES program (see paragraph 2.10).

3.59 Resources will be transferred to the schools and IFDs in two stages: the justifying document required by the Bank for the first disbursement will be a signed contract between the MEC and the beneficiary entity, as well as a receipt signed in advance by the latter; for the second disbursement the MEC will issue certification that it has received a proper accounting statement for the first disbursement.

3.60 The executing agency will be required to keep orderly documentation on all of the accounting statements for resource transfers under the program in order to facilitate their review by the Bank. Expenditures by the ACEs, schools, and IFDs will be verified on an ex-post, sample basis by the Country Office.

3.61 To ensure strict administration and control of the loan resources, presentation by the borrower of evidence that it has opened two separate accounts (one in guaranís and the other in dollars) in which to deposit program resources will be a condition precedent to the first disbursement.

E. External audit

3.62 The borrower, through the intermediary of the executing agency, will be required to provide the Bank each year, throughout program execution, financial statements on the program audited by an external independent auditing firm acceptable to the Bank.

F. System of monitoring and evaluation

3.63 Within thirty days after the close of each semiannual period during program execution, the MEC must present a semiannual progress report to the Bank on program activities. Reports presented at the close of each year of program execution must also include the operating plan for that year, the financial statement for the program, and information on procurement during the prior year and planned procurement for the current year. For the purposes of monitoring and evaluating program results, these reports will include an annual statement comparing progress made relative to a set of indicators mutually agreed upon by the Bank and the MEC, as described in Annex III-3. The structure and content of these reports are specified in the Program Operations Manual.

3.64 Annually, within thirty days after preparation and submission of the semiannual progress report for the close of each year of program execution, the MEC will analyze this information with the Bank to assess the progress made in implementing the program, difficulties that may have arisen in its execution, and the steps taken to overcome them.

3.65 As part of the program evaluation process, two evaluations will be conducted – intermediate and final – based on the methodology and guidelines agreed upon by the MEC and the Bank. The results of the first evaluation must be presented to the Bank once 50% of program resources have been committed, or once 42 months have elapsed since the effective date of the loan contract, whichever comes first. This evaluation will verify the degree to which the program has reached established targets, detecting problems and introducing corrective measures in order to ensure the accomplishment of program objectives. The final evaluation, which will be based on the same content and methodology as the intermediate evaluation, must be

conducted within six months prior to the deadline for the final disbursement of the financing, and the results must be presented to the Bank together with the final disbursement request. These evaluations could report on the result of measurements to be made by the SNEPE in the schools targeted by the program.

IV. FEASIBILITY, BENEFITS AND RISKS

A. Institutional feasibility

4.1 The program's institutional feasibility is based on the principle of strengthening the MEC's organizational structure, developing the technical capacity within each of the general departments involved in execution that will enable them to carry out the activities assigned to them under the various components of the program. In order to avoid the creation of parallel structures alongside the Ministry, technical teams will be set up in each of the departments, which, supported by the existing organizational structure, will be responsible for executing, monitoring, and evaluating execution of the components or subcomponents assigned. These technical teams will be composed of 20 MEC technical personnel reassigned to these functions and 10 local and international consultants hired by the program on a part-time basis. As part of this approach, the PCU will be set up only for the purposes of coordination, to maintain coherence between the components and to direct program administration, finance, monitoring, and general evaluation.

4.2 Since program execution is designed so as to rely entirely on the Ministry's current institutional structure, a change in institutional structure will have to be promoted starting at the lowest echelons, where changes in management and teaching practices will result from the dynamic that will be required to execute the various activities planned under the program. For example, the use of the MEC's entire network of district supervisory teams will place these offices in a key role, which is appropriate in view of their experience and ability to transfer knowledge and best practices to schools at the local level. This approach is expected to create a new dynamic in educational supervisory activities, in which teaching will begin to take precedence over strictly administrative concerns, which currently absorb nearly all supervisory attention. The program is also expected to generate an institutional dynamic in which attention is focused on the school and its results, where changes can then be made in the running of school affairs and real improvements can be made in student learning.

B. Socioeconomic feasibility

4.3 In view of the program's cost structure and the design of its components, with 73% of the resources concentrated in the two largest components (1 and 3), the program's socioeconomic feasibility will be based on an analysis of the benefits expected from these two components, along with a cost-effectiveness analysis of the investments in infrastructure.

