

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## **BOLIVIA**

### **EDUCATION REFORM PROGRAM: SECOND STAGE**

**(BO-0178)**

### **LOAN PROPOSAL**

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## BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following address:

**English:**

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

**Spanish:**

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

## ACRONYMS AND ABBREVIATIONS

BPRS	Bolivian Poverty Reduction Strategy
CAP	Program Procurement Committee
CDP	Program Directing Committee
CESI	Committee on Environment and Social Impact
COP	Program Operating Committee
CRA	Learning Resource Center
CTF	Transfer and funding agreement
DAP	Project Administration Office
DCB	Basic curricular guidelines
DDC	Curriculum Development Office
DDD	Teacher Development Office
DDE	Departmental Education Office
DGAA	Administrative Office
DGEIP	Early Childhood and Primary Education Office
DIDEI	Institutional Development Office
DIE	Educational Information Office
FPS	Productive and Social Investment Fund
FSO	Fund for Special Operations
GDP	Gross domestic product
GM	Municipal government
HDI	Human Development Index
HIPC	Heavily Indebted Poor Countries Initiative
ICE	Collective Incentive to Schools
INS	Teacher training institutes (Institutos Normales Superiores)
IRR	Internal rate of return
MDG	Millennium Development Goal
MINEDU	Ministry of Education
NGO	Nongovernmental organization
OC	Ordinary Capital
PNC	National revenue-sharing policy
PPMR	Project Performance Monitoring Report
PRE	Educational reform program
PROME	Municipal education project
PTI	Poverty targeted investment
SEDUCA	Departmental Education Ministry
SIE	Information and evaluation system
SIESTA	Educational statistics system
SIMECAL	Quality measurement system
TGN	General National Treasury
UBN	Unmet basic needs
UDAPE	Economic Policy Analysis Unit
UEE	Education Statistics Unit

VEEA  
WB

Office of the Deputy Minister for Formal and Alternative Education  
World Bank



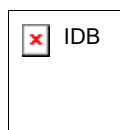
## BOLIVIA

### IDB LOANS

APPROVED AS OF MARCH 31, 2003

	US\$Thousand	Percent
<b>TOTAL APPROVED</b>	<b>3,150,490</b>	
DISBURSED	2,570,371	81.6%
UNDISBURSED BALANCE	580,120	18.4%
CANCELLATIONS	240,916	7.6%
PRINCIPAL COLLECTED	1,066,381	33.8%
<b>APPROVED BY FUND</b>		
ORDINARY CAPITAL	1,158,261	36.8%
FUND FOR SPECIAL OPERATIONS	1,920,481	61.0%
OTHER FUNDS	71,748	2.3%
<b>OUTSTANDING DEBT BALANCE</b>	<b>1,503,990</b>	
ORDINARY CAPITAL	445,210	29.6%
FUND FOR SPECIAL OPERATIONS	1,051,373	69.9%
OTHER FUNDS	7,407	0.5%
<b>APPROVED BY SECTOR</b>		
AGRICULTURE AND FISHERY	296,060	9.4%
INDUSTRY, TOURISM, SCIENCE TECHNOLOGY	224,157	7.1%
ENERGY	560,632	17.8%
TRANSPORTATION AND COMMUNICATIONS	755,918	24.0%
EDUCATION	98,180	3.1%
HEALTH AND SANITATION	382,363	12.1%
ENVIRONMENT	45,162	1.4%
URBAN DEVELOPMENT	73,856	2.3%
SOCIAL INVESTMENT AND MICROENTERPRISE	246,079	7.8%
REFORM PUBLIC SECTOR MODERNIZATION	326,125	10.4%
EXPORT FINANCING	24,478	0.8%
PREINVESTMENT AND OTHER	117,479	3.7%

\* Net of cancellations with monetary adjustments and export financing loan collections.



**Inter-American Development Bank**  
Regional Operations Support Office  
Operational Information Unit

## Bolivia

### Tentative Lending Program

**2003**

<b>Project Number</b>	<b>Project Name</b>	<b>IDB US\$ Millions</b>	<b>Status</b>
BO0178	Education Reform II	36.0	
BO0213	Fiscal Sustainability Program	63.0	
BO0225	TC Sustainability Support Program	2.0	
BO0179	Program to Support Productive Activities in Rural Areas	10.0	
BO0216	Reactivation of the Center of La Paz	20.0	
BO0209	Justice Sector Support	5.0	
BO0221	Land Titling and Legal Cadastre	20.0	
BO0219	Programa Sectorial de Apoyo a la Competitividad	35.0	
BO0220	Competitive System Support	10.0	
<b>Total - A : 9 Projects</b>		<b>201.0</b>	
BO0200	Geotechnical and Environmental Protection of the Cotapata-Santa Barbara Highway	16.0	
<b>Total - B : 1 Projects</b>		<b>16.0</b>	
<b>TOTAL 2003 : 10 Projects</b>		<b>217.0</b>	

**2004**

<b>Project Number</b>	<b>Project Name</b>	<b>IDB US\$ Millions</b>	<b>Status</b>
BO0208	Malaria Attention Program	6.0	
BO0210	Rural Infrastructure Program	10.0	
BO0224	Rural Electrification	10.0	
BO0207	Transparency National Program	10.0	
BO0215	Public Transportation Improvement in La Paz Metropolitan Area	20.0	
<b>Total - A : 5 Projects</b>		<b>56.0</b>	
BO0202	Local Development Fiscal Adjustment Stage II	40.0	
BO0223	Drenage System Investment for Municipio La Paz	20.0	
BO0198	Support of Social Security Health Reform	10.0	
<b>Total - B : 3 Projects</b>		<b>70.0</b>	
<b>TOTAL - 2004 : 8 Projects</b>		<b>126.0</b>	

**Total Private Sector 2003 - 2004 0.0**

**Total Regular Program 2003 - 2004 343.0**

**\* Private Sector Project**





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# BOLIVIA

## STATUS OF LOANS IN EXECUTION AS OF MARCH 31, 2003

(Amounts in US\$ thousands)

APPROVAL PERIOD	NUMBER OF PROJECTS	AMOUNT APPROVED *	AMOUNT DISBURSED	% DISBURSED
<b><u>REGULAR PROGRAM</u></b>				
Before 1997	7	301,600	233,264	77.34%
1997 - 1998	2	27,000	9,879	36.59%
1999 - 2000	8	189,300	46,027	24.31%
2001 - 2002	10	229,200	48,131	21.00%
2003	2	95,000	39,450	41.53%
<b><u>PRIVATE SECTOR</u></b>				
2001 - 2002	2	112,000	0	0.00%
<b>TOTAL</b>	<b>31</b>	<b>\$954,100</b>	<b>\$376,751</b>	<b>39.49%</b>

## EDUCATION REFORM PROGRAM: SECOND STAGE

(BO-0178)

### EXECUTIVE SUMMARY

<b>Borrower and guarantor:</b>	Republic of Bolivia	
<b>Executing agency:</b>	Ministry of Education (MINEDU), with the Productive and Social Investment Fund (FPS) as coexecuting agency (see paragraph 3.1).	
<b>Amount and source:</b>	IDB:	US\$36.0 million
	Local: <sup>1</sup>	US\$ 5.2 million
	Total:	US\$41.2 million
<b>Terms and conditions:</b>	Amortization period:	40 years
	Grace period:	10 years
	Disbursement period:	4 years at least 3 years
	Interest rate:	1% during grace period 2% during amortization period
	Inspection and supervision:	1%
	Credit fee:	0.5%
<b>Objectives:</b>	<p>The program's objective is to consolidate the educational reform process in the eight grades of compulsory basic education, and to deepen institutional transformations that have been underway in the Bolivian education system since 1994. Specific aims are to:</p> <p>(i) strengthen central and decentralized management of the education system, with emphasis on the municipal level and schools;</p> <p>(ii) complete the implementation of curricular reform in the eight grades of compulsory schooling; and (iii) raise the quality of initial teacher training.</p>	
<b>Description:</b>	<p>The operation gives continuity to the Educational Reform Program (PRE)—a medium-term State policy with a 15-year horizon that has cut across several government administrations. The Bank has been supporting this program in conjunction with other funding agencies since 1994. In addition to consolidating implementation of the PRE in the eight compulsory primary grades, this second stage will make it</p>	

<sup>1</sup> Includes contributions from the municipios equivalent to 20% of the investment in infrastructure.

possible to run pilot schemes and implement management innovations in support of the decentralization process, by creating local capacity and making school directors more accountable for the educational results achieved. The program has three components:

**Component 1: Support for management and decentralization of the education system (US\$22.4 million).**

The objective of this component is to strengthen the management of the education system, both in the MINEDU as governing body, and in the decentralized structure, especially at the educational district and school levels. Two subcomponents are envisaged: (i) support for educational policy formulation and monitoring; and (ii) strengthening of decentralized management of the system. The first of these focuses on strengthening the MINEDU normative and regulatory functions, and on consolidating development and dissemination of instruments and indicators for monitoring education management, both at the central and at the district and school levels. Funding will be provided to consolidate information and evaluation systems, train directors and technical staff in the use of management indicators, and run a social communication campaign to publicize the program's progress and achievements. The second subcomponent seeks to strengthen the operational capabilities of the education service, deepening the decentralization process in a pilot set of municipios chosen because they have the necessary institutional and financial capacity. Participatory educational planning and administration will be strengthened in the chosen municipios, along with school management, by financing Municipal Education Programs (PROMEs). These consist of school educational projects set in a framework of educational planning and targets at the municipal network level. PROMEs have proven an efficient execution mechanism and an effective way of strengthening educational management at the district/municipal and school levels (see paragraphs 2.5 and 2.6).

**Component 2: Consolidation of curricular reform at the primary level (US\$7.1 million).** Curricular reform has so far been implemented up to primary school sixth grade, encompassing 55% of the enrollment. This component will support consolidation of the PRE up to eighth grade, thereby completing its implementation throughout compulsory basic education. Two main lines of action are envisaged, with funding provided to: (i) develop a system for monitoring the new curriculum in the classroom, in order to provide feedback for future curricular development, production and use of the didactic materials distributed, and pedagogic practices among teachers; and (ii) produce textbooks and learning materials for students, as well as didactic guides for teachers.

**Component 3: Strengthening of the initial teacher training system (US\$8.5 million).** There is general consensus that one of the key challenges is to consolidate an initial teacher training system. This component aims to strengthen the quality of initial teacher training at primary level, in order to ensure the quality and sustainability of the reform. There are two subcomponents: (i) support for academic and institutional improvement in teacher training institutes known as Institutos Normales Superiores (INS); this will finance the development of a system to monitor the training curriculum, develop performance standards, and improve the infrastructure and outfitting of learning resource centers (libraries containing bibliographic materials and access to new information technologies) in all INS; and (ii) diversification and strengthening of the institutional management of teacher training courses, including review and upgrading of management contracts with the universities (see paragraphs 1.24 and 1.25); and development of a pilot plan to diversify the range of initial training courses available at secondary level, through a competitive bidding process in which the universities would take part.

**The Bank's  
country and  
sector strategy:**

This project is designed in the framework of the Bank's current strategy in Bolivia, the central objective of which is to fight poverty through the following three lines of action: (i) growth and the creation of opportunities; (ii) development of human capital and access to basic social services; and (iii) governance and consolidation of reforms. The project specifically addresses line of action (ii)—human capital development—by consolidating and deepening the educational reform that the Bank has been supporting since 1994. The Bank's strategy in the sector emphasizes three aspects which this operation also reflects: (i) focusing the reform on schools, by giving them greater autonomy and resources; (ii) actively involving teachers and the whole education community as the real agents of reform; and (iii) seeking a municipal commitment towards the reform, in terms of resources for investments in infrastructure, materials and maintenance, and also with respect to management. This project is consistent with the Bolivian Poverty Reduction Strategy (BPRS), since it addresses the issue "Developing the Productive Capacities of the Poor", in which consolidating educational reform at the compulsory primary level is the government's top priority. In addition, the project supports decentralized and participatory education management at the municipal level, which is one of the basic aims of the BPRS.

**Coordination with other multilateral development agencies:**

In its first stage the PRE received financial support totaling US\$200 million from the IDB, the World Bank (WB) and bilateral donors, to be executed over an eight-year period. Progress made in PRE I and outstanding challenges for the second stage were discussed at an evaluation workshop held in May 2002, in which all donors participated. As an outcome of that meeting, a strategic plan was drawn up to consolidate the PRE in the initial, primary and secondary school levels. The new Bank loan is set in this framework and will be used to consolidate the reform at the compulsory primary level. The proposed program complements other financing operations being discussed with the World Bank and bilateral partners (see paragraph 1.35).

**Environmental and social review:**

The Bolivian Educational Reform is an example of a pioneering program in terms of social inclusion, since its curricular focus and educational materials development strongly uphold Bolivia's intercultural identity. Its pedagogic strategies stress bilingual education in the country's main indigenous languages. The program's civil works are relatively simple, for which reason no major environmental impacts are expected (see paragraph 4.21). Nonetheless, the Operating Regulations include measures for environmental and health monitoring of infrastructure works, with a view to keeping any environmental impacts to a minimum.

**Benefits:**

This operation will make it possible to complete the implementation of curricular reform in all the country's primary schools, covering the eight years of compulsory education. The proposed investments will consolidate progress in terms of coverage and retention; they will also make it possible to raise the percentage of the population that completes compulsory basic schooling (in line with the Millennium Development Goals on education), and to enhance teacher quality and raise learning outcomes to more acceptable levels.

**Risks:**

Preparation of the program coincided with a change of government, which raises doubts as to the continuity of the reform and consolidation of the institutional capacity that has been created within the MINEDU. Nonetheless, having already spanned three government administrations, the PRE has become a State policy, which guarantees continuity in the technical teams responsible for the program. The preparation strategy has promoted dialog with the new government, resulting in a shared view of the need to maintain the PRE. This is reflected in the operation's key objectives, making the necessary adjustments to strengthen aspects of the reform that up to now have received insufficient attention. In addition, the MINEDU has undergone a process to institutionalize its main technical staffing posts, which should guarantee some degree of continuity in the teams

that have been executing the PRE and participating in the development of the new operation. Nonetheless, given the possibility of major changes in the teams responsible for the program, between the preparation and implementation phases, a start-up workshop is planned together with annual supervision missions, in order to assure ownership of the project and closely monitor its execution.

Consolidation of the reform requires teachers to work an extended schedule to fulfill the requirements of the new curriculum. The additional payroll implications of this were analyzed during the preparation of the operation, and a proposal was agreed upon by the Ministry of Education, the Ministry of Finance and the Economic Policy Analysis Unit (UDAPE) to gradually implement the longer working hours over a five-year period. A proposal for sustainable financing by the country was also agreed (see paragraphs 4.26 and 4.27).

