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Report No: PAD1976

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF US\$5.00 MILLION
(SDR 3.6 MILLION EQUIVALENT)

TO THE

REPUBLIC OF NICARAGUA

FOR A

SECOND SUPPORT TO THE EDUCATION SECTOR PROJECT

August 24, 2016

Education Global Practice
Latin America and the Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective August 8, 2016)

Currency Unit = US\$
Córdoba (NIO) 28.90 = US\$1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
GRS	World Bank's Grievance Redress Service
IDA	International Development Association
IPDP	Indigenous Peoples Development Plan
IRR	Internal Rate of Return
LLECE	Latin American Laboratory for Assessment of Quality of Education
MINED	<i>(Laboratorio Latinoamericano de Evaluación de la Calidad de la Educación)</i> Ministry of Education (<i>Ministerio de Educación</i>)
PASEN II	Second Support to the Education Sector Project (<i>Segundo Proyecto de Apoyo al Sector de Educación Nacional</i>)
PDO	Project Development Objective
PMS	Planning and Monitoring System
RACN	Northern Caribbean Autonomous Region (<i>Region Autónoma Caribe Norte</i>)
RACS	Southern Caribbean Autonomous Region (<i>Region Autónoma Caribe Sur</i>)
SDR	Special Drawing Rights
TERCE	Third Regional Comparative Standardized Student Assessment (<i>Tercer Estudio Regional Comparativo y Explicativo</i>)
TEPCES	In-service teacher training model (<i>Talleres de Evaluación, Programación y Capacitación Educativa</i>)
US	United States

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Country Director:	J. Humberto Lopez
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NICARAGUA
ADDITIONAL FINANCING - SECOND SUPPORT TO THE EDUCATION SECTOR
PROJECT

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ADDITIONAL FINANCING DATA SHEET

Nicaragua

Additional Financing - Second Support to the Education Sector Project (P160057)

LATIN AMERICA AND CARIBBEAN

EDUCATION GLOBAL PRACTICE

Basic Information – Parent							
Parent Project ID: P126357				Original EA Category: C - Not Required			
Current Closing Date: 31-Dec-2016							
Basic Information – Additional Financing (AF)							
Project ID: P160057				Additional Financing Type (from AUS): Cost Overrun, Scale up			
Regional Vice President: Jorge Familiar				Proposed EA Category: C			
Country Director: J. Humberto Lopez				Expected Effectiveness Date: 09-Oct-2016			
Senior Global Practice Director: Amit Dar				Expected Closing Date: 31-Dec-2017			
Practice Manager/Manager: Reema Nayar				Report No: PAD1976			
Team Leader(s): Enrique O. Alasino Masseti, Patrick Philippe Ramanantoanina							
Borrower							
Organization Name		Contact	Title	Telephone	Email		
Government of Nicaragua, Ministry of Finance and Public Credit (MHCP)		Sr. Ivan Acosta	Minister, Ministry of Finance and Public Credit	+505 222-7061	ivan.acosta@mhcp.gob.ni		
Project Financing Data - Parent (Second Support to the Education Sector Project PASEN II- P126357) (in US\$ Million)							
Key Dates							
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P126357	IDA-50360	Effective	17-Jan-2012	20-Jan-2012	10-Apr-2012	30-Jun-2016	31-Dec-2016

Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P126357	IDA-50360	Effective	XDR	15.80	15.80	0.00	13.47	2.33	85.27
Project Financing Data - Additional Financing Additional Financing - Second Support to the Education Sector Project (P160057) (in US\$ Million)									
[] Loan [] Grant [] IDA Grant									
[X] Credit [] Guarantee [] Other									
Total Project Cost:		5.00		Total Bank Financing:		5.00			
Financing Gap:		0.00							
Financing Source – Additional Financing (AF)								Amount	
BORROWER/RECIPIENT								0.00	
International Development Association (IDA)								5.00	
Financing Gap								0.00	
Total								5.00	
Policy Waivers									
Does the project depart from the CAS in content or in other significant respects?							No		
Explanation									
Does the project require any policy waiver(s)							No		
Explanation									
Team Composition									
Bank Staff									
Name	Role	Title	Specialization	Unit					
Enrique O. Alasino Massetti	Team Leader (ADM Responsible)	Education Spec.		GED04					
Patrick Philippe Ramanantoanina	Team Leader	Senior Education Specialist		GED04					
Carlos Federico Lago	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist		GGO04					
Enrique Antonio Roman	Financial Management Specialist	Financial Management Specialist		GGO22					

Tatiana Cristina O. de Abreu	Finance Officer	Finance Officer		WFALN
Adriana Cecilia Espinal	Team Member	Temporary		GEDDR
Antonella Novali	Team Member	Program Assistant		GED04
Gabriel Esteban Barrientos	Team Member			GED04
Gabriela Grinsteins	Counsel	Counsel		LEGLE
Julio Daniel Martinez	Team Member	Consultant		GED04
Linda Castillo	Team Member	Program Assistant		LCCNI
Marco Antonio Zambrano Chavez	Safeguards Specialist	Consultant		GEN04
Ricardo Jose Castellon Zamora	Safeguards Specialist	Consultant		GSU10

Extended Team

Name	Title	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Nicaragua	Rio San Juan	Departamento de Rio San Juan	X	X	
Nicaragua	Nueva Segovia	Departamento de Nueva Segovia	X	X	
Nicaragua	Matagalpa	Departamento de Matagalpa	X	X	
Nicaragua	Madriz	Departamento de Madriz	X	X	
Nicaragua	Jinotega	Departamento de Jinotega	X	X	
Nicaragua	Chontales	Departamento de Chontales	X	X	
Nicaragua	Atlantico Norte (RACN)	Región Autónoma Costa Caribe Norte (RACN)	X	X	
Nicaragua	Atlantico Sur (RACS)	Región Autónoma Costa Caribe Sur (RACS)	X	X	

Institutional Data
Parent (Second Support to the Education Sector Project PASEN II-P126357)
Practice Area (Lead)
Education
Contributing Practice Areas
Additional Financing - Second Support to the Education Sector Project (P160057)
Practice Area (Lead)
Education
Contributing Practice Areas
Consultants (Will be disclosed in the Monthly Operational Summary)
Consultants will be required

I. Introduction

1. **This Project Paper seeks the approval of the Executive Directors to provide an additional credit to the Republic of Nicaragua in an amount of US\$5 million for the Second Support to the Education Sector Project – PASEN II (Credit 5036-NI).** The proposed Additional Financing (AF) was requested by the Government of Nicaragua to (i) cover a financing gap due to the depreciation of the Special Drawing Rights (SDR) relative to the United States (US) dollar, and (ii) scale