4.4 The results expected from the program are: (i) an improvement in the quality and internal efficiency of Cycles I and II of the EEB, expressed in terms of a greater number of students completing 6th grade; (ii) greater access to Cycle III of the

EEB, with improvements in the infrastructure conditions that now limit educational capacity at that level. Both of these results are consistent with the aim of raising the population's schooling level, particularly within its poorest segments, providing the human capital necessary to raise their income and thus help to reduce poverty

4.5 The economic analysis described below concludes that the program is justified, because it will: (i) help to raise the percentage of the population completing 6th grade, improving their productivity and salaries by 50% to 100% depending on the economic opportunities existing in rural and urban areas; (ii) help to expand Cycle III coverage, a necessary condition for eventual completion of secondary education and access to higher salary ranges (up to 150%); and (iii) raise the average schooling level of the country's poorest students, in urban as well as rural areas, by two years, which will in turn enhance their productivity and employability in urban and rural labor markets. Table IV-1 summarizes the expected results and benefits:

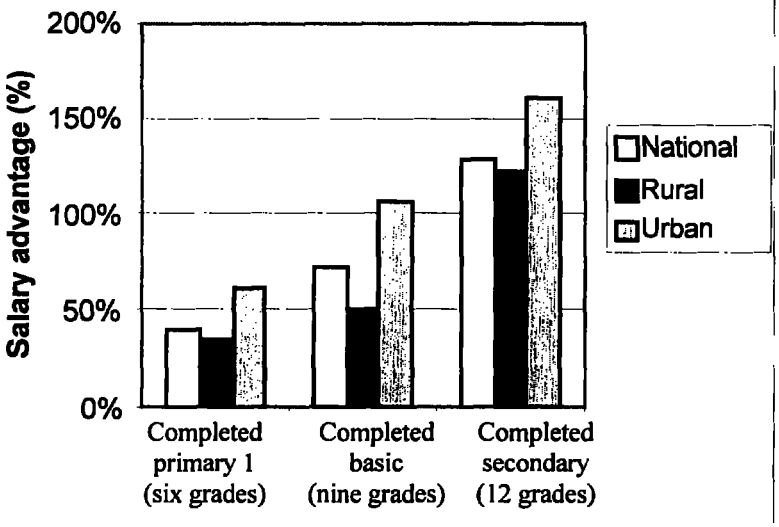
Table IV-1
Educational Results and Related Economic Benefits

Specific Objectives	Final Educational Results	Economic Benefits
Educational Improvement Activities in the Targeted Schools: • To reduce repeater rates and promote advancement in Cycles I and II of the EEB. • To improve student learning	• An increase in the proportion of students completing primary education (6th grade) in the targeted schools. *The goal is to move from the 68% recorded in 1998 to 75% in 2005.* • A higher percentage of the population eligible to enter secondary education. • A two-year increase in the population's average schooling level, particularly within the poorest quintile. *From four to six years in rural areas and from six to eight years in urban areas.*	• Improvements in basic skills, productivity, and employability. • Higher expected salaries as a result of higher education levels. • Improved economic opportunities for the poorest population groups.
Infrastructure for the expansion of Cycle III of the EEB: • To expand access to Cycle III. • To improve the physical conditions for educating Cycle III students.	• An increase in overall Cycle III coverage. *The goal is 65% by 2005.* • A higher proportion of students completing Cycle III (nine years of basic education) *from 35% in 1988 to 44% in 2005.* • Expanded access to secondary education. 560 new classrooms to accommodate 16,800 students, an estimated one-third of which are currently not enrolled in the system. • An increase in average schooling levels for the beneficiary population. *The goal is to achieve a minimum schooling level of nine years.*	• A larger population group enjoying access to secondary education and thus access to higher salary ranges. • Improved economic opportunities and higher expected salaries for the beneficiary population.

4.6 **Quantification of expected benefits:** In this section we will attempt to quantify the economic benefits for families associated with the educational results of the program. It is important to bear in mind, however, that decisions by families and individuals about whether or not students will stay in school and complete higher schooling levels are affected by supply variables (access, equity, quality, and relevance of the education) targeted directly by the program, as well as other socioeconomic variables and conditions affecting family demand for education (the family's socioeconomic level, parent educational level, direct costs to the family connected with school attendance, and opportunity costs related to the need to work). The return on such investments in human capital also depends on the economic opportunities that exist in the labor market, in rural as well as urban areas, and on family decisions to migrate to urban areas or not.

4.7 Table IV-2 summarizes the salary differentials attributable to higher schooling levels nationwide as well as in rural vs. urban areas based on data from the most recent household survey (1998). Two conclusions can be drawn:

TABLE IV-2: Salary Differentials by Schooling Level



Source: IDB calculations (RES/SIS) based on data from the 1998 Household Survey.

- It is necessary to complete basic education (nine years) to benefit from higher rates of return on education; the greatest returns begin to be perceived upon completion of secondary education.

- The expected return on higher schooling levels differs significantly in urban and rural areas. This stems from the scarcity of economic opportunities in rural areas, which in turn is a reflection of the duality of the Paraguayan

economy[5] and suggests a need to develop specific economic policies for this sector.