**Special  
contractual  
clauses:**

The following will be conditions precedent to the initial disbursement of the program: (i) entry into force of the subsidiary agreement between the Ministry of Finance and the MINEDU for the transfer of loan resources and program execution, establishing, among other provisions, that these resources will be part of the system of allocated resources subject to bidding above and beyond the caps on municipal transfers established pursuant to the national revenue-sharing policy formula; (ii) entry into force of the interagency agreement between the MINEDU and the FPS under which the program resources will be transferred to the FPS to execute activities in the subcomponent for strengthening of decentralized management; (iii) submittal to the Bank for approval of the model financing agreement for the PROMEs to be entered into by the MINEDU, the FSP, the participating municipalities, and the District Director of Education; (iv) demonstration that the Project Administration Office (DAP) is organized, installed, and operating in the terms agreed upon with the Bank; and (v) publication of the provision putting the program's Operating Regulations into effect.

*Special conditions during execution:* In addition to the conditions established in paragraph 3.54, the following conditions precedent to execution of the specific components will apply: (i) for the first disbursement of the infrastructure and CRA lines of action under component 3, the model to be used for new INS management contracts with universities will have to be submitted to the Bank's satisfaction; and (ii) for the first disbursement of the subcomponent for strengthening decentralized management, the guidelines for project preparation in PROME bidding procedures must be forwarded to the Bank.

Two external evaluations of program performance will be carried out during the project execution period, a mid-term and a final evaluation, based on the agreed upon outcome indicators. Both evaluations will be contracted externally and financed from loan funds allocated to the DAP (see paragraph 3.53).

**Poverty-targeting and social sector classification:**

This program qualifies as a social equity enhancing project, as described in the key objectives set forth in the Report on the Eighth General Increase in Resources (document AB-1704). The program will make a significant contribution to improving social equity and raising schooling levels among the poor, who currently do not complete the eight years of compulsory education (see paragraph 4.12).

The operation also qualifies as a poverty-targeted investment (PTI) (see paragraph 4.22).

**Exceptions to Bank policy:**

See "Procurement" below.

**Procurement:**

Contracting will be carried out in accordance with Bank norms and procedures, both for civil construction works and for goods procurement and the hiring of services. It is proposed that the services of the DAP director and three DAP unit chiefs be directly hired, for a total amount of US\$432,000 over the four-year project execution period (see paragraph 3.45).

Procurement of goods in amounts equal to or greater than US\$350,000 and for US\$3 million or more will require international competitive bidding. International direct calls for bids will be required for the procurement of consulting services costing US\$200,000 or above. In cases where consulting firms are selected on the basis of quality and cost, the relative weight of price as an evaluation criterion may not exceed 30%, and the technical element or quality of the bid may not be less than 70%. It was agreed to give the executing agency autonomy for US\$50,000 per contract in the procurement of goods and the hiring of individual consultants, without any need to obtain a prior statement of nonobjection from the Bank.

## **I. REFERENCE FRAMEWORK**

### **A. Context**

- 1.1 Since 1987, the Bolivian economy has managed to achieve positive economic growth with declining inflation, while at the same time keeping the fiscal deficit under control. Between 1990 and 1999, economic growth averaged 3% per year (2% in per capita terms). Since then, however, the pace of economic expansion has slowed to under 2% per year, which implies a reduction in per capita. Foreign investment flows have dropped by about 10% of GDP and the fiscal balance has deteriorated rapidly to a deficit of 8.6% of GDP in 2002.
- 1.2 Despite the fragile nature of economic growth and the recent fiscal deterioration, the reorientation of the role of the State has made it possible to concentrate public investment on social sectors and infrastructure. Between 1998 and 2001, the social sectors' share of total public investment grew from 9% to 48%, expanding in absolute terms from US\$31 million to US\$301 million. At the same time, social spending has grown to account for 17% of GDP and 53% of the budget.
- 1.3 This trend has made it possible to give the population better access to education, healthcare and basic services, which has been reflected in a sustained increase in the country's Human Development Index (HDI) over the last two decades. Despite this, Bolivia's HDI of 0.648 still leaves it below the regional average of 0.760, only ahead of Honduras, Nicaragua and Haiti. This basically reflects the country's low per capita income level, which is only one-third of the Latin American average.
- 1.4 The Bolivian economy is highly vulnerable to external shocks; it suffers from low levels of domestic saving, and a pattern of growth that depends heavily on hydrocarbons and other raw materials, and low levels of productivity in key sectors of the economy such as agriculture, manufacturing industry and trade. This growth pattern means that the most dynamic sectors generate few jobs, while in the sectors that are most important for employment (agriculture, manufacturing and trade) productivity is low, which implies low wages. Consequently, the pace of poverty reduction in Bolivia has been inadequate. Between 1992 and 2001, the percentage of households with unmet basic needs (UBN) fell from 71% to 59% nationwide, with a larger reduction being achieved in urban zones (from 53% to 39%) than in the rural sector (from 95% to 91%). Nonetheless, the percentage of families with incomes below the poverty line remains very high: 63% nationwide, 47% in the major cities and 82% in rural areas.
- 1.5 It is well known that education is crucial to the achievement of sustained economic development with rising productivity, and for poverty reduction and social inclusion. In Bolivia the relation between low education levels, low wages and poverty is crystal clear, as revealed by data from the Bolivian Poverty Reduction Strategy (BPRS). The likelihood of a person being poor with five years' schooling or less is 60%, but this probability falls to 22% on completion of primary education



and to 5.7% when secondary schooling is completed. When the head of household manages to complete primary education, average family income grows by 25%; and it can rise by a further 40% when the head of household completes secondary. There are also glaring educational disparities in the adult population between urban and rural areas (9.4 years' schooling vs. 4.2 years on average) and between the different income quintiles (11.2 years among the wealthiest quintile compared to 3.6 in the poorest).

- 1.6 Against this backdrop, public spending on education represents 37% of public expenditure (6% of GDP); and this is followed by spending on pensions and healthcare, which account for 4.1% and 3.6% of GDP, respectively. Nonetheless, one quarter of all educational expenditure goes to the universities, with the result that expenditure on basic education (primary and secondary school) accounts for between 3.5% and 4% of GDP.
- 1.7 In absolute terms, the sector spends about US\$450 million per year on basic education, of which 85% is absorbed by wages. Expenditure per student represents 11% of per capita GDP, a figure that is comparable to other Latin American countries. Nonetheless, given the small size of Bolivia's GDP, this amounts to under US\$300 per student, which is way below the regional average.

## **B. Basic education in Bolivia**

### **1. Organization of the education system**

- 1.8 In Bolivia, basic education covers the initial (noncompulsory) level, followed by eight years of compulsory primary education divided into three cycles, and four grades of noncompulsory secondary schooling. Table I-1 illustrates the structure of the sector.

**Table I-1: Structure of basic education in Bolivia**

<b>Level</b>	<b>Age</b>	<b>Grades</b>	<b>Type</b>
Initial level	5 years		<b>Noncompulsory</b>
Primary: (3 cycles) <ul style="list-style-type: none"> <li>• First cycle</li> <li>• Second cycle</li> <li>• Third cycle</li> </ul>	6-13 years	1st - 3rd 4th - 6th 7th - 8th	<b>Compulsory</b>
Secondary	14-17 years	1st to 4th year secondary	<b>Noncompulsory</b>

- 1.9 The primary education system encompasses 14,000 schools, of which some 6,500 are exclusively primary, while the other 7,500 have primary together with other levels. The total enrollment is 1.8 million children, and there are about 64,000

teachers employed in the public education system. Of the total enrollment, 91% attend schools in the public sector, while the remaining 9% go to private schools mainly concentrated in the departmental capitals.

## **2. Educational reform: progress and challenges**

- 1.10 The diagnostic study of Bolivian education carried out between 1992 and 1994 showed that the country had major equity and quality problems at the basic education level. Educational indicators, particularly in rural zones, displayed huge deficits; the bulk of the rural population was not even managing to complete five years of primary school. Student performance was grossly deficient, particularly among indigenous ethnic groups, which represented about half the population and were not even achieving basic literacy in the Spanish language. Hence a decision was made to embark upon a far-reaching reform of the basic education system, the main objectives of which were to improve quality, internal efficiency and equity, with a focus on closing the rural education gaps and bringing ethnic origin groups into the school system.
- 1.11 In 1994 the Education Reform Act was passed as part of this process, and Bolivia embarked upon a medium-term policy to comprehensively change the basic education system (initial, primary and secondary) over a 15-year period spanning several government terms. The educational reform is developing an intercultural and bilingual curricular approach, upholding and promoting indigenous Bolivian cultures, and developing educational materials in the main indigenous languages of Quechua, Aymará and Guaraní.
- 1.12 The Educational Reform Program (PRE) began in 1995, with an initial stage (PRE I) that received financial support totaling US\$200 million from the IDB, the World Bank (WB) and bilateral donors, to be executed over an eight-year period. The implementation strategy has been to introduce curricular reform gradually year by year, through a “transformation” program in a steadily expanding group of schools; those not yet included in curricular change, receive a variety of inputs, materials and training under an “improvement” program.
- 1.13 In order to systematize lessons learned during the seven years of program execution, in May 2002 the Ministry of Education organized a workshop to evaluate the progress and results of the first stage of the PRE. This workshop drew participation from the program’s various funding sources (IDB, WB, the Netherlands and Sweden), and served the twin objective of evaluating reform progress to date and identifying the main outstanding challenges that could be targeted in a second phase—which would involve a new loan from the Bank.
- 1.14 To date, PRE I has succeeded in implementing curricular change in the first two primary education cycles, in 70% of public schools, covering 40% of the urban enrollment and 50% of children in rural schools. The results so far reveal major improvements in terms of a set of education indicators, as shown in Table I-2.

**Table I-2: Indicators of educational outcomes at primary level.**

Indicator	1992	1997	2001
Net coverage 6-13 age group (%)	79.0	92.0	95.0
Sixth grade completion rate (gross)	n.a.	54.9	80.5
• urban		81.6	84.7
• rural		41.0	74.0
Years of schooling (19-65 age group)	4.4	7.1	7.9
• urban	5.3	9.1	9.6
• rural	3.1	3.7	4.5

**Sources:** Information and Evaluation System (SIE) for coverage and retention; National Institute of Statistics for years of schooling.

- 1.15 Primary school enrollment is close to universal, with a gross coverage rate of 107% and a net rate of 95% (including public and private enrollment). The difference between the gross and net rates shows that despite improvements in the flow of students major out-of-age-group problems persist; in other words, the target population is in school but not necessarily in the appropriate grade for their age.
- 1.16 Major progress has been made on internal efficiency, with lower dropout and higher promotion rates, resulting in a significant rise in the percentage of students completing sixth grade. Improvements in the retention rate have been especially notable in rural areas, and particularly in schools undergoing curricular transformation, specifically in the grades where the reform has been implemented. During the last five years, the sixth grade completion gap has narrowed by 30%; today 84% of students in the urban area and 74% in rural zones are completing sixth grade.
- 1.17 In equity terms, PRE I has practically closed the gender gap in enrollment and promotion, and has succeeded in narrowing differences in the urban/rural promotion rates, and between public and private schools. Despite major strides in terms of retention, the attrition in enrollment remains higher in rural than in urban areas. This situation is partly explained by the high level of migration from the countryside to the cities, and partly by significant socioeconomic differences between urban and rural areas.
- 1.18 In terms of *learning*, the results of standardized tests included in the Quality Measurement System (SIMECAL) show that schools included in the transformation program achieve slightly better results in language and mathematics (primary third grade) than schools that have not yet joined the reform process. Moreover, within the transformation program, attainment in mathematics and language rises slightly according to the number of years for which the reform has been implemented in the schools. Despite these achievements, the quality of learning is still a long way from fulfilling the objectives set for each cycle. The evaluation carried out in 2000 showed that 28% of students in third grade had not developed the ability to solve direct and simple problems in mathematics, and 30% displayed low levels of reading and reading comprehension. In primary sixth grade nationwide, the

proportion of students achieving under half the proposed learning objectives was 31% in language and 44% in mathematics. The situation gets worse when geographic location is taken into account; in the rural sector, the corresponding percentages were 47% and 54%.

### **3. Lessons learned and outstanding challenges**

- 1.19 The Bank has been supporting the educational reform program since 1995 through an initial US\$80 million operation executed over an eight-year period that expires in 2003. The experience of seven years of program implementation allows major lessons to be drawn with a view to financing a new operation. Despite the creation of significant technical capacity within the ministry, persistent problems of coordination and financial programming conspire against more efficient execution of resources; such problems have worsened during the government transition. The first operation was perhaps overly ambitious in its objectives and amounts (over US\$200 million to be executed over eight years), given that this was an initial stage of a dynamic medium-range process that would require monitoring and continuous adjustment. The main lesson for the design of the new operation has been the need to define objectives more tightly, and target investments in priority areas to complete the reform at the compulsory primary level within a 4-5-year period.
- 1.20 Despite major progress in terms of learning outcomes as described above, the educational reform program is still only at the halfway stage. Curricular transformation remains to be implemented throughout the school system and gradually extended to the whole enrollment—a process that will stretch beyond the horizon of the present operation and require complementary funding from other sources. In addition, there is a need to deepen or strengthen pedagogic aspects and management issues that the reform has not yet addressed adequately, or which require further development and consolidation. This operation will address these issues for the eight grades of primary education, which are the government's top priority for the coming five years.

#### **a. Pedagogic aspects**

- 1.21 *Implementation and monitoring of curricular reform.* The first priority is to consolidate curricular reform at the compulsory primary level, extending it to the third cycle and embracing all state schools. At the same time a system needs to be set up to monitor the reform's implementation in the classroom, in order to provide feedback for curricular design and textbook production, and for the pedagogic practices of teachers in the classroom. This system will complement the monitoring of learning outcomes done by SIMECAL and make it possible to complete the cycle of permanent monitoring and evaluation of the reform.
- 1.22 *Improving the quality of teacher training:* There is a broad consensus that one of the key outstanding challenges is to consolidate an initial primary school teacher training system. Improving learning outcomes necessarily entails the following:

enhancing the quality of teachers, which means making their initial training consistent with the curricular reform being implemented in the classroom; improving teachers' academic level and grasp of content; strengthening the pedagogic practice component for future teachers; and improving the management of teacher training institutions.