4.8 **Factors affecting student decisions to stay in school:** As explained earlier, educational attainment, in terms of the number of grades completed, is a function of supply factors within the educational system as much as it is of factors influencing family demand for higher schooling levels. Table IV-3 summarizes the main reasons indicated by students having completed primary education and their families for not continuing to study beyond sixth grade.

Table IV-3
Main Reasons for Not Continuing Studies Beyond Primary School

Reasons for not continuing school beyond sixth grade	Rural areas	Urban areas
Socioeconomic factors influencing demand:		
• Low level of family income	38%	30%
• Need to work	10%	22%
• Direct costs	5%	2%
Supply-related factors:		
• Lack of access (the absence of a school nearby or incomplete schools).	15%	1%
• Poor quality and irrelevance of the school (also influences demand).	20%	20%

Source: IDB calculations (RES/SIS) based on data from the 1998 Household Survey.

4.9 The importance of the family's socioeconomic level as a factor determining the degree of educational attainment is very common in extremely poor countries like Paraguay. This factor, in addition to the need to work (opportunity cost) is much more closely related to the level of economic growth, the economic opportunities that exist in rural and urban areas, and the vitality of labor markets than to strictly educational factors.

4.10 This does not mean that educational policies are unimportant, but it does mean that their impact on poverty depends on the broader context of economic development policies. The role of the school and good public education for the poorest population segments remains fundamental. Given the profound differences in the socioeconomic level of families, a targeted approach based on positive discrimination is required to close these gaps. Beyond the need to broaden access (particularly in rural areas), the variables of quality and relevance of education are important variables on the supply side that affect family demand for education.

4.11 **Factors determining the rate of return on education**: Aside from the supply and demand factors that affect the decision to stay in school and the grade level ultimately attained, it is important to take into account economic and labor-market

[5] See Sam Morley and Rob Vos, 1997, Poverty and Dualistic Growth in Paraguay. IDB/UNDP and ECLAC.

factors that determine rates of return on education. For the purposes of analysis, it is useful to separate salary differentials into two categories: those arising from differences in schooling levels on the one hand, and those relating to the different rates of return in urban vs. rural labor markets for a given schooling level. This analytical exercise is helpful in exploring the economic signals being sent and the decisions families must make.

4.12 Families must make two decisions: whether or not to migrate to an urban area; and whether or not to keep children in school. Table IV-4 illustrates the costs and benefits associated with these decisions. The two rows correspond to the family's place of origin (rural or urban) and the two columns represent the salary advantage attributable to the completion of primary or secondary education in rural and urban labor markets. The baseline represents an individual from a rural family who has not completed primary education.

Table IV-4
Salary advantages attributable to educational level according to labor market and place of origin

Origin of the family	Rural labor market	Urban labor market
Rural	Primary completed: 45% Secondary completed: 121%	Primary completed: 96% Secondary completed: 150%
Urban	Primary completed: 65% Secondary completed: 136%	Primary completed: 104% Secondary completed: 150%

Source: IDB calculations (RES/SIS) based on data from the 1998 Household Survey.

4.13 The main conclusion that can be drawn from the analysis of factors determining rates of return on education in rural vs. urban labor markets is that for individuals having completed six years (completion of primary) or less, the differences in salary in urban vs. rural areas have far greater weight than schooling level. In contrast, for schooling levels of nine years (completion of basic education) or more, salary differences are explained largely by schooling levels, and differences between urban and rural markets have less weight.

4.14 In other words, for the population with only primary or lower levels of education, the best option is simply to migrate to the city, which can lead to higher income but not necessarily an escape from poverty. That population segment cannot aspire to the higher rates of return attainable only for those having completed basic or secondary education. These conclusions underscore the importance of advancement toward the goal of nine years of basic education, as a minimum, for the entire population as a condition necessary, though not necessarily sufficient, to reduce levels of poverty.

4.15 **Cost-effectiveness and rational resource use in the expansion of Cycle III**: The investments under the infrastructure component (31% of program investments) are designed to expand access to Cycle III by providing the beneficiary schools with the classrooms and equipment needed to provide education through the ninth grade.

4.16 Enrollment is highly dispersed in Paraguay's rural areas and there are pronounced deficiencies in infrastructure associated with the high levels of poverty and the large deficits in Cycle III coverage, particularly in the departments in the country's interior (as opposed to Asunción and the Central Department). Demand for higher education levels is in fact strongest in the urban areas and particularly in the departments with less poverty (Central and Asunción), as confirmed by the analysis in the preceding section. Two objectives must therefore be reconciled in prioritizing investments in infrastructure: on the one hand, the need to maximize the component's impact in terms of accommodating the greatest possible number of Cycle III students per dollar invested (effectiveness of the investment); and on the other hand, the need to introduce compensatory criteria based on positive discrimination in favor of the neediest departments (for reasons of equity and geographic coverage of the program). The methodology for prioritizing and optimizing investments is described in chapter III, paragraph 3.43.

4.17 Furthermore, in the case of the targeted schools component, the execution modality for the activities to improve infrastructure and equipment (through the ACEs) makes these investments highly cost effective, considering that the cost per classroom built using this modality are only one-third of the costs incurred when contracts are awarded through competitive bidding. The modality is especially effective for investments to improve and maintain infrastructure, particularly in the poorest schools, and at the same time provides an important incentive to strengthen parent and community participation in the improvement of their schools.

C. Social and environmental impact

4.18 The program represents a beneficial response to the Paraguayan context of poverty and inequality, by focusing on schools serving the neediest segments of society, discriminating positively in favor of children in areas where opportunities to learn are scarcest. This redistributive and compensatory approach is also economically rational in that the impact of scarce resources is greater than in the case of across-the-board policies. The program is also targeted so as to meet the needs of schools with largely indigenous populations.

4.19 The Committee on Environment and Social Impact (CESI) approved the program at its meeting on 27 August 1999. The program's environmental impact will be positive, improving conditions in terms of the physical space schools need to expand Cycle III education and/or making minor repairs through a maintenance plan (component 4). The environment might be altered in some way during the classroom repair or expansion stage, but the impact would be slight and confined to

the local area. Moreover, mitigation measures are provided for in the rules concerning school siting, construction, and operations governing the Bank's current loan in the sector. A "School-building Maintenance Manual" has been distributed to the schools. During program preparation a sample of 110 schools was developed in order to determine the scale for component 3, precisely define the eligibility criteria that must be used for this component, and verify the effectiveness of the rule suggested in the manual.

4.20 In addition, the transversal objectives of the curricular reform financed with the aforementioned loan included items related to environmental protection and natural resource conservation. In recent years, with higher educational levels being attained by Paraguayan women, women are accounting for a greater share of the labor market, and salary disparities between men and women have been narrowed. The education reform also included specific, Bank-financed activities targeting the new curriculum, textbooks, educational materials, and teacher training programs with a view to achieving gender equality. This emphasis will be maintained in the current program.

D. Classification in terms of social equity and poverty reduction

4.21 PTI classification is justified in terms of meeting the automatic classification criteria. The program involves investments in primary education in a Group-D country. Specifically, the design of the operation, targeting high-risk schools located in districts with high levels of Unmet Basic Needs, and the application of criteria based on positive discrimination contributes still further to strengthening the impact of the program in terms of equity.

E. Benefits

4.22 **Improvement in educational results:** The investments to be made under this program are designed to boost student retention rates, raise levels of schooling (highest grade completed), and improve learning performance in Cycles I and II of the EEB in rural and urban schools identified as high-risk. Specifically, component 1 focuses on activities to improve the quality and internal efficiency of the first two cycles, while component 3 seeks to improve access and infrastructure for the Cycle III expansion. The expected educational results are an increase in the percentage of students completing 6th grade from 70% to 75% and a two-year increase in average schooling level in the targeted schools. Efforts will also be made to expand Cycle III coverage to 70%, accommodating nearly 6,000 new students and improving physical conditions and equipment for another 12,000 students already in school.

4.23 **Targeting to benefit the poorest segments of society:** In addressing the inequalities of the Paraguayan education system, the program will give preference to two lines of activity: the first benefiting the 10% of schools at highest risk in

educational terms, and the second benefiting high-risk rural schools accounting for the lowest-ranking 25% of rural enrollment in terms of educational performance. The benefits will thus flow to the poorest students in urban and rural areas. The goal is to reduce repeater and dropout rates and increase retention rates by 7%, thereby raising the percentage of students completing sixth grade to 75%. At the same time, improvements in internal efficiency should raise average schooling levels by approximately two years (from 4 to 6 years).

4.24 **Economic benefits for families:** The program is expected to produce the following economic benefits for families: (i) a higher percentage of the population completing primary school (accounting for a salary differential of 50% to 100% depending on the baseline situation and economic opportunities existing in rural vs. urban areas); (ii) a larger group eligible for high school and greater access to Cycle III, a prerequisite for eventually completing secondary education and benefiting from still higher salary differentials (up to 150%); and (iii) higher average schooling levels (in terms of grades completed), and hence greater workforce productivity and employability, irrespective of decisions to migrate to cities or not.

F. Risks

4.25 **Institutional response to the program's dynamic:** Execution of the program will require a change in institutional culture, which may encounter resistance from the educational community. There is a risk that the principles underlying the program will meet with a weak response from teachers in the beneficiary school educational transformation. To minimize this risk, the program will have a communications and information campaign in place from start to finish to create favorable attitudes toward the changes in teaching and administrative practices to be promoted.