- 1.23 For a long time, the issue of teacher training was ignored, partly because of problems surrounding the teaching union's attitude towards the reform, but also because of problems of governance and management in the teacher training institutes (INS), such as: (i) administrative management (policies on admission, hiring of teachers or resource management) subject to political, union and regional interference; (ii) inadequate resources for the maintenance and improvement of infrastructure, equipment and bibliographic material; (iii) a variety of curricular models that failed to produce the type of teachers required by the educational reform.
- 1.24 In 1999 the National Teacher Training System was created, consisting of 16 training institutes or INS. Of these, 11 were put under direct management by public and private universities. The latter were selected by competitive bidding leading to the signing of a management contract with the successful bidders. The contracts represented an initial step towards organization and regulation of the system, creating healthy competition to improve management, and establishing a number of basic parameters and guidelines such as: (i) adherence to the teacher training curriculum established by the Ministry of Education (MINEDU), and hiring of professors and administrative staff in accordance with the requirements of the new curricular structure; (ii) evaluation of all teaching, administrative and service personnel, and open competitive hiring of new staff; (iii) requirement for teachers to have at least one academic degree at the *licenciatura* (undergraduate) level in their specialist area; (iv) establishment of minimum parameters for the number of students per classroom and per teacher; and (v) establishment of a system for monitoring and evaluating contract execution.
- 1.25 Current contracts expire in August 2003 and are being reviewed with the aim of proposing adjustments to strengthen their role as instruments guaranteeing better quality and cost-effective management in the teacher training institutions run under this modality. At the same time, it will also be necessary to set up improvement programs and establish minimum standards to enhance the management of training institutes that depend directly on the MINEDU.

#### **b. Institutional and managerial aspects**

- 1.26 *Institutional organization:* Firstly it is necessary to highlight the contribution made by PRE I, in creating and installing management capacity in the Ministry of Education. The PRE has been implemented by a technical team within the Ministry whose continuity has been guaranteed across changes of government. This has generated a process of learning and capacity creation within the Ministry line staff,

which represents a valuable asset for the second stage of the program, and has made it possible to organize and regulate educational management at the departmental, district and school levels. As a result of this process, the school year calendar has been regulated; bidding profiles and procedures have been defined for the appointment of educational authorities at deconcentrated levels; management appraisal mechanisms have been introduced; and district directors have been trained throughout the country, with a view to strengthening the institutionality of the sector and making it less vulnerable to party-political changes.

- 1.27 *Information systems and management indicators:* The initial stage of the PRE has made it possible to develop a good information base and test a number of instruments and mechanisms for strengthening management, the potential of which would be fully developed in a second stage. Resources have been invested and major efforts made to develop a reliable statistical information base to guide decision-making and enhance sectoral management. Key achievements include development of a set of computerized subsystems covering three broad areas of educational management: (i) registration and oversight systems for the main sectoral inputs and resources, such as infrastructure and staffing; (ii) information and monitoring systems for administrative processes, including those relating to career promotion and payroll management; and (iii) information systems on educational outcomes, including educational statistics and indicators (SIE) and SIMECAL. The main challenge to be addressed in the next stage is to further integrate these subsystems into an integrated management information system that develops a set of management indicators to guide sectoral decision-making at all relevant levels. This set of instruments, to be developed in the new operation, will support the monitoring of educational policies and targets defined centrally by the ministry; it will provide information that is relevant and necessary for decision-making at the local level (districts and municipios); and it will form the basis for monitoring progress in implementing the reform, and educational outcomes in each school.
- 1.28 *Strengthening of decentralized and participatory management at the local level:* Under the current legal framework, the municipio is the key actor responsible for school infrastructure, handling significant revenue-sharing funds, in addition to resources from the Heavily Indebted Poor Countries Initiative (HIPC II), which are channeled directly to municipios. Consequently, the key level for strengthening educational management is the local one—strengthening coordination between education districts and municipal authorities, particularly on investments and school infrastructure maintenance. Along these lines, the PRE has developed a valuable instrument for coordinating local educational management, namely the Municipal

Education Program (PROME).<sup>1</sup> This instrument has been the vehicle for mobilizing educational initiatives at the local level, and it has managed to leverage significant municipal funding for education, as well as strengthening the planning of school infrastructure at that level. So far, over 1,000 projects have been formulated within PROMEs, involving 52% of schools with a nationwide geographic coverage that embraces all departments and municipios. Annual execution capacity is approximately US\$20 million, and there is a portfolio of projects prioritized by the municipios. The outstanding challenge is to use these instruments to deepen the decentralization of education management through a gradual and selective strategy to give greater autonomy to and reward municipios that achieve the best results. This operation will enhance the development of PROMEs, deepening the decentralization of educational management by results, in a set of pilot municipios endowed with sufficient institutional and financial capacity.

- 1.29 *Strengthening of school management by results:* During the last two years, a monetary incentive scheme has been put in place for school directors and teaching staff, based on the educational results achieved by their students. This is known as the Collective Incentive to Schools (ICE). The scheme identifies the best schools using a formula that combines educational outcomes with self-assessment and school management indicators. Schools compete with their peers; i.e. with other schools of similar characteristics in terms of their organization model and the socioeconomic characteristics of their students. The winning schools receive a sum of money for their director, together with an amount per teacher and administrative staff member. The initial results of this experience, designed and financed with Bank support, show that it has been well received and accepted by the system, and has major potential as a tool for feedback and enhancement of school management by results. Out of a total of 11,872 eligible schools, 9,343 schools applied voluntarily. The best 10% gained awards benefiting over 3,000 teachers and directors. The size of the award per teacher was about US\$300, equivalent on average to two extra months' salary. This program will give continuity to the ICE with a view to consolidating and institutionalizing it.

### **c. Summary of the key outstanding challenges**

- 1.30 The key challenges for consolidating implementation of the reform in the eight grades of primary school and tackling persistent quality and equity problems, are as follows: (i) to extend the curricular reform to the third cycle of primary school; (ii) to continue improving internal efficiency and the quality of learning outcomes; and (iii) to improve the quality and management of the teacher training system, in order to guarantee the reform's sustainability. The main management challenges for

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<sup>1</sup> The PROME is an educational management planning tool at municipal level that makes it possible to integrate national education policy orientations with investment planning based on education targets and outcomes at the local level. A PROME investment plan consists of integrated education projects prepared by schools grouped together in networks, and includes investments in infrastructure, equipment, materials and pedagogic processes.

the next stage include: (i) continuation of educational management strengthening at the local level and in schools, by developing tools for diagnosis and education planning at municipal level; (ii) support for, and strengthening of leadership among school directors (who are ultimately responsible for education results) by developing self-assessment tools and educational indicators for each school; and (iii) mobilization of additional resources for education at the municipal level, and more efficient use of those resources; municipal capacity strengthening and the search for more streamlined and decentralized execution schemes, making it possible to reduce administrative costs.

## **C. The Bank's strategy and justification for the operation**

### **1. The operation's consistency with the strategies of the Bank and the country**

- 1.31 The project design is consistent with the Bank's current strategy in Bolivia, the central objective of which is to fight poverty through the following three lines of action: (i) growth and creation of opportunities; (ii) human capital development and access to basic social services; and (iii) governance and consolidation of the reforms. This project specifically addresses line of action (ii) (human capital development), consolidating and deepening the educational reform that the Bank has been supporting since 1995. The Bank's sectoral strategy places emphasis on three aspects included in this operation: (i) turning the focus of the reform towards schools, by giving them greater autonomy and additional resources; (ii) actively involving teachers and the education community as the true protagonists of the reform; and (iii) seeking a commitment from the municipios to support the reform in terms of investment resources for infrastructure, materials and maintenance, and in terms of management.
- 1.32 The project is also consistent with the BPRS, since it addresses the issue "Developing the productive capacities of the poor", within which consolidation of the educational reform at the compulsory primary level is the government's top priority. In addition, the project supports decentralized and participatory education management at the municipal level, which is a fundamental axis of the BPRS.
- 1.33 *Relationship between the program and the Millennium Goals:* The proposed program represents a fundamental support towards achieving the Millennium Goals (MDGs) in education. Specifically, the investments to be funded are intended to improve the quality of primary education with a view to consolidating implementation of the reform, achieving universal coverage and raising the percentage of the target population that completes the eight grades of compulsory primary schooling, as envisaged in the MDGs.



## **2. Relationship with other funding agencies**

- 1.34 The first stage of the PRE received financial support totaling US\$200 million from the IDB, the World Bank and bilateral partners, to be executed over an eight-year period. Progress made by PRE I, and the outstanding challenges for the second stage, were discussed at an evaluation workshop held in May 2002, in which all donors took part (see paragraph 1.13). As a result of this workshop, a strategic plan was drawn up to consolidate the PRE at the initial, primary and secondary levels. The new loan from the Bank is set in this framework of consolidating the reform at the compulsory primary school level.
- 1.35 The proposed program complements other loans currently under discussion with the World Bank and bilateral partners. In the case of the World Bank, Bolivia has been declared eligible to participate in the Education for All (EFA) initiative, which should give it access to concessional funds to finance recurrent expenditure associated with achieving the Millennium Goals in education. Specifically, the government proposal under consideration at the World Bank will enable the country to cover incremental current expenditure arising from universal completion of primary schooling by 2015. Among other things, such expenses would make it possible to finance actions to support the demand for education, complementing investments aimed at supply-side improvements to be financed by the current operation. The amount and term of the financing are still to be defined. In addition, Holland has expressed a willingness to provide up to US\$80 million over the next five years for investments that complement but do not duplicate IDB funding.

## **3. Rationale of the operation**

- 1.36 This operation aims to build on progress made by PRE I, with a view to consolidating the institutional capacity of the sector, and complete implementation of the curricular reform at primary level. This was designed during the first stage of the program and includes strengthening teacher training. Alongside this, the second stage will make it possible to run pilot schemes and exploit management innovations that support the decentralization process, creating local capabilities and making school directors more accountable for educational outcomes. Examples of this include the new management modalities in teacher training institutions, the pilot scheme for direct execution of PROMEs in a set of municipios with institutional and financial capacity, and consolidation of an incentives scheme for teachers based on improvements in the education results achieved by their schools.

## **II. THE PROGRAM**

### **A. Objectives**

- 2.1 The objective of the program is to consolidate the educational reform process in the eight grades of compulsory basic schooling, and to deepen the institutional changes initiated in the Bolivian education system since 1994. Specific aims are as follows: (i) to strengthen the management of the education system at the central and decentralized levels, focusing on municipios and schools; (ii) to complete the implementation of curricular reform in the eight grades of compulsory education; and (iii) to improve the quality of initial teacher training and the institutional management of teacher training institutions.

### **B. Description of the program**

- 2.2 The program consists of three components: (i) support for the management and decentralization of the education system; (ii) consolidation of curricular reform at the primary level; and (iii) strengthening of the initial teacher training system. Table II-1 summarizes the program's main investment categories by component, and the type of product and outcome indicators that would be used to evaluate the program. In the course of program preparation, a logical framework was agreed with the government (see Annex II-1).

**Table II-1: Main program investments and expected outcomes**

<b>Components and investments</b>	<b>Outcomes</b>
<b>1. Support for the management and decentralization of the education system</b> <ul style="list-style-type: none"> <li>• Information and evaluation system</li> <li>• Training of management and technical teams</li> <li>• Collective Incentive to Schools (ICE)</li> <li>• Competitive fund to finance municipal education programs</li> </ul>	<ul style="list-style-type: none"> <li>➤ Set of management indicators implemented and in use</li> <li>➤ Set of quality measurement indicators in application</li> <li>➤ ICE paid annually</li> <li>➤ No. of PROMEs executed</li> </ul>
<b>2. Consolidation of curricular reform at the primary level</b> <ul style="list-style-type: none"> <li>• Curricular monitoring system in the classroom</li> <li>• Textbooks and curricular guides for the third cycle</li> </ul>	<ul style="list-style-type: none"> <li>➤ Monitoring system implemented in a sample of schools</li> <li>➤ 100% of schools with third cycle educational materials in use</li> </ul>
<b>3. Strengthening of initial teacher training system</b> <ul style="list-style-type: none"> <li>• System for monitoring teacher training curriculum</li> <li>• System for evaluating INS institutional performance</li> <li>• Fund for academic and institutional improvement projects</li> <li>• Infrastructure and equipment for teacher training institutes (INS)</li> <li>• Learning resource centers (CRA)</li> <li>• New management contract with universities</li> <li>• Pilot scheme offering new training alternatives</li> </ul>	<ul style="list-style-type: none"> <li>➤ INS graduation rate increases</li> <li>➤ Average score on academic aptitude test increases among INS graduates</li> <li>➤ 14 academic and institutional innovation projects implemented</li> <li>➤ Higher degree of satisfaction among students with the INS service</li> <li>➤ Secondary teacher training bid adjudicated</li> </ul>

### **1. Component 1: Support for management and decentralization of the education system (US\$22.4 million)**

- 2.3 The objective of this component is to strengthen the management of the education system, both in the MINEDU as governing body, and in the decentralized structure emphasizing the educational district/municipio and individual schools. It will include two subcomponents: (i) support for the formulation and monitoring of education policies; and (ii) support for decentralized management of the system.

#### **a. Support for policy formulation and monitoring (central level)**

- 2.4 The first of these subcomponents focuses on strengthening the MINEDU's normative and regulatory functions, and on consolidating the development of instruments to monitor educational management from the central level. For this purpose, funding will be provided for consolidation of the SIE and SIMECAL, with a view to turning them into an integrated system for guiding decision-making and the monitoring of management results throughout the education system. Funding will be provided for strengthening and training of technical teams, development and dissemination of a set of management indicators for the municipal/district levels

and schools, and publication of a six-monthly bulletin on the reform's progress and results.

**b. Strengthening of decentralized management of the education system**

- 2.5 The second subcomponent seeks to strengthen the operating capacity of the education service, deepening decentralization in educational districts, enhancing planning and coordination with the municipal government, and strengthening autonomy and management by results in schools (see paragraphs 1.28 and 1.29). Funding will be provided for educational projects in the framework of Municipal Education Programs (PROMEs), which are instruments for participatory strategic planning and education management at the local level. PROMEs cover a series of education projects that include investment in infrastructure, equipment, and teaching materials, educational processes, and technical assistance. PROMEs have proven to be an effective instrument for strengthening educational management at the local level (municipio/district) and an efficient way of responding to the needs of schools and improving their results.
- 2.6 The country has already gained valuable experience from three years' implementation of municipal educational projects funded by the World Bank. This operation will develop a pilot scheme to enhance and deepen this experience, gradually and selectively moving towards more decentralized execution, seeking greater management autonomy and more active participation from municipal resources. For this purpose, it will work with a set of municipios selected from those that have greater institutional and financial capacity. Eligible municipios will prepare projects and submit them to a competitive fund for financing. These second-generation PROMEs will finance not only expansion and improvement of the school infrastructure network, but also materials and pedagogic processes and technical assistance. At the same time, local education management capacity will be strengthened by implementing management and oversight systems in each district; universal application of SIMECAL in all schools within those municipios; and development of planning tools for the school infrastructure network at municipal level.
- 2.7 At the same time, leadership and management capacities will be strengthened in school districts and units throughout the country, by developing and financing training and technical assistance activities aimed at district directors and technical staff, pedagogic advisers and school heads. As a complement to actions aimed at strengthening school management, continuous funding will be given to the ICE, which provides monetary incentives to school directors and teaching staff, based on indicators of improved educational and managerial results among groups of comparable schools. This program, implemented with resources from the operation currently under execution (931/SF-BO), will be consolidated and institutionalized in the context of the new operation, with the General National Treasury (TGN) gradually assuming responsibility for its funding during the execution period.