4.26 **Operational capacity:** The MEC's inexperience in administering targeted programs and the technical and administrative complexity of this particular program could delay execution and ultimately undermine the motivation of teaching staff. Similarly, the inexperience of MEC supervisors in monitoring and advising on learning technique projects could prove a serious obstacle to the program's success. To mitigate this risk, the program provides for the establishment of expert teams within the MEC general divisions concerned, a technical support team for each Program Coordination Unit (PCU), and various training activities to improve the technical capacity of teachers forming part of the supervisory teams at the school-zone level. In addition, consulting services would be hired specifically to support the work of the responsible technical teams, and financing will be provided for internships and advanced training courses for the MEC technical teams responsible for program execution.

4.27 **Timely provision of the local counterpart:** Although the government has undertaken to provide the local counterpart resources for the program on a timely basis, the country's fiscal situation could delay actual disbursement, upsetting the

timetable for executing activities and slowing the accomplishment of program objectives. This could create skepticism within the teaching community about the government's commitment to the program and the principles underlying it, which could in turn affect their motivation and commitment to the changes in teaching and administrative practices being pursued.

4.28 **Potential political instability resulting from the frequency of elections:** Over the past year, Paraguay has been affected by an extremely complex institutional and political crisis, which at one point disrupted all normal activity, with repercussions for the continuity of educational reform. As the country consolidates its democratic process and overcomes the current economic crisis, the situation is expected to return to normal. The new educational authorities have in fact taken up the reform principles and strategies (Plan 2020) once again, setting up new technical teams composed of professionals who participated in the Plan's formulation. In this regard, the operation and strengthening of the National Education Council as a political-technical and pluralistic agency will be conducive to the continuity of policies arising out of this plan.

LOGICAL FRAMEWORK
PROGRAM TO STRENGTHEN BASIC EDUCATION REFORM

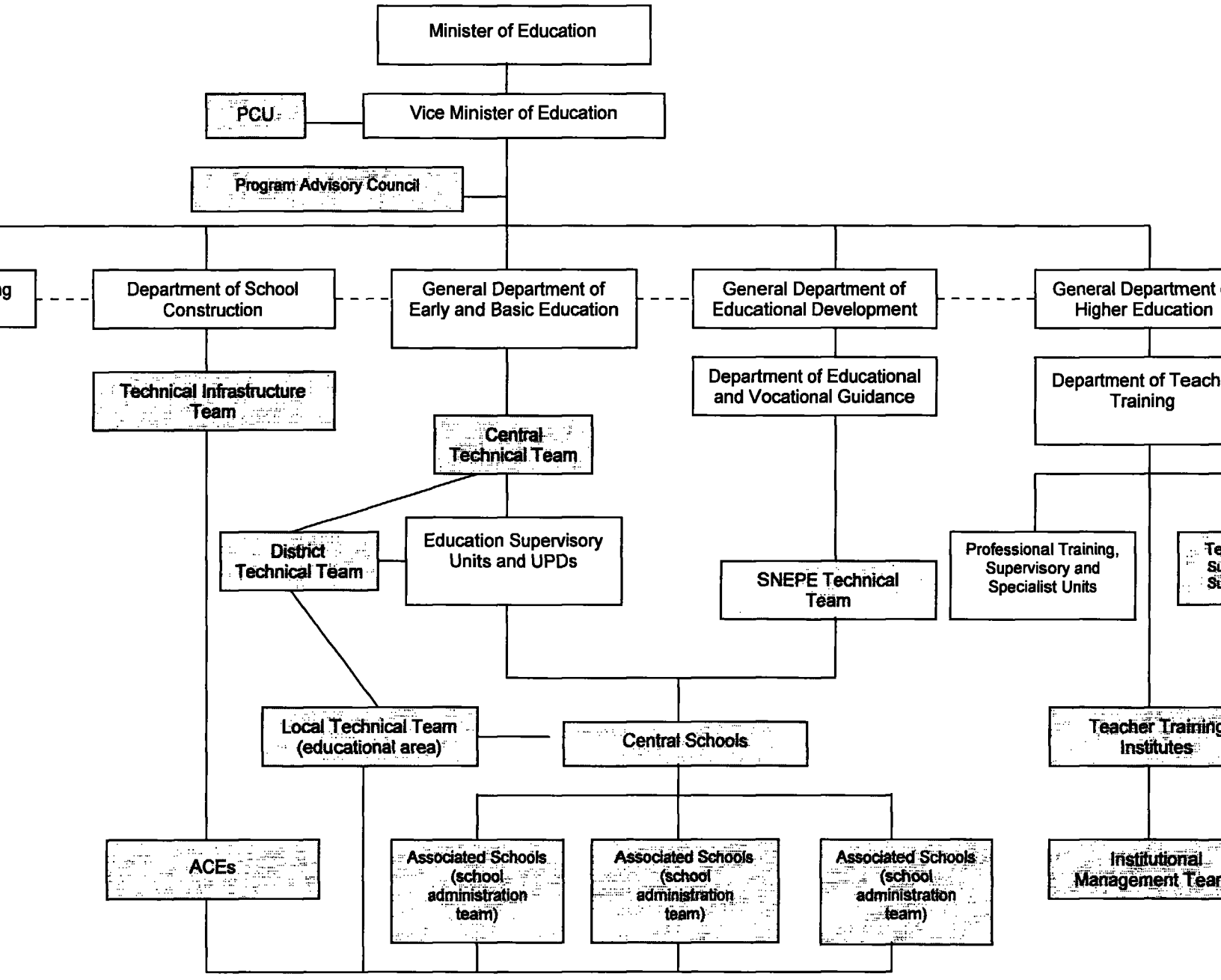
(PR-0117)