## 2. Component 2: Consolidation of curricular reform at the primary level (US\$7.1 million)

- 2.8 To date, the curricular transformation has reached the second cycle of primary school (sixth grade), so this component aims to complete and improve implementation of the reform up to eighth grade, thereby consolidating the three cycles of compulsory primary education. Two subcomponents are envisaged: (i) development of a system for monitoring implementation of the curriculum in schools (see Table II-2), which will provide feedback for future curricular development, improvement of teaching practices and the use of educational materials; and (ii) production and distribution of learning materials, including modules for students, didactic guides for teachers and other educational aids.

**Table II-2 System for monitoring reform in the school**

Variables and indicators	Key informants	Instruments
<b>A. In the classroom</b>		
1. Awareness of the new curriculum (i.e. knowledge of its contents)	Teachers, pedagogic advisors, parents' committee	Teacher and student focus groups
2. Communicability of the new curriculum (i.e. pedagogic practice in the classroom)	Teachers, pedagogic advisors, directors	Specific forms for recording activities carried out in the classroom by curricular area
3. Degree or level of ownership of the new curriculum (i.e. use of educational materials)	Teachers, pedagogic advisors, directors	Individual in-depth interviews with key informants
4. Modality or style of curricular implementation (i.e. organization and use of time)	Directors, teachers	Records for monitoring the work of students
5. Implementation of official curriculum in the classroom (i.e. compliance with plans and programs)	Teachers, pedagogic advisors, directors	Forms for observation of work in the classroom
6. Pedagogic advisory support strategies (i.e. workshops with teachers)	Directors, teachers and pedagogic advisors	Forms for observation of instances of pedagogic exchange
<b>B. School management level</b>		
1. Institutional conditions for curricular change (i.e. classroom contact hours, use of physical spaces, and teamwork among teachers)	Director, teachers, parents' committee	Self-administered questionnaires
<b>C. Relationship with community</b>		
1. Degree of participation and oversight by school board in education and infrastructure projects	Teachers, director, parents' committee	Forms for collective and individual interviews

- 2.9 As this year will see completion of the design for curricular transformation in the classroom at primary level, a system is needed to monitor the new curriculum in the classroom. This will be used to provide systematic feedback for future curricular development, production and use of didactic materials, pedagogic practices among teachers and school management. The system would be applied in a sample of schools representing the educational diversity in the country, and would cover the following three dimensions: (i) the classroom; (ii) school management; and (iii) relations with the community.

- 2.10 In order to give continuity to the program of curricular transformation in the classroom, which is expected to reach the third cycle of primary education in 2003, financing is required for the production of learning modules and didactic guides for teachers in this cycle. These materials are essential for implementing the new curriculum in the classroom, since they embody the focus of each curricular area, the methodology and didactic approach to be used, and the way contents, and learning and evaluation activities are organized. Three modules will be prepared for the third cycle in each area (language; mathematics; social science; natural science; and expression, creativity, technology and know-how)—in each case in the educational reform's four working languages (Spanish, Aymará, Quechua and Guaraní), which means a total of 72 titles. In addition, didactic guides for teachers in the third cycle will be prepared in each of the five areas mentioned, as well as for ethical and moral education.
- 2.11 Consolidation of the curricular reform means an extension of teachers' working hours. As this has implications for current expenditure, its financing and sustainability were given special attention when the operation was being prepared. The issue was considered jointly by technical staff from the Ministries of Education and Finance, led by the Economic Policy Analysis Unit (UDAPE). During the analysis mission, a proposal agreed upon by the Ministry of Finance, UDAPE, and MINEDU was presented to the Bank, specifying the phased-in approach and a financing scheme to guarantee sustainability of the attendant incremental current expenditures. The Bank team considers that the proposal and the phased-in approach criteria are appropriate, and that the mechanism proposed to create a Compensation Fund for Education, to be maintained out of a percentage of hydrocarbons royalties, is a clear sign of the government's pledge to invest part of its extraordinary revenues, mainly from gas, in education. As this is still a proposal at the technical level, its implementation and viability will depend on achieving the necessary political consensus and agreement, in the framework of the National Dialogue process that the government will be promoting in 2003. In this context, and bearing in mind that the corresponding recurrent expenditures do not form part of the program's counterpart, the project team considers that presentation of the technical proposal and the inter-ministerial agreement to gradually implement the schedule extension and ensure its fiscal sustainability, are sufficient and satisfactory evidence of the government's commitment to assume the recurrent expenses arising from consolidation of the reform.

### **3. Component 3: Strengthening of initial teacher training system (US\$8.5 million)**

- 2.12 There is consensus that one of the key outstanding challenges is to consolidate a system of initial training for primary school teachers. The objective of this component is to enhance the quality of initial teacher training, in order to guarantee the quality and sustainability of the pedagogic outcomes being pursued by the reform (see paragraphs 1.22 to 1.25). The Bank loan will focus on initial training, since the authorities have decided to finance in-service training activities from other

sources. There will be two subcomponents: (i) INS academic and institutional improvement; and (ii) diversification and strengthening of institutional management.

- 2.13 **Subcomponent—INS academic and institutional improvement:** The quality of initial teacher training depends on a set of factors including: the quality of students applying for teacher training courses; the quality of the trainers; the training curriculum; learning resources available; infrastructure conditions, and management quality in teacher training institutions. Bearing these factors in mind, the first subcomponent will finance development of a system to monitor INS academic and institutional management; a system of institutional evaluation leading to an accreditation system being established for all teacher training institutes in Bolivia; creation of a competitive fund for academic improvement projects; and financing for infrastructure, equipment and learning resource centers (CRAs) in all INS.
- 2.14 *System for monitoring INS academic and institutional management:* The aim of this system is to obtain relevant and timely information on the development, adaptation and diversification of the basic curricular design of initial teacher training courses, and also to provide the support needed to improve the academic and institutional management of training centers run by the MINEDU and universities. The monitoring system will be structured in three dimensions: institutional management, curricular academic management, and links with the outside world. The information collected as a result of implementation will make it possible to adapt teacher training policies throughout the country; and also to be aware of, collect and disseminate information among the INS on educational innovations and best practices in institutional management.
- 2.15 *Institutional evaluation and INS accreditation systems:* Development and implementation of this system will make it possible to improve, guarantee and assure the quality of teacher training institutions. This evaluation function will be seen as a permanent, systematic and participatory process for review and analysis of curricular development, training strategies and institutional management in the INS. Its results will lead to improvements in the quality of initial teacher training, and provide relevant information to guide, improve and guarantee the quality of training processes, and the institutional conditions that facilitate this. The system will be implemented in three stages: (i) a self-assessment process; (ii) external evaluation by peers; and (iii) accreditation. A more detailed description of the individual stages can be found in the Operating Regulations.
- 2.16 *Improvement project fund:* This line of action aims to promote pedagogic and institutional innovation actions in training institutes that are directly managed by the MINEDU, with a view to enhancing the initial training of primary school teachers.

- 2.17 *Infrastructure and equipment:* This line of action seeks to complete projects to improve physical installations in all training institutes. Its first stage is being funded with resources from the loan currently in execution. Funding will be provided specifically for investments in supervision, and equipment (furniture and computer equipment), and civil works in the remaining INS.
- 2.18 *Learning resource centers:* All INS will be endowed with pedagogic, technological and complementary media and materials, aimed at supporting teaching-learning processes in teacher education, as well as addressing the information and documentation needs of teachers, students and other actors involved in training activities. Specifically, each INS will be provided with a pedagogic documentation center (documentary and virtual), together with specific spaces (learning corners), as called for in the Basic Curricular Guidelines (DCB); support equipment (video camera, datashow, overhead projector, VCR, photocopier, among others); and installation of a computer network connected to Internet. Training will be given to teaching and administrative staff and students to ensure effective use and subsequent development of these learning resource centers.
- 2.19 **Subcomponent—Diversification and strengthening of institutional management:** The second subcomponent aims to enhance the efficiency with which training institutions deliver the initial training service. This will support the modality of outsourcing INS management to the universities; and a pilot scheme will be financed to diversify the range of initial secondary school teacher training on offer.
- a. *Improvement of management contracts with the universities:* The process of designing this operation included reviewing and upgrading the management contracts established between the MINEDU and the universities, linking them to indicators aimed at improving management quality and efficiency in the training institutes contracted out. The basic guidelines of these agreements include the following: efficiency indicators (cost per student, cost per graduate, teacher-student ratio, and the ratio of administrative to teaching staff); effectiveness indicators (number of graduates per year, and the ratio between the number of graduates and new students registered during a management period); and quality indicators. A draft of the contract is included as an annex to the Operating Regulations.
- b. *Development of a pilot scheme to diversify the range of initial teacher training available at secondary level:* Given that the current range of primary teacher training courses offers different modalities throughout the country, and that initial training for secondary school teachers, currently monopolized by the MINEDU, needs to be diversified, the project will fund a pilot scheme to promote the opening of initial training courses for secondary school teachers in the country's public and private universities. Funding per student will be awarded to successful bidders in a competitive process.



**C. Program cost and financing**

2.20 The total cost of the program is US\$41.2 million, of which US\$36 million will be charged against the Bank loan and US\$5.2 million provided as local counterpart. The loan would be drawn from the Fund for Special Operations (FSO) and have a four-year execution period. Operating costs, shown in the table below, include 5% for program administration and monitoring costs. This includes the expenses of consultants and operation of the Program Administration Office (DAP), which will act as program coordination unit, consulting services for the program's mid-term and final evaluations, and the hiring of an independent auditor. Similarly, administrative costs of the Productive and Social Investment Fund (FPS), in its capacity as coexecuting agency responsible for the components on PROME infrastructure and pedagogic processes, include incremental costs arising from fees, per diems, goods, and travel, associated with technical and financial management tasks in that subcomponent.

2.21 Below is the cost table for the program:

Program Reform Program – Second Phase Cost Table (in thousands of US\$)					
Cat.	Components, subcomponents and lines of action	IDB	Local counterpart	Total	%
	Program management	1,754	300	2,054	5.0
	DAP	1,300	300	1,600	3.9
	External evaluation and audit	454		454	1.1
<b>1</b>	<b>Component 1 – Support for decentralized management</b>	<b>18,485</b>	<b>3,910</b>	<b>22,395</b>	<b>54.4</b>
<b>1.1</b>	<b>Information system (SIE)</b>	<b>545</b>	<b>76</b>	<b>621</b>	<b>1.5</b>
1.1.1	Decentralization of SIESTA	422	60	482	1.2
1.1.2	Integration of SIE-SIMECAL	47	6	53	0.1
1.1.3	Integration of SIE- Human Resources	47	6	53	0.1
1.1.4	GESTIONE	29	4	33	0.1
<b>1.2</b>	<b>SIMECAL</b>	<b>872</b>	<b>123</b>	<b>995</b>	<b>2.4</b>
1.2.1	Sample evaluation of eighth grade	71	10	81	0.2
1.2.2	Pilot census evaluation	761	108	869	2.1
1.2.3	Information dissemination	40	5	45	0.1
<b>1.3</b>	<b>Development and implementation of management indicators</b>	<b>1,868</b>	<b>31</b>	<b>1,899</b>	<b>4.6</b>
1.1.4	Development of management tools	47	6	53	0.1
1.3.1	Dissemination	176	25	201	0.5
1.3.2	Training	1,645	-	1,645	4.0
<b>1.4</b>	<b>Collective Incentive to Schools (ICE)</b>	<b>2, 000</b>	<b>2,000</b>	<b>4,000</b>	<b>9.7</b>
<b>1.5</b>	<b>Pilot scheme to strengthen decentralized management</b>	<b>13,200</b>	<b>1,680</b>	<b>14,880</b>	<b>36.1</b>
1.5.1	PROME support and supervision	600	-	600	1.5
1.5.2	FPS costs	600	-	600	1.5
1.5.3	PROMEs	12,000	(*) 1,680	13,680	33.2
<b>2</b>	<b>Component 2 Consolidation of curricular reform at primary level</b>	<b>6,443</b>	<b>664</b>	<b>7,107</b>	<b>17.3</b>
<b>2.1</b>	<b>Curricular monitoring in the school</b>	<b>837</b>	<b>64</b>	<b>901</b>	<b>2.2</b>
<b>2.2</b>	<b>Production and distribution of materials for the third cycle</b>	<b>5,606</b>	<b>600</b>	<b>6,206</b>	<b>15.1</b>
<b>3</b>	<b>Component 3 – Strengthening of teacher training system</b>	<b>8,178</b>	<b>326</b>	<b>8,504</b>	<b>20.6</b>
<b>3.1</b>	<b>INS academic and institutional improvement</b>	<b>7,926</b>	<b>291</b>	<b>8,217</b>	<b>19.9</b>
3.1.1	Curricular monitoring system	709	101	810	2.0
3.1.2	Evaluation and accreditation system	361	51	412	1.0
3.1.3	Technological and institutional innovation project fund	209	29	238	0.6
3.1.4	Learning resource centers (CRA)	777	110	887	2.2
3.1.5	Infrastructure and equipment	5,870	-	5,870	14.2
<b>3.2</b>	<b>Diversification and strengthening of institutional management</b>	<b>252</b>	<b>35</b>	<b>287</b>	<b>0.7</b>
3.2.1	Pilot scheme to diversify teacher training courses available at secondary level	252	35	287	0.7
<b>4</b>	<b>Financial costs</b>	<b>1,140</b>	<b>-</b>	<b>1,140</b>	<b>2.8</b>
	Inspection and Supervision	360	-	360	0.9
	Interest	780	-	780	1.9
	<b>Program total</b>	<b>36,000</b>	<b>5,200</b>	<b>41,200</b>	<b>100</b>