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
	To improve the educational and schooling levels of population segments living in marginal rural and urban areas.	Improved schooling levels for population in segments living in marginal rural and urban areas.	Household survey and population census	The country is able to consolid democratic system and develop lo social policies benefiting the population segments.
	To improve quality and equity in Cycles I and II of basic education, as well as access to Cycle III.	Improvement in student performance in the program schools.	MEC reports with repeater and retention results. SNEPE reports.	The MEC continues to apply the S Plan 2020, allocating more and resources to schools and strengthen central and departmental technical tean
S	**I. Activities targeting primary schools** • To improve student performance and teaching processes in the program schools	Reduction of the repeater rate to 10% in the targeted rural schools; 6 % in the targeted urban schools; and 3% in the schools with educational improvement projects. Baseline year: 1998 Reduction of the repeater rate for 1st and 2nd grades to 7% in the targeted rural schools and 5% in the targeted urban schools. Baseline year:1998 7% improvement in student retention in the targeted rural schools; 9% in the targeted urban schools; and 5% in schools with improvement projects. Baseline year: 1998 10% improvement in language and mathematics for 3rd and 6th grades in the beneficiary schools (SNEPE). Baseline year: 1998	DPEI, MEC Statistical Yearbook DPEI, MEC report comparing the 1994-1999 and 2000-2005 cohorts. DPEI, MEC Statistical Yearbook. SNEPE report with the census results for 3rd and 6th grades in the targeted schools, in years one and four.	Weak teacher response in program ben schools. A communication and info campaign from the outset of the pro planned to mitigate this risk. Difficulty in communicating a new for educational change based on partic school management (principals, te students, and parents) and sys reflection by teachers on teaching prac as to ensure a substantial improven learning by their students. To ens quality of this communication, speci will be taken in the design of materials and student working material

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
	• To reduce inequality within the education system.	2-year increase in schooling levels for the poorest population segments in rural and urban areas: Baseline year: 1998	Household survey	Lack of technical advisory and monitoring experience among MEC district authorities The program provide resources to improve their te capacity.
	• To promote parent participation through the ACEs.	1,150 ACEs in operation and trained. Improvements in physical conditions and equipment made through the ACEs in 90% of the targeted schools.	Projects presented by the ACEs MEC audit reports.	The MEC's inexperience in m targeted programs and the technic administrative complexity of this pa program could cause delays in execut undermine school motivation. To prev the program is designed to give administrative support to the PCU, Operations Manual would provide a description of the various procedure used
	II. Improvement of initial teacher training • To improve the quality of initial teacher training and establish an evaluation system for all IFDs in the country.	Better academic performance by 80% of IFD graduates in language, mathematics, and natural and social sciences. 25 IFDs with academic improvement projects completed by the end of the program. 115 IFDs evaluated by the end of the program.	Report on the test results of 3rd year IFD students. Years one and five. Reports on the Academic Improvement Projects	
	III. Infrastructure and equipment for the expansion of Cycle III of basic education • To improve access to Cycle III of basic education.	65% overall coverage for Cycle III of basic education. New classrooms, restrooms and other works in 280 EEB Cycle III schools.	External and internal monitoring with the presentation of monthly reports and the inspection of works upon completion.	

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS/RISKS
	IV. Strategic support for MEC operations			
	• To evaluate academic performance by students in grades 3 and 6 of the EEB.	70,000 students evaluated in 2001 and 2004	SNEPE report on results	
	• To support CONEC in the formulation and evaluation of the country's educational policies.	Strategic Plan for Education Reform revised (Paraguay 2020)	MEC-CONEC document	
	• To improve awarencss of the reform process within the educational community.	Teachers and the general public better informed about the reform process.	Public opinion surveys Regular program newsletters	