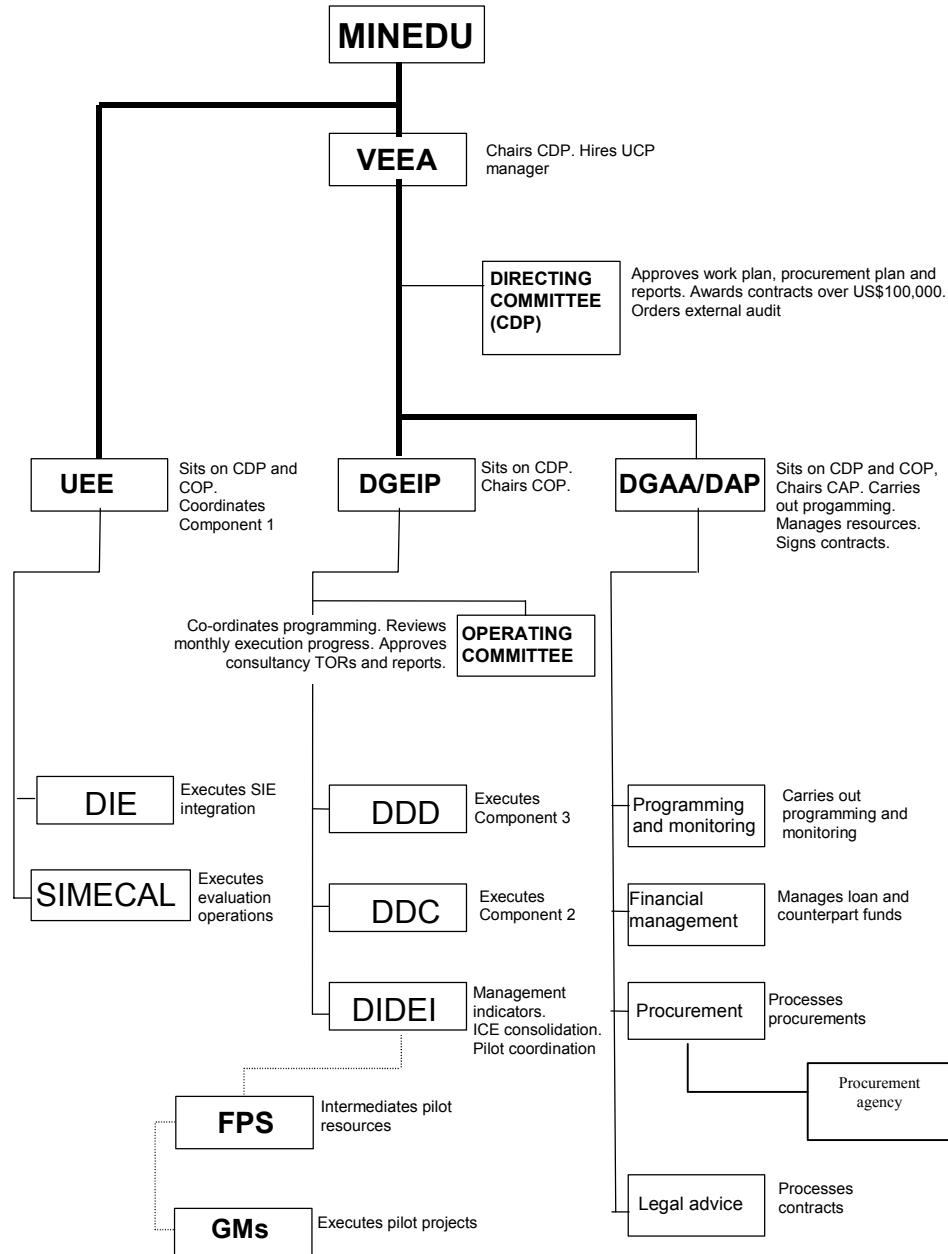
\* Contribution by municipalities to PROME infrastructure investment.

### **III. PROGRAM EXECUTION**

- 3.1 The project's executive body will be the MINEDU, acting through the operations units of the Office of the Deputy Minister for Formal and Alternative Education (VEEA) and the Education Statistics Unit (UEE), attached to the Office of the Minister, responsible for sectoral planning and management of the SIE and SIMECAL. The FPS will act as coexecuting agency of the pilot municipal decentralization subcomponent. The institutional structure proposed for PRE II clearly defines the technical units responsible for each component of the operation, along with the necessary technical mechanisms and policy orientations, as detailed below.

Figure III-1

## Education Reform Program II – Execution mechanism



### A. Scheme of execution

- 3.2 In order to strengthen coordination between the technical units responsible for the activities to be financed and the operational and financial management of program

funds and the institutional capacity of the MINEDU Administrative Office, it was agreed with the Bolivian authorities that a Program Administration Office (DAP) would be created (see section IV A on institutional viability). The DAP will perform functions relating to financial management and accountancy for program funds and other investment programs that could support the educational reform. Specific DAP functions would be: (i) programming and monitoring of execution; (ii) financial management; (iii) program procurement, through the hiring of an international agency; (iv) submission of disbursement requests and justification of eligible expenses with the Bank; and (v) preparation and presentation of consolidated financial statements and other reports required under the program.

- 3.3 In order to guarantee effective coordination with the ministry's technical line units, and the existence of an institutional structure suitable for decision-making, a Program Operating Committee (COP) is expected to be created, responsible for operational coordination with the technical units; and a Program Directing Committee (CDP), chaired by the VEEA, responsible for strategic orientation and approval of annual operating plans, the budget, and the procurement plan. This would also be the top-level body for contract awards, supported by an outside procurement agency.
- 3.4 Execution of component 1 will be in the hands of the Education Strategy Unit (UEE) and the Institutional Development Office (DIDEI). Component 2 will be under the Curriculum Development Office (DDC), and component 3 will be the responsibility of the Teacher Development Office (DDD). The program will be implemented under different modalities according to the characteristics of each component and subcomponent, as detailed below.

## **1. Component 1. Support for management and decentralization of the education system**

### **a. Subcomponent to support education policy management and monitoring**

#### **(i) Integration and decentralization of SIE subsystems**

- 3.5 This activity involves decentralization of the education information system and its integration with the SIMECAL and human resource subsystems. Decentralization of the system will be carried out through two contracts. The first will involve hiring a systems consultancy firm to perform the following: (i) current diagnosis and evaluation; (ii) analysis, design and development of the decentralization proposal; (iii) installation and implementation in departmental education offices (DDEs) and in District Education Offices (DDIs); and (iv) training and technical assistance for the DDEs and DDIs. The second contract will be to procure essential equipment for the DDEs and DDIs.

- 3.6 Integration of the systems will be developed and implemented through teams of individual consultants contracted for each product, supervised by technical staff from the DGES Education Strategy Unit (UEE).

**(ii) Support for SIMECAL:**

- 3.7 *Census evaluation in pilot project municipios:* Based on funding agreements signed with municipal governments (GMs), the SIMECAL team will make operational arrangements for a census-type evaluation of primary school children in municipios participating in the pilot educational management decentralization project. It will use the tools it has developed and the methodology adopted for this type of task during the first phase of the program. The SIMECAL unit will prepare terms of reference for a team of individual consultants to organize fieldwork, procure materials, apply evaluation tools, process the results and return them to the participating schools.
- 3.8 The operational tasks will be carried out simultaneously in all municipios participating in the pilot scheme. An operation will be carried out in eighth grade in 2004 to establish the baseline for the third cycle, another in sixth grade in 2005 and another in third grade in 2006. In 2007 a second measurement will be made in eighth grade to gauge the results of the program in the pilot municipios
- 3.9 *Sample evaluation in eighth grade:* Following procedures established for its routine operations, the SIMECAL unit will organize two sample evaluations at eighth grade nationwide, one in 2004 and the other in 2007. The work will be performed by SIMECAL technical staff, supported by personnel specially contracted using program funds.
- 3.10 The evaluation will identify students whose school achievement is at risk, as well as those with satisfactory levels of learning, in mathematics and language; the sample will be representative of students by urban and rural area, and by gender. The evaluation operation will conclude with dissemination of the results.

**(iii) Design and implementation of management indicators**

- 3.11 This activity includes the following: (i) design and printing of management record cards; (ii) training in indicator management and analysis for 30 facilitators, to enable them to train directors and staff in district offices, who in turn will train school heads and other persons responsible for educational units; and (iii) development of material to disseminate the management indicators, with publication by radio and in the press; delivery of graphic material and organization of discussion roundtables. These tasks will be handled by a consulting firm or NGO hired to this end and supervised by the Institutional Development Office (DIDEI) of the VEEA.

- 3.12 At the end of training in schools, the VEEA will hire a team of consultants to conduct a sample evaluation of the activity, and will design a future operation to consolidate the system.

**(iv) Collective incentive to schools (ICE)**

- 3.13 MINEDU technical teams will review and modify the questionnaire designed to gather information for evaluation purposes, which was prepared in the first phase of the program. It will use a team of consultants to validate the new instrument in a sample, for its subsequent application in all primary schools on a peer basis.
- 3.14 The tasks of organizing an ex-ante diffusion campaign, the data collection operation, results evaluation, verification with SIE data, sample validation, awards proposal and dissemination of results, will be carried out in coordination with the DDEs and DDIs.
- 3.15 In order to publicize the incentive scheme, a ceremony will be held in each departmental capital, at which awards will be presented to the directors of schools gaining first place in their municipios.

**b. Subcomponent to strengthen decentralized management**

- 3.16 To execute the pilot scheme for strengthening educational management at the municipal/district level, the MINEDU has identified a set of 27 municipios that fulfill the originally proposed eligibility criteria. A sample of four municipios was chosen from these 27 to represent the different geographic and linguistic areas of the country, after models of their respective municipal educational investment programs had been prepared. Development of the sample made it possible to adjust eligibility requirements, establish evaluation criteria for the investment plans, define the financing matrix, formulate a guide for PROME presentation, and define the size of the pilot scheme. These and other details relating to the procedure for PROME approval and execution were included in the program's Operating Regulations.
- 3.17 The eligibility criteria adopted included the following: (i) a primary urban enrollment of between 6,000 and 25,000 students in the municipio's jurisdiction; (ii) the municipal government's current saving to average at least 40% of its current income over the last three years, after debt service; (iii) the municipal government to have fulfilled its commitments in terms of executing educational projects in its jurisdiction; and (iv) the Municipal Council to have approved participation by the municipal government in the pilot project. In addition, should the amount of PROME investment approved exceed the amount allocated under the program, the projects will be prioritized as follows: (i) smaller amount per student; (ii) municipios that have achieved the highest percentage in average school performance in the municipio, measured as the last evaluation conducted for the Collective School Incentive; and (iii) greater contribution by the municipio per

- student enrolled in primary education as a result of negotiations with each municipal government. These criteria will be applied successively until the total investment amount is consistent with the amount available.
- 3.18 The execution of municipal programs in the pilot local education management strengthening scheme will be carried out with the FPS acting as coexecuting agency. This will have responsibility for evaluating the final designs of municipal projects, transfer of funds to municipios and supervision of execution. The funds to be transferred to municipios will not be deducted from the ceiling on formula-based transfers periodically determined by the National Compensation Policy. Instead, for the first time, a provision will be applied under that policy in the case of competitive funds aimed at stimulating investment efficiency.
- 3.19 The execution procedure begins with an invitation extended to all municipios satisfying the urban enrollment criterion, to submit expressions of interest for participation in the PROME bidding process, together with evidence that they fulfill the eligibility requirements established in the Operating Regulations. Based on verification of this information, municipios will be invited to prepare their PROMEs with assistance from the VEEA and to enter into an agreement for PROME financing with the MINEDU, the municipal government, the FPS, and the DDIs. The PROMEs will be evaluated by the Institutional Development Unit (DIDEI), which will approve their financing through a committee, under conditions established in the Operating Regulations.
- 3.20 Execution of PROME institutional strengthening projects and application of the SIMECAL census, together with the extension of teachers' working hours, will be coordinated between the VEEA and district education offices. After signing the CTF with the FPS, the municipios will contract the detailed design of infrastructure works and, with support from district offices, will define the list of materials needed for the pedagogic innovation processes included in the PROME. The resulting documents will be sent to the FPS for evaluation, and once approved, municipios will be authorized by the FPS to contract for construction of the infrastructure and provision of pedagogic materials.
- 3.21 The FPS will verify the procedures used to select construction firms and goods suppliers. It will then obtain the Bank's no-objection to the bidding documents and corresponding contracts, after which funds will be sent to municipios for civil works construction and placement of orders, according to the payments schedule established in the contracts and the conditions decided in the PROME financing agreements.



## **2. Component 2. Consolidation of curricular reform at primary school level**

### **a. Curricular monitoring in the school**

- 3.22 The VEEA, acting through the Curriculum Development Unit (DDC), will contract a team of consultants to finalize the design of the system, prepare the instruments to be applied, implement the monitoring system, and disseminate its results on a continuous basis.
- 3.23 In the initial stage of implementation during the first year of program execution, the team, with the support of consultants, will run a pilot exercise with a sample of six schools (three rural and three urban), in order to validate the instruments and strategies for working with teachers, directors, students, pedagogic advisors, parents and members of the community. In the second stage, after the pilot scheme has concluded, 15 schools will be incorporated into the monitoring system every year, representative of the country's different linguistic and geographic realities. By the fourth year 51 schools are expected to be participating in the monitoring system in the classroom. In parallel to implementation, workshops will be held to facilitate exchanges between schools aimed at enriching the monitoring system; and annual bulletins will be published. Before the program ends, a document systemizing the experience will be prepared, and this will be presented at a seminar to analyze the monitoring results.

### **b. Production and distribution of didactic material for the third cycle**

- 3.24 Based on specifications developed during the program preparation phase, it was agreed with the borrower, in accordance with Bank rules, to bring forward the bidding process for the production and distribution of didactic guides and learning modules for the third primary cycle, with a view to having the material available in the classroom as from 2004.
- 3.25 Once the VEEA has awarded the contract to supply the goods, a team of consultants will be hired to supervise the process of designing and printing the material, and delivering it to the district education offices; these in turn will distribute it to the schools in their jurisdictions.

## **3. Component 3. Strengthening of teacher training system**

- 3.26 The Teacher Development Office (DDD) will have technical responsibility for this component. The team responsible will be completed and strengthened with support from consultants as described below.

**a. Subcomponent—INS academic and institutional improvement**

**(i) System for monitoring INS academic and institutional management**

- 3.27 For execution of this activity, 12 consultants will be hired and deployed in four groups of three. Each of these teams will monitor academic and institutional management in five INS, grouped together according to sociocultural region and/or geographic proximity. The teams' main function will be to support, advise and supervise academic and institutional management in the INS, permanently interacting with the management and teaching staff of those institutes, carrying out direct on-site advisory activities in each one, as well as providing indirect support via e-mail and other media.
- 3.28 Monitoring teams will make on-site visits to each INS at least once every two months, with a minimum stay of one week on each occasion. Starting in the second year, direct intervention by monitoring teams will gradually diminish as these establish counterparts in each training institute; in the third year, their role will be reduced to providing orientation to the monitoring teams to be set up in each institution, to generate processes of continuous revision of their own practices and the quality of educational outcomes achieved.