STRUCTURE



m-related entities

PROGRAM PROCUREMENT TIMETABLE

MAIN PROJECT PROCUREMENTS	FINANCING			PROCUREMENT METHOD	PRE-QUALIFICATION	PUBLICATION OF THE SPN		
						YEAR	PRESS	
	IDB	LOCAL	TOTAL				International	National
Consultancies								
- Inspection and repair of school infrastructure through the ACEs	432.0	-	432.0	3CF/2DC	Yes	I/2001	-	Yes
- Studies and research	116.5	-	116.5	8CP	Yes	I/2001	-	Yes
- Publicity campaign	150.0	-	150.0	3CP	Yes	I/2001	-	Yes
Goods								
- Computers and printers	-	185.0	185.0	2LCB	-	I/2001	-	Yes
- Rural School Manual	315.0	-	315.0	1CP	-	I/2001	-	
- Cycle I and II workbooks	940.0	-	940.0	2ICB	-	I/2001-02-03	Yes	Yes
- Text books	566.0	848.0	1,414.0	1ICB	-	I/2001-02	Yes	Yes
- Library facilities	2,150.0	-	2,150.0	3ICB	Yes	I/2001-02-03	Yes	Yes
- Radio/tape recorders	144.0	-	144.0	1CP	-	I/2001	-	Yes
- Basic library furniture	555.0	-	555.0	1ICB	-	I/2001-02	Yes	Yes
Works								
- 280 schools with rehabilitation works; construction of new classrooms and/or restrooms and other works	Stage 1: 4,000.0	-	Stage 1: 4,000.0	1ICB	-	I/2001	Yes	Yes
	Stage 2: 4,000.0	-	Stage 2: 4,000.0	1ICB	-	I/2002	Yes	Yes
	Stage 3: 4,000.0	-	Stage 3: 4,000.0	1ICB	-	I/2003	Yes	Yes
TOTAL	**17,368.5**	**1,033.0**	**18,401.5**					

NOTE: **CP** = Competitive pricing (shopping); **DC** = Direct contracting; **ICB** = International Competitive Bidding; **LCB** = Local Competitive Bidding; **CF** = Consulting fi

INDICATORS OF PROGRAM PROCESS AND RESULTS

omponents	Indicators of results	Indicators of process	Total	Year 1	Year 2	Year 3
ties targeting primary schools						
vement of rural ls (1,000 schools)	- Improvement of approximately 10% in SNEPE test performance, taking year 1 as the baseline.	Schools have more resources:				
	- 6% decline in the repeater rate. (baseline year 1998= 16%)	- Distribution of mathematics, communication, natural and social science exercise books for Cycles I and II.	360,000 copies	5%	15%	30%
	- 8% decline in the repeater rate in 1st and 2nd grade (baseline year: 1998= 15,9)	- Educational resources distributed to all teachers, principals, and superintendents.	20,000 teaching support text books	10%	20%	35%
	- Decline in the dropout rate of approx. 2%. (baseline year 1998= 5.4%)	- Library facilities distributed.	4,000 libraries with 30 Vol. Each		5%	45%
		- Distribution of textbooks.	300,000 copies	5%	15%	30%
	- 7% increase in student retention (comparing the 1994-1999 and 2000-2005 cohorts)	Improvements in personnel skills:				
		- Trainer training.	200 superint. and teachers.	5%	10%	30%
		- Teacher training.	6,720 teachers.	5%	10%	30%
		- Discussion forums held on rural education.	2 events	X		
		- Educational Innovation Fairs held.	2 events		X	
		- Educational innovations introduced in the indigenous schools.	50 projects financed		25%	25%
		- Institutional Education Projects in operation.	1,000 PEIs	5%	15%	30%
		- Schools with five-year learning cycles in operation.	90% schools	X	X	X
		- ETC monitoring of superintendents for the 150 schools.	100% of schools visited	X	X	X
vement of urban isk schools	- Improvement of approximately 10% in SNEPE test performance, taking year 1 as the baseline.	Schools have more resources:				
		- Gradual distribution of 7 teaching guides.	10,550 guides	30%	50%	10%
		- Distribution of teaching support packages.	1,500 packages		100%	