**(ii) INS evaluation and accreditation system**

- 3.29 This activity will be carried out with support from three consultants (evaluation and accreditation specialists) to complement the proposed guidelines for development and implementation of the national INS evaluation and accreditation subsystem, and a diffusion strategy, to be approved through Ministerial Resolution. On that basis, material will be produced to publicize the system, and activities will be run to raise awareness and disseminate its characteristics in the training institutes and universities, and among other stakeholders. This will aim to build acceptance of the process and provide guidance for setting up self-assessment committees or teams in each INS.
- 3.30 During the first year of program execution, and as the self-assessment committees or teams are established, workshops will be held to build consensus on a set of performance standards (evaluation and accreditation criteria and indicators). Once concluded, a self-assessment checklist manual will be prepared. VEEA technical units will train the self-assessment committees or teams in the use of the manual and in the development and conduct of the process. Workshops will be held to analyze the self-assessment reports prepared by the INS teams, and also validate the evaluation criteria and indicators.
- 3.31 The self-assessment will be complemented by an external peer evaluation performed by five international consultants drawn from similar teacher training

institutes, who will provide an external perspective and qualified opinion on INS academic and institutional management.

- 3.32 Alongside the evaluation process, Operating Regulations for the National INS Accreditation Council (CONAINS) will be prepared pursuant to the provisions of the Education Reform Act; and a Ministerial Resolution will issue instructions on its organization and functioning. Based on results of the self-assessment process and the external peer evaluation, the Council will grant accreditation to training institutes that request it.

**(iii) Improvement project fund**

- 3.33 During the second half of the first year of program execution, the VEEA will invite INS remaining under direct MINEDU<sup>2</sup> management to participate in a competitive process to submit projects aimed at developing innovations in the pedagogic and institutional domains. These will include programs to train trainers, in accordance with conditions established in the Operating Regulations.
- 3.34 Projects will be presented by the INS for evaluation by the Teacher Development Office (DDD), and those fulfilling the requirements will be awarded contracts. The directors of the successful INS will be invited to take part in a public ceremony in which the corresponding execution contracts will be signed.
- 3.35 On the basis of the contract, the DAP will provide the successful INS with funds to cover local expenses in project execution, in accordance with the approved schedule. When the project includes training for trainers other than on INS premises, the DAP will make disbursements to the service provider to pay for enrollment and the cost of the course, and to the beneficiary to cover travel and per diem expenses.
- 3.36 The DDD will monitor project execution and conduct an evaluation at the end of each one.

**(iv) Learning resource center (CRA)**

- 3.37 Execution of this component will start by drawing up technical specifications for the didactic resources comprising these centers. Bidding will be held for a first package covering training institutes that have concluded infrastructure expansion and redesign in the previous phase of the program, and which have shown that they have the staff needed to manage CRAs (systems technician, librarian and administrative assistant). Each CRA will consist of a pedagogic documentation center (books, subscription periodicals and specialized journals, Internet connection, telephone line); education material for each learning area (natural

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<sup>2</sup> In Bolivia, 13 of the 18 existing training institutes (INS) are managed by public and private universities under an agreement with the MINEDU.

sciences, social sciences, mathematics, expression and creativity, plastic arts, corporal and scenic expression); together with computer and audiovisual equipment.

- 3.38 While the procurement of didactic equipment and material is being processed, a consulting firm will be hired to provide in-service training for INS staff in the technological use and maintenance of the equipment. At the same time, three consultants will be contracted to provide on-site training for INS trainers in the pedagogic use of CRAs. Both the consulting firm and the team of individual consultants will be contracted for the two phases of CRA execution, with an expected interval between the two.
- 3.39 The bidding process for the second package of CRAs will take account of the expected dates for conclusion of the program's infrastructure works; and they will follow the same procedure as in the initial package.

**(v) Infrastructure and equipment**

- 3.40 Bidding will be held jointly for engineering projects carried out in the earlier phase of the program, including civil works and furnishing, in packages put together according to the mutual proximity of the training institutes and their geographic location. Equipment supply will be put out to tender for all INS in the required number of lots, according to the type of products to be procured and the works conclusion calendar, in order to avoid storage risks or lengthy waiting periods.
- 3.41 At the time of putting the civil works and furnishing out to tender, the DDD will contract works supervision services (either individual consultants or a firm), to cover all projects; in either case these should start operations before the civil works begin.
- 3.42 Once concluded, the civil works in each INS will be handed over by the MINEDU authorities in a special ceremony.

**b. Subcomponent—Diversification and strengthening of institutional management**

- 3.43 The VEEA will issue a public call, and also extend direct invitations to public and private universities in Bolivia, to submit proposals for a pilot scheme to diversify the supply of initial teacher training at secondary level, based on conditions established in the program's Operating Regulations.
- 3.44 The bids received in response to the invitation will be analyzed and classified by the DDD, which will select the bids obtaining highest points in each of the disciplines in the secondary school curriculum. The successful universities will be invited to sign a contract setting out the obligations of the parties. These include: a commitment by the universities to guarantee the program's continuity until its conclusion in four years' time; treatment of dropouts; payments according to the

number of students enrolled under the cost-per-student modality, up to a maximum of 35 students per classroom; a commitment by the MINEDU to recognize the trained students as higher-educated technical staff, under the same conditions as those graduating from the INS and elsewhere. Monitoring will be carried out by VEEA technical units; this will include verification of students enrolled at the beginning and end of each period, together with program evaluation and accreditation.

**B. Procurement and contracting**

- 3.45 Procurement of goods and related services, and the contracting of civil works, will be carried out in accordance with normal Bank procedures. However, the executing agency may directly hire the services of the DAP director and three DAP unit chiefs, for a total amount of US\$432,000 over the four-year project execution period. Direct hiring is justified in this case because these individuals are high-level experts who have been performing important coordination and implementation functions under the education reform program and it is essential that they remain on staff to ensure continuity and consistent in that program and to avoid any major disruptions in its execution.
- 3.46 Goods procurement for amounts equal to or greater than US\$350,000, together with works contracts for US\$3 million or more, will require international competitive bidding. An international call for proposals will be used for consulting services costing US\$200,000 or more. In cases where consulting firms are selected on the basis of quality and cost, the relative weight of price as an evaluation criterion may not exceed 30%, and the technical element or quality of the bid must be at least 70%. It was agreed to grant the executing agency an autonomous limit equivalent to US\$50,000 per contract for goods procurement and the hiring of individual consultants, without the need to obtain a statement of nonobjection from the Bank. Should the Country Office discover that Bank rules are not being followed in one or more contracting processes within the autonomous limit, it may suspend this facility and review all goods and services procurement operations on an ex-ante basis. The procurement plan for this operation is shown in Annex III-1.

**C. Disbursement schedule**

- 3.47 A four-year execution period is envisaged from the second half of 2003 to the second half of 2007. In view of the need to implement an important component for municipal programs, transferring resources to municipios through the FPS while at the same time making major infrastructure investments in the INS and in textbooks and other teaching materials through the MINEDU, it was agreed with the country that a revolving fund of 8% of the loan amount would be established. The disbursement schedule is shown below.

<b>Table III-1</b> <b>Disbursement schedule (US\$ million)</b>					
<b>Source</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>TOTAL</b>
BANK	10.8	14.4	7.2	3.6	36.0
LOCAL CONTRIBUTION	1.6	2.1	1.0	0.5	5.2
TOTAL	12.4	16.5	8.2	4.1	41.2
PERCENTAGE	30.0	40.0	20.0	10.0	100.0

#### **D. Financial oversight and external audit**

- 3.48 The Administrative Office (DGAA), through the DAP, will be accountable to the Bank for comprehensive financial management of the program, and will comply with the following: (i) maintenance of separate and specific bank accounts for the management of the Bank loan and local counterpart funding; (ii) presentation of disbursement requests and justifications for eligible expenses; (iii) implementation and maintenance of appropriate systems for contract administration, and for financial management and internal control of IDB and local counterpart funds, in accordance with Bank requirements; (iv) preparation and presentation of program financial reports and consolidated financial statements; and (v) maintenance of an adequate records management system for documentation in support of eligible expenses, for verification by the Bank and the external auditors.
- 3.49 The coexecuting agency (FPS) will be responsible for financial management of the subcomponent to support decentralized management, and will comply with the following: (i) opening of separate and specific bank accounts to handle the proceeds of the loan and local counterpart funding for this subcomponent; (ii) maintenance of suitable systems for administration and payment of contracts with suppliers and consultants; (iii) maintenance of a suitable accounting and financial system for recording transactions carried out with program resources, integrated with official FPS accounts and the corresponding internal control structures; (iv) filing of accounts, preparation and presentation of financial information requested by the DAP and the Bank, and consolidation of financial information submitted by the municipios; and (v) a suitable system for filing copies of documentation supporting eligible expenses, for verification by Bank staff and external auditors.
- 3.50 In their capacity as PROME executing agencies, the municipios will be accountable to the FPS for funds received to execute the subcomponent for strengthening decentralized local education management. In this respect, they will have the same responsibilities as those assigned to coexecuting agencies that receive funds, as mentioned above. For execution of this subcomponent, the MINEDU, FPS, participating municipalities, and DDIs must enter into an agreement for PROME financing, including the technical assistance activities under the MINEDU's responsibility, and the investments in infrastructure and teaching processes carried out by the municipalities, with the support of the FPS. The PROME financing

agreement must set forth the obligations and responsibilities of all the parties, including the system for transfer of the resources, rendering of accounts, preparation of financial data, and filing of supporting documentation on expenditures and procurement.

- 3.51 The program's external audit will be performed by a firm of independent auditors acceptable to the Bank, following Bank policies and procedures (documents AF-100 and AF-300). The auditor will be contracted through the procedures established in the Bank's document on contracting for external audits (AF-200), and based on guidelines established in the terms of reference for external audits of Bank-financed projects (AF-400), subject to the latter's prior approval. The external audit will cover financial and operational issues and require annual reports of the program's financial statements to be filed within 120 days following the end of the fiscal year. The costs of the audit will form part of program expenses, and will be financed out of the proceeds of the Bank loan.

**E. Monitoring and evaluation system**

- 3.52 Within 60 days after the end of each six-month period of program execution, the MINEDU will submit semiannual progress reports to the Bank, describing the development of program activities as a whole. Information needed on PROME execution will be provided by the FPS. The report corresponding to the end of each year of program execution will also include the operating plan for the current year, together with information on procurements during the previous year, and those planned for the current period. In order to monitor and evaluate program outcomes, these reports will include a comparative annual statement of progress achieved on a group of monitoring indicators included in the logical framework, as agreed between the Bank and the MINEDU.
- 3.53 Annually, within 30 days following the date of preparation and delivery of the half-yearly progress report corresponding to the end of each year of program execution, the Bank and the MINEDU will analyze the information presented and evaluate progress, as well as difficulties arising in execution and how to overcome them.
- 3.54 The project team discussed with the authorities the type of evaluation most suited to the nature of the operation. Given that the Bank loan forms part of a broader program that includes other parallel loans, it was felt that an impact evaluation would face major methodological difficulties in attributing impacts to this program in particular. It was therefore agreed to conduct two external outcome evaluations, one mid-term and another final, based on agreed indicators. The results of the first evaluation will be presented to the Bank once 50% of program resources have been disbursed or 24 months after the loan contract takes effect, whichever occurs sooner. Although this will assess the state of program execution, it will mainly aim to verify the degree of compliance with intermediate targets agreed with the Bank, detect problems and introduce corrective measures on the move, to ensure the program's ultimate objectives are achieved. The final evaluation, based on the same

contents and methodology as the mid-term assessment, will be performed within six months prior to the deadline for the final disbursement; and its results will be presented to the Bank along with the final disbursement request. Both evaluations will be carried out by outside consultants hired by the executing agency, subject to terms of reference and methodologies agreed with the Bank, and financed by the program against the loan proceeds assigned to the DAP.

**F. Conditions precedent**

- 3.55 Conditions precedent to the initial program disbursement will be as follows: (i) entry into force of the subsidiary agreement between the Ministry of Finance and the MINEDU for the transfer of loan proceeds and program execution, establishing, among other provisions, that the resources will be part of the system of allocated resources subject to bidding above and beyond the caps on municipal transfers established pursuant to the national revenue-sharing policy formula; (ii) entry into force of the interagency agreement between the MINEDU and the FPS under which the program resources will be transferred to the FPS to execute activities in the subcomponent for strengthening of decentralized management; (iii) submittal to the Bank for approval of the model financing agreement for the PROMEs to be entered into by the MINEDU, the FSP, the participating municipalities, and the District Director of Education; (iv) demonstration that the Project Administration Office (DAP) is organized, installed, and operating in the terms agreed upon with the Bank; and (v) publication of the provision putting the program's Operating Regulations into effect.
- 3.56 In addition to the conditions set out in paragraph 3.55 above, a condition precedent to the first disbursement of lines of action for infrastructure and CRAs under component 3, will be submittal of the model to be used for new INS management contracts with universities to the Bank's satisfaction. The model must include performance indicators of quality, efficiency, and effectiveness of INS management. As a condition precedent to the first disbursement of the subcomponent for strengthening decentralized management, the guidelines for project preparation in the PROME contest must be forwarded to the Bank.



## **IV. VIABILITY, BENEFITS AND RISKS**

### **A. Institutional viability**

- 4.1 Eight years' execution of the previous operation has made it possible to build up institutional and execution capabilities in the PRE team, which has maintained a degree of continuity and stability despite the political transitions of three governments. This institutional capacity remains a valuable asset, which the new program aims to complement and reinforce.
- 4.2 Nonetheless, the nature of the current political transition and the political, social and economic instability currently prevailing have had a significant effect on the MINEDU's institutional strength and operational capacity, creating a number of bottlenecks that need to be resolved quickly to avoid compromising its ability to execute a new operation efficiently.
- 4.3 Given the importance of this issue, shared by the Bank and the authorities, the analysis mission conducted a detailed institutional study to detect the main critical areas that require strengthening, and the adjustments needed to guarantee an appropriate decision-making structure for execution of the new program. The diagnostic study shows that VEEA execution capacity has been diminished. Currently there are several important leadership positions that remain vacant, and unsuitable technical profiles in certain posts. There are also weaknesses in planning functions, and problems of coordination between the programming of targets and financial management.
- 4.4 Bearing in mind that this situation has not been corrected and that the current political situation involves a real risk that weaknesses and coordination difficulties may persist, it was agreed that a DAP reporting to the DGAA would be established to manage the execution of investment programs that support the PRE. Establishment of this unit would be initially supported and financed by the Bank, within this operation. The borrower will gradually absorb the salaries of the staff that will have been recruited in the administrative career stream, so as to ensure their stability and generate a permanent capacity to administer programs with international financing. Creation of the DAP, definition of its structure and functions, and the terms of reference for its manager and technical staff were conditions precedent to negotiation of the program.
- 4.5 The creation of a DAP with functions relating strictly to coordination and operational management, to guarantee a structure and mechanisms that facilitate program execution, will make it possible to overcome the weaknesses and main problems detected in the existing decision-making structure. This involves bringing financial oversight and management functions within a single responsible unit, with suitable staff under the leadership of an operations manager. The latter would have margins of autonomy and delegated decision-making powers that would rationalize

and significantly simplify paperwork and procedures pertaining to execution. Technical responsibility for the activities of each component will remain in the hands of the MINEDU technical line units.

- 4.6 The choice of the FPS as coexecuting agency of this component is based on the fact that, under the current legal framework as defined by the National Revenue-Sharing Policy (PNC), it is the only unit empowered to transfer external funding resources to municipios. Moreover, the FPS has valuable recent experience and technical capacity to manage this type operation, as demonstrated during execution of a similar program with the World Bank. With regard to its institutional structure and costs, over the past year the FPS has undergone internal institutional reform to rationalize and institutionalize its staffing; and, at the same time, it has simplified its procedures by rationalizing its project supervision and management functions and making them more efficient. Lastly, it has been agreed with the FPS, as coexecuting agency, that expenditures eligible for Bank financing are limited to incremental expenses relating to fees, per diems, goods, and travel, directly associated with project execution, for which the relevant contracting has been carried out in accordance with Bank procedures.
- 4.7 Each program component includes activities that help strengthen and consolidate the system's institutional and management capacities, both at the central and at the decentralized level. The subcomponent to support education policy formulation and monitoring will focus on strengthening capacities for analysis, diffusion and use of MINEDU databases, which were a product of Bank support during the previous operation. These databases will be transformed into indicators facilitating management by results at the different levels of the system, stressing the accountability of the school and educational district. The program will also finance a strategy for social communication and indicator dissemination, together with a bulletin on reform progress aimed at keeping society informed and making the management model more participatory.
- 4.8 The pilot scheme to strengthen municipal educational management aims to generate successful decentralized management models in a selected group of municipios. This experience will serve as a launching pad for the municipal development policy centered on creating local administrative capabilities and rewarding efficient management. The execution modality chosen—a competitive process involving eligible municipios with proven efficiency in education management and fiscal-financial solvency—represents the first time that efficient management has been rewarded in the regulatory framework of the PNC, which envisages this type of funding as additional to the budgetary ceilings defined by the FPS. It thus seeks to provide incentives to raise additional municipal resources for education, based on criteria of management efficiency and concrete educational outcomes.
- 4.9 The component for the consolidation of curricular reform aims firstly to give the MINEDU capacity to monitor reform in the classroom, in order to provide feedback for future curriculum development, materials preparation and pedagogic practices.

The system represents a crucial link in generating a capacity to critically evaluate the reform on an ongoing basis.

- 4.10 The subcomponent to diversify and strengthen the management of teacher training institutions specifically seeks to strengthen MINEDU regulatory capacity and INS performance by outsourcing management of the latter to the universities, using efficiency, quality and cost-effectiveness indicators. In the same way, the bidding process to finance a new range of teacher training courses aims to strengthen healthy competition on the supply side, incorporating quality and cost-efficiency criteria.

## **B. Socioeconomic viability**

- 4.11 Economic analysis of the program starts with the educational benefits summarized in the program's educational outcome targets, and then estimates the economic benefits, for individuals and society, arising from those outcomes. This estimate of benefits is then weighed against the program's costs, including direct investment expenditure, recurrent incremental expenses and opportunity costs, to estimate the program's private and social return. The analysis breaks down the estimated return to education between urban and rural areas, and between the formal and informal segments of the labor market, yielding interesting results and policy implications. Lastly, analysis of the program's distributive impact highlights its nature as a poverty-targeted investment (PTI) with major impacts on social equity.
- 4.12 Table IV-1 summarizes the main educational outcomes expected from the program and the corresponding economic benefits.

<b>Table IV-1</b>	
<b>Educational outcomes and associated economic benefits</b>	
<b>Educational outcomes</b>	<b>Economic benefits</b>
<ul style="list-style-type: none"> <li>• Expansion of net primary coverage rate (from 88% to 91%).</li> <li>• Increase in proportion of students that complete primary sixth grade (from 80% to 85%).</li> <li>• Increase in the proportion of students that complete the eight grades of compulsory primary schooling (from 62% to 67%).</li> <li>• Reduction in the number of years needed to complete the eight grades of compulsory schooling (from 11.5 to 8.5 years)</li> <li>• Increase in the percentage of the population eligible to enter secondary education.</li> <li>• Increase in the population's average level of schooling, particularly in rural areas. The target is to complete the eight grades of schooling as an average, nationwide, and improve rural schooling from 4.5 to 6 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Improved productivity and employability of the population.</li> <li>• Expansion of the population group with access to secondary education, and hence higher wages.</li> <li>• Private and social cost savings resulting from greater internal efficiency, less repetition and higher promotion rates in primary schools.</li> <li>• Improved wage expectations on the basis of higher levels of schooling.</li> <li>• Improved economic opportunities and wage expectations for the beneficiary population, particularly among poor and rural population groups.</li> </ul>

- 4.13 The economic benefits stemming from higher levels of schooling, among a broader segment of the population, can be summarized in terms of higher expected labor incomes and improved employability on the labor market. These benefits were estimated using Mincer income profiles,<sup>3</sup> distinguishing gender and geographic zone (rural or urban). Separate estimates were also made for labor incomes in the formal and informal sector. A summary of the rates of return obtained, together with increases in expected monthly earnings and the probability of finding employment for each level of schooling, are shown in Table IV-2.

**Table IV-2: Returns, expected incomes and employability by level of schooling**

No. of years' schooling	Marginal return*	Income premium*	Employability
6 - (primary incomplete)	8.2%	49.0%	76.72%
8 - (primary complete)	0.1%	0.2%	74.72%
12 - (secondary complete)	7.4%	29.4%	71.54%
17 - (higher education)	20.9%	109.3%	85.44%

\* Returns and income premiums estimated in comparison to the level of schooling immediately below; returns to incomplete primary education are estimated in relation to the income of an individual with no education.

- 4.14 Two conclusions can be drawn from these results: (i) although the private returns on completing six years of primary education are significant, the incremental return to completing the full eight years of compulsory schooling is very modest; and (ii) the highest levels of return come from completing secondary school (incomes rise by nearly 30%), and particularly higher education, completion of which yields income increases of over 100%, and a significant rise in the chances of obtaining better-paid jobs.
- 4.15 The policy implications of this analysis are as follows: (i) given that completing the eight grades of compulsory education is a prerequisite for entering secondary school, this target represents an individual and social objective regardless of the low marginal returns it represents; (ii) the low private return to completing the eight years of compulsory schooling suggests it may be worthwhile subsidizing completion of this level, through subsidies in cash or in kind, as a means of encouraging families to attain this minimum level of compulsory education; and (iii) the rising levels of education demanded by the labor market for access to better-paid jobs means that Bolivia requires a continuous investment in education to keep raising the population's average schooling level beyond the goal of achieving universal compulsory primary school coverage.

<sup>3</sup> Using the database from the latest available MECOVI survey (2001), regressions were estimated of the logarithm of labor incomes as a function of years of schooling, experience, and experience squared, using dummy variables for gender and area (rural or urban), for the working life horizon of an individual of between 19 and 65 years of age.

- 4.16 An analysis of returns and earnings differentials, broken down by rural and urban zone and by formal and informal sector, reveals other important aspects relating to the impact of education on incomes and social mobility. Rates of return to primary schooling (six or eight years) tend to be greater in rural areas than in urban ones; in contrast, the returns to higher levels of education (secondary and above) tend to be greater in urban areas. The better-paid jobs are concentrated in the formal urban sector, particularly among individuals with higher education; in contrast, the lowest returns on education occur in the informal sector, where low levels of productivity and an abundance of unskilled labor reduce the average earnings of workers employed in informal activities. These conclusions are not entirely consistent with economic theory, but they are a fundamental factor in the perpetuation of poverty in Bolivia. Firstly, there are wide disparities in education levels: the vast majority of poor people do not even complete primary school, while a very small population group manages to attain higher education. In addition, economic opportunities are clearly segmented between a small formal urban sector, where productivity and wages are high but few jobs are created; and a vast informal urban sector and rural economy where productivity is very low. Although education remains a crucial factor in social mobility, the latter is severely hampered by the scarcity of economic opportunities.

### **C. Costs and sustainability**

- 4.17 From the standpoint of society, the benefits of the project need to be assessed in terms of the whole population that passes through the school system, taking into account the savings generated by improved systemic promotion rates. The benefits must then be set against the costs, including direct program expenses, recurrent incremental costs arising therefrom, and the opportunity costs associated with staying longer in school. Recurrent incremental costs were calculated for each of the program's components and lines of action. The main recurrent incremental costs of the project relate to the sustainability of operations to evaluate learning outcomes in SIMECAL, financed by the program; and the reprinting and replacement of textbooks and didactic material for the third cycle, which represent recurrent costs of US\$500,000 and US\$1 million per year, respectively.
- 4.18 Although it is not directly attributable to the program, the largest recurrent cost stems from increasing teachers' working hours. This is expected to amount to about US\$33 million per year, equivalent to 11% of the sectoral payroll. Despite not being financed by the program, this cost represents a fundamental commitment by Bolivia to ensuring proper implementation of the reform. Accordingly, a proposal has been made to gradually implement this measure over a five-year period; and a sustainable financing proposal has been agreed between the Ministry of Finance, the MINEDU and UDAPE, involving the creation of an Education Compensation Fund, to be financed as from 2004 by a percentage of incremental royalties, mainly from gas, and supplemented by modest contributions from the National Treasury. This scenario means earmarking about US\$10 million to the schedule extension in 2003, followed by gradually increasing amounts until the necessary working hours

are reached in 2007. Development of this proposal represents a clear sign of the government's pledge to consolidate the reform, and a significant step forward in linking wage increases to additional hours taught by teachers. This step is not only important for consolidating implementation of the new curriculum in the classroom, but it will also enable Bolivia to move towards the regional average of 900 class hours per year.

**D. The program's social return**

- 4.19 Estimates of the program's social return show that the benefits for society easily outweigh the costs, measured in present-value terms. The program's internal rate of return (IRR) is 21%. Using a discount rate of 12%, the investment has a net present value (NPV) of US\$42 million and would pay for itself in 12 years.

**E. Social and environmental impact**

- 4.20 The program is fully consistent with the priorities of the BPRS, and it constitutes a good example of universal policies of high impact in terms of equity and social inclusion. By focusing on achieving effective universalization of the eight years of compulsory schooling and raising sixth and eighth grade completion rates, particularly among the neediest groups, the program is fully consistent with the Education for All initiative and achievement of the Millennium Development Goals in education.
- 4.21 The infrastructure development envisaged in the municipal education projects involve simple works—mainly school extensions and repairs—from which no major environmental impact is expected. The municipios will be responsible for works execution and will carry out the corresponding contracting. The MINEDU has prepared two Guidelines for the Design and Equipping of School Buildings, which were finalized in 2001 and are now in force. The team has reviewed these guides and considers them good planning and design instruments incorporating appropriate health standards for school designs. As regards school maintenance and inspection, this responsibility rests with the municipios and not the Ministry. Nonetheless, by providing technical assistance for school infrastructure planning and management, the program will strengthen the ability of participating municipios to adequately fulfill these responsibilities. As regards the use of indicators with a gender breakdown, this is established practice in the PRE and is incorporated in the program's indicators and targets.

**F. Social equity and poverty reduction classification**

- 4.22 The program will make a significant contribution to improving social equity and raising education levels among the most deprived population groups, which currently do not succeeding in completing the eight compulsory school grades. The Bolivian education reform is a pioneering program in terms of social inclusion, since the curricular focus and development of education materials place special

emphasis on upholding the country's intercultural identity; and its pedagogic strategies emphasize bilingual education in the main indigenous languages.

- 4.23 As this is a program targeting primary education in a “D” country, it automatically classifies as a PTI. The main beneficiaries are socioeconomic groups that currently do not complete primary school: i.e. the rural population as a whole and the poorest 40% of the urban population. Given that about 50% of urban and 80% of rural families in Bolivia are living below the poverty line, the bulk of the program's beneficiaries are poor. Analysis of the MECOVI 2001 survey database shows that 69% of students attending public primary schools come from families whose incomes place them below the poverty line.

## **G. Benefits**

- 4.24 This operation will make it possible to complete implementation of the curricular reform in all of the country's primary schools, covering the eight years of compulsory education. The proposed investments will consolidate progress made on coverage and retention, making it possible to increase the percentage of the population completing compulsory basic schooling, and raise learning outcomes to more acceptable levels. The educational benefits described above will translate into economic benefits for the students, by increasing their productivity and employability. The quantification of those benefits, presented as part of the economic analysis of the operation, represents an approximation to the program's development impact.

## **H. Risks**

- 4.25 **Government transition:** The process of preparing the operation has coincided with a change of government, which entails risks for the continuity of the reform and for consolidating the institutional capabilities that have been steadily nurtured in the MINEDU. Nonetheless, the PRE has so far managed to transcend the vision of three separate governments, to become a State policy guaranteeing continuity in the technical teams responsible for the program. The preparation strategy stresses a shared vision with the new government in favor of maintaining PRE continuity. This is reflected in the main objectives of the operation, with adjustments as necessary to strengthen aspects of the reform, which so far have not received enough attention. These include teacher training; communication and participation by society in support of the reform; and the deepening of other aspects, such as participatory educational management at the municipal level. In addition, the MINEDU has undergone a process to institutionalize its main technical job positions, which ought to ensure some degree of continuity in the teams that have been executing the PRE and participating in development of the new operation. Nonetheless, given the possibility of major changes in the teams responsible for the program between the preparation and execution phases, it is intended to hold a start-up workshop and annual supervision missions, to closely monitor and support correct program execution.

- 4.26 **Incremental current expenses:** Consolidation of the curricular reform requires an extension to teachers' working hours to operate the curriculum. The implications of this in terms of incremental wage costs were analyzed during preparation of the program, and a proposal was agreed between the Ministries of Education and Finance and the Economic Policy Analysis Unit (UDAPE) to gradually implement the schedule extension over a five-year period; a proposal for its sustainable financing by the country was also agreed (see paragraph 4.18).
- 4.27 The above notwithstanding, the risk remains that the government may fail to achieve the necessary political consensus to make the Education Compensation Fund viable, in which case the proposal to gradually implement the longer working hours would have to be altered. This in turn could lead to adjustments in some of the program's targets, particularly those relating to the quality of learning outcomes. This topic will require constant monitoring through annual management missions and, where necessary, a review of the affected targets during the mid-term program evaluation.