omponents	Indicators of results	Indicators of process	Total	Year 1	Year 2	Year 3
	- 6% decline in the repeater rate (baseline year: 1998= 12.5%)	- Distribution of worksheets.	3,000 science worksheets		100%	
		- Library facilities and furniture distributed.	1,350 library facilities with 90 Vol. each	30%	30%	30%
	- 9% decline in the repeater rate for 1st and 2nd grades (baseline year: 1998= 14.0)	- Distribution of workbooks.	144,000 workbooks.	55%	15%	10%
		- Libraries for the teachers	150 libraries with 40 vol.			
	- Decline in the dropout rate of approx. 2% (baseline year: 1998=3.6%)	<u>Improvements in personnel skills</u>				
		- Continuous trainer training.	13 workshops	X	X	X
	- 9% increase in student retention (comparing the 1994-1999 and 2000-2005 cohorts)	- Continuous teacher training.	38 superint., 150 principals, 3000 teachers	X	X	X
		- Educational Innovation Fairs held.	150 school fairs, 38 school districts.		X	
		- Educational exchange forums.	38 forums in the school districts			X
			150 PEI	X	X	X
		- Institutional Education Projects in operation.	100%	X	X	X
gthening of tional Cooperation iations		- Schools with five-year learning cycles in operation.	100% of schools visited 1 national and 38 district schools.	X	X	X
	- Capacity for participation in school affairs strengthened in 1,000 rural school ACEs and 150 high-risk urban school ACEs.	- ETC monitoring of superintendents for the 150 schools.	1,000 ACEs rural schools. 150 high-risk urban schools.			
		- National and district evaluation seminars.	Total: 2,300 parents	5%	10%	20%
	- Physical conditions and equipment improved by the ACEs at 1,000 rural schools and 150 high-risk urban schools.	- ACEs trained for participation in school affairs and administrative procedures for the best use of physical and financial resources.	100%	50%	50%	
			100%		5%	15%
for competitively ed education vement projects	- 6% decline in the repeater rate for beneficiary high-risk urban schools. (baseline year 1998= 12.5%)	- Resources transferred to the rural school ACEs.		35%	35%	30%
	- 3% increase in student retention in the beneficiary schools (comparing the 1994-1999 and 2000-2005 cohorts)	- Resources transferred to the high-risk urban school ACEs.	270 trainers 7,000 teachers			
			600 Educational Improvement Projects financed	20% 30%	80% 60%	10%
		- Trainer training.				
		- Teacher training.			35%	65%

Components	Indicators of results	Indicators of process	Total	Year 1	Year 2	Year 3
	- 600 schools with 200 or more students have completed the Improvement Projects.	- Transfer of resources to the schools.	100% schools with projects			
		- ETC monitoring of superintendents for the 6,000 schools.		X	X	X
vement of initial teacher training						
nic improvement of s	- Better academic performance by IFD graduates.	- Trainer training in project preparation.	780 trainers	80%	10%	10%
	- 25 IFDs having completed Improvement Projects.	- Transfer of resources to the IFDs.	25 IFDs financed		60%	40%
	- 80% of the state IFD trainers trained in specific disciplines.	- International internships conducted.	142 trainers		50%	50%
		- 5 national symposia and 1 international symposium held.	450 participants	X	X	X
		- Trainer training in specific areas.				
		- ETC monitoring of 41 state IFDs.	650 trainers	X	X	X
		- Academic Improvement Plans designed on the basis of evaluation results.	20 courses 100% state IFDs visited.			
	- 115 IFDs evaluated.		80% of the IFDs have established plans	X	X	X X
tion system for the						
	- 80% of the IFDs have institutionalized self-evaluation practices.	- Application of measurement instruments.	Areas of: academic performance, attitudinal aspects and institutional management.	X		X
ıcture and equipment xpansion of Cycle III	- Overall coverage 65% achieved.	- New classrooms built in 280 schools.	560 classrooms	30%	40%	40%
	- 280 schools with improvements in the capacity and quality of their infrastructure and equipment	- School furniture for 560 classrooms distributed.	1,150 schools	X	X	X
		- Maintenance of infrastructure.	1,150 schools	X	X	X
		- Works inspected.	36 months	X	X	X
c support for MEC operations						
thening of the	- Academic performance of third- and sixth-grade EEB students (sample) and third- and sixth-grade students participating in the program (census) evaluated.	- Diagnostic assessment of performance in targeted schools for establishment of baseline.	1,150 schools assessed	X		
		- Reports on results distributed.			X	X
		- Application of experimental test.	1 test			
	- Education system informed of third- and sixth-grade student performance nationally and for targeted program participants.	- Application of national tests.	2 tests			X
		- International internships conducted.	2 internships	X X		X
		- Seminar and discussion roundtables.	2 events 3 studies	X		X
	- Revision of the Strategic Plan 2020.					

omponents	Indicators of results	Indicators of process	Total	Year 1	Year 2	Year 3
t for CONEC		- Research on the EEB.	8 events	X	X	X
		- Seminars on selected topics.		X	X	X
		- Bimonthly newsletter on the program distributed.	920,000	X	X	X
communication on ucation Reform	- Educational community and society in general better informed about the Education Reform.	- Annual Education Review, with video, distributed.	10,000	X	X	X
		- Radio programs broadcast.	20 per year			
		- Publicity campaigns conducted	3 campaigns	X X	X	X X

PROPOSED RESOLUTION

Paraguay. Loan /OC-PR. Program to Strengthen Basic Education Reform

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Paraguay, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a Program to Strengthen Basic Education Reform. Such financing will be for the amount of up to US$40.000.000, or its equivalent in other currencies, except that of Paraguay, which are part of the Ordinary Capital resources of the Bank, and will be subject to the "Special Contractual Conditions" and the "Financial Terms and Conditions" of the Executive Summary of the Loan Proposal.