**EDUCATIONAL REFORM PROGRAM – SECOND PHASE**  
**(BO 0178)**  
**LOGICAL FRAMEWORK**

	Objectives	Indicators <sup>1</sup>	Means of verification	Assumptions
<b>Purpose</b>	To consolidate progress of the educational reform at primary school level.	<ul style="list-style-type: none"> <li>• Net coverage rate increases from 87.9% to 91.1%.</li> <li>• Retention rate increases from 63.7% to 66.8%.</li> <li>• Gross completion rate (Primary 8th grade, public schools) increases from 61.8% to 67.2%.</li> <li>• No. of students with school achievement at risk (Language, 3rd grade, base year 2000 – preliminary version) decreases from 6.2% to 5.2%.</li> <li>• No. of students with school achievement at risk (Mathematics, 3rd grade, base year 2000 – preliminary version) decreases from 27.4% to 20.2%.</li> <li>• No. of students with satisfactory learning level (Language, 3rd grade) increases from 19.7% to 23.2%.</li> <li>• No. of students with satisfactory learning level (Mathematics, 3rd grade) increases from 14% to 17.9%.</li> <li>• Proportion of 13-18 year-olds with 8th grade completed increases from 52.8% to 60%.</li> <li>• Average schooling among 19-65 year-old population increases from 7.89 to 8.42 years.</li> </ul>	<p>SIE</p> <p>Household survey, INE</p> <p>SIMECAL</p>	New government continues with education reform policies and guarantees necessary funding.

	Objectives	Indicators <sup>1</sup>	Means of verification	Assumptions
<b>Components, Subcomponents and Lines of Action</b>  <b>1. Support for education system management</b>	To strengthen management of the education system at the central, district/municipal and school levels.	<b>Outcome indicators:</b> <ul style="list-style-type: none"> <li>Implementation and use of management record cards in all schools and education districts.</li> <li>Use and impact of record cards to improve management in all schools and education districts.</li> </ul>	Regulation published by MINEDU.	
<b>1.1</b> Strengthening of education policymaking and monitoring. <ul style="list-style-type: none"> <li>Strengthening of technical teams.</li> <li>Consolidation of SIE and SIMECAL.</li> <li>Development and dissemination of instruments.</li> <li>Publication of results.</li> </ul>	To strengthen policymaking capacity. To develop management monitoring and evaluation instruments.	<b>Product indicators:</b> <ul style="list-style-type: none"> <li>275 district offices with SIESTA decentralized and operating.</li> <li>2 operations to evaluate educational quality in the 3rd cycle in application, carried out.</li> <li>4 operations to evaluate educational quality of initial teacher training in application, carried out.</li> <li>1 annual bulletin of progress and results of the education system published and distributed.</li> </ul>	SIE  SIMECAL  SIMECAL  Bulletin published.	
<b>1.2</b> Support for decentralized management of the system.  a) Pilot experience in a set of intermediate municipios. <ul style="list-style-type: none"> <li>Educational projects at the municipal and school level.</li> </ul>	To strengthen the operating capacity of the education system at the district/municipal and school levels.	<b>Outcome indicators:</b> <ul style="list-style-type: none"> <li>Municipal share in PROME financing increases from 20% to 30%.</li> </ul> <b>Product indicators:</b> <ul style="list-style-type: none"> <li>15 municipios with PROMEs for contest by second year.</li> <li>30 districts with PROMEs in execution.</li> </ul>	Report published by MINEDU. UDI reports.  Municipal plans. UDI reports. SIE reports. Municipal budgets. District management reports.	

	Objectives	Indicators <sup>1</sup>	Means of verification	Assumptions
<ul style="list-style-type: none"> <li>Implementation of management systems at the district level.</li> <li>Census-type implementation of SIMECAL.</li> </ul> <p>b) Training and technical assistance at district level.</p>	To strengthen leadership and management capabilities among district directors and technical staff, school heads and pedagogic advisers.	<ul style="list-style-type: none"> <li>150 educational networks with educational projects in execution</li> <li>8 management and oversight systems implemented in each participating district/municipio</li> <li>100% of pilot schools with results showing learning improvements measured by SIMECAL in the fourth year.</li> <li>100% of directors and teachers trained in the use of the management record card.</li> </ul>	<p>SIMECAL reports.</p> <p>Curricular monitoring system.</p> <p>UDI - SIE reports.</p>	
1.3 Collective Incentive to Schools.	To improve education performance in schools.	<ul style="list-style-type: none"> <li>ICE consolidated and paid annually in all winning schools (10% nationally).</li> <li>100% ICE institutionalized, charged against the TGN by the fourth year.</li> </ul>	Payroll	
<b>2. Consolidation of curricular reform at primary level.</b>	To complete and improve implementation of curricular reform at primary school level.	<p><b>Outcome indicators:</b></p> <ul style="list-style-type: none"> <li>Transformation program implemented up to the 3rd cycle in all schools.</li> </ul>	Report of Curricular Development Unit (UDC).	Extension of hours of work to consolidate the reform at primary level is financed in sustainable fashion.
<p>2.1 Development of the system for monitoring implementation of the curriculum in the classroom.</p> <ul style="list-style-type: none"> <li>Design of proposal</li> <li>Implementation of system in a sample of schools.</li> </ul>	To provide feedback on curricular design and improvement of teaching practices.	<p><b>Product indicators:</b></p> <ul style="list-style-type: none"> <li>Monitoring system implemented in 51 schools.</li> <li>Annual report of results of monitoring system.</li> </ul>	<p>UDC report.</p> <p>Report on monitoring results.</p>	

	Objectives	Indicators <sup>1</sup>	Means of verification	Assumptions
<ul style="list-style-type: none"> <li>Systemization and dissemination of monitoring results.</li> </ul>				
2.2 Production and distribution of educational materials. <ul style="list-style-type: none"> <li>Bidding processes to supply materials for the 3rd cycle.</li> <li>Educational materials replacement fund</li> </ul>	To provide guides and learning modules for students and teachers.	<ul style="list-style-type: none"> <li>6 guides prepared by second year.</li> <li>72 modules prepared, printed and distributed by third year.</li> <li>6 guides printed and distributed by fourth year.</li> <li>100% of schools nationwide with educational materials for the 3rd cycle in use.</li> </ul>	Report of Curricular Development Unit.	
<b>3. Strengthening of initial teacher training system.</b>	To improve the quality of initial teacher training.	<b>Outcome indicators:</b> <ul style="list-style-type: none"> <li>Increase in average score on academic aptitude tests (PAA), measured in the sixth semester of SIMECAL.</li> <li>Graduation rate increases from 42.7% to 70%.</li> </ul>	SIMECAL and SIE reports.	Permanent training system incorporates monitoring system results in its training strategies. Teachers upgrade their teaching practices with information provided by the monitoring system.
3.1 Support for curricular development in INS. <p>a) Lines of action for all INS.</p> <ul style="list-style-type: none"> <li>System of performance standards.</li> <li>Infrastructure and equipment.</li> <li>Learning Resource Center (CRA)</li> </ul>	To enhance learning conditions and the quality of pedagogic processes in training institutes (INS).	<b>Product indicators:</b> <ul style="list-style-type: none"> <li>10 INS complete the self-assessment process by the third year.</li> <li>8 INS evaluated externally (PEERS) by fourth year.</li> <li>5 INS have been accredited.</li> <li>11 INS with improved infrastructure and equipment.</li> <li>19 INS have a learning resource center (CRA) adequately endowed by the third year.</li> </ul>	Regulation of system approved. INS self-assessment reports. Works delivery certificates. Report of the Initial Teacher Training Unit (UFDI).	

	Objectives	Indicators <sup>1</sup>	Means of verification	Assumptions
b) INS managed directly by the MINEDU <ul style="list-style-type: none"> <li>• System of curricular monitoring and evaluation.</li> <li>• Institutional development projects.</li> <li>• Training of trainers.</li> </ul>		<ul style="list-style-type: none"> <li>• Academic and institutional management monitoring system in execution by the fourth year.</li> <li>• 9 pedagogic and institutional innovation projects executed by the fourth year.</li> </ul>		
3.2 Diversification and strengthening of institutional management.  a) INS with management contracted out to universities.. b) Pilot experience with new initial teacher training courses.	To improve the efficiency of the initial training service.	<b>Outcome indicators:</b> <ul style="list-style-type: none"> <li>• Graduation rate from INS managed by universities increases from 68.7% to 85%.</li> <li>• Costs per student and per graduate in INS managed by universities decline by X% and Y%.<sup>2</sup></li> </ul> <b>Product indicators:</b> <ul style="list-style-type: none"> <li>• 10 improved management contracts by the first year.</li> <li>• 100% satisfaction among students and teachers with university management</li> <li>• Bids for secondary school teacher training courses adjudicated in second year.</li> </ul>	UFDI report. Reports from managing universities.  Agreements signed. Survey of students and teachers. UFDI report on results of bidding process.	

<sup>1</sup> Except where otherwise indicated, the program's targets refer to its final year (2007). There is also a matrix to facilitate annual monitoring of program indicators, which forms part of the Project Monitoring Report (ISDP).

<sup>2</sup> These cost-efficiency and cost-effectiveness indicators are part of the new agreements to be negotiated and signed with the universities, at which time the respective baseline indicators and benchmarks will be established.

## PERFORMANCE INDICATORS FOR PRE II: BASELINE DATE (2001) AND 2007 GOALS

	Baseline date for 2001					Goals for 2007				
	GENDER		AREA		TOTAL	GENDER		AREA		TOTAL
	FEMALE	MALE	URBAN	RURAL		FEMALE	MALE	URBAN	RURAL	
<b>ACCESS</b>										
Gross coverage	97.7%	99.8%	95.9%	102.9%	<b>98.7%</b>	102.2%	102.7%	100.5%	105.3%	<b>102.5%</b>
Net coverage	87.7%	88.1%	85.1%	92.0%	<b>87.9%</b>	90.9%	91.3%	88.9%	94.2%	<b>91.1%</b>
<b>COMPLETION</b>										
Gross completion rate (6th grade)	79.7%	81.3%	84.7%	74.0%	<b>80.5%</b>	84.1%	85.5%	88.9%	79.1%	<b>84.8%</b>
Gross completion rate (8th grade)	60.1%	63.5%	69.9%	48.4%	<b>61.8%</b>	65.6%	68.8%	76.4%	54.4%	<b>67.2%</b>
Net completion rate (6th grade)	28.9%	27.6%	32.1%	22.2%	<b>28.3%</b>	37.8%	36.4%	40.8%	31.8%	<b>37.1%</b>
Net completion rate (8th grade)	23.2%	22.2%	26.8%	15.9%	<b>22.7%</b>	33.3%	32.0%	37.8%	26.3%	<b>32.6%</b>
Retention rate (6th grade)	73.4%	75.8%	93.4%	56.8%	<b>74.6%</b>	76.6%	78.9%	94.5%	60.5%	<b>77.7%</b>
Retention rate (8th grade)	62.6%	64.8%	89.1%	39.2%	<b>63.7%</b>	65.8%	67.8%	89.3%	43.6%	<b>66.8%</b>
% of population (19-65 years old) having completed 6th grade*	51.1%	68.8%	73.4%	29.5%	<b>58.6%</b>	61.2%	78.5%	83.7%	40.7%	<b>65.0%</b>
% of population (11-16 years old) having completed 6th grade*	60.0%	61.1%	71.0%	44.5%	<b>61.0%</b>	71.9%	69.8%	81.0%	61.4%	<b>71.4%</b>
% of population (19-65 years old) having completed 8th grade*	44.6%	58.8%	66.1%	19.8%	<b>50.5%</b>	53.4%	67.0%	75.5%	27.3%	<b>56.1%</b>
% of population (13-18 years old) having completed 8th grade*	51.5%	54.0%	63.4%	34.1%	<b>52.8%</b>	61.7%	61.6%	72.3%	47.0%	<b>60.0%</b>
Average years of schooling (19-65 years old)*	7.09	8.75	9.60	4.51	<b>7.89</b>	7.49	9.60	10.08	5.13	<b>8.42</b>
Average years of schooling (13-18 years old)*	7.49	7.56	8.16	6.40	<b>7.53</b>	8.37	8.26	8.67	7.55	<b>8.27</b>
<b>QUALITY</b>										
Students with academic achievement at risk (language)**	6.0%	6.3%	4.7%	8.5%	<b>6.2%</b>	5.2%	5.4%	4.0%	7.2%	<b>5.2%</b>
Students with academic achievement at risk (mathematics)**	27.1%	27.7%	27.1%	27.9%	<b>27.4%</b>	25.5%	25.6%	25.1%	25.7%	<b>20.2%</b>
Students with satisfactory academic achievement (language)**	20.4%	19.1%	21.6%	17.0%	<b>19.7%</b>	23.8%	22.7%	24.7%	21.0%	<b>23.2%</b>
Students with satisfactory academic achievement (mathematics)**	13.8%	14.1%	11.5%	17.7%	<b>14.0%</b>	17.7%	18.0%	15.9%	20.8%	<b>17.9%</b>

Source: MINEDU Analysis Unit, based on SIE, SIMECAL, and INE

\* Prepared based on EH

\*\* Baseline year: 2000

## EDUCATIONAL REFORM PROGRAM-PHASE II PROCUREMENT PLAN

(Thousands of US dollars)

Type of procurement	Cost	Method	2003	2004	2005	2006	2007
<b>Consulting services</b>	<b>1,318</b>		<b>414</b>	<b>234</b>	<b>200</b>	<b>320</b>	150
Decentralization of SIESTA	168	LCB	14	64	30	30	30
Dissemination of management indicators	830	LCB	350	120	120	120	120
Administration of ICE	200	LCB	50	50	50	50	
Evaluation of pilot decentralization	120	LCB	-	-	-	120	
<b>Goods</b>	<b>8,541</b>			<b>7,901</b>	<b>523</b>	<b>117</b>	-
Computers and printers (1)	383	ICB	-	136	130	117	
Didactic material	446	LCB	-	223	223		
Teaching modules	6,874	ICB	-	6,874			
Portfolios and guides	517	ICB	-	517			
Audiovisual equipment	321	LCB	-	151	170		
<b>Civil works(2)</b>	<b>16,500</b>			<b>9,000</b>	<b>7,500</b>	-	-
School repairs	10,000	LCB	-	5,000	5,000	-	
INS repairs	6,500	LCB	-	4,000	2,500	-	-
<b>TOTAL</b>	<b>26,359</b>		<b>414</b>	<b>17,135</b>	<b>8,223</b>	<b>437</b>	<b>150</b>

- (1) A single international competitive tender will be held for the purchase and installation of computers and printers in district education offices, with a multi-year delivery timetable matching the process of information system decentralization at the municipal level.
- (2) Local competitive bidding will be used since these are civil works of minor complexity, essentially repairs and extensions to schools and INS. The former will be put out to tender at the level of each municipio participating in the decentralization pilot program, and the latter in groups of INS from a given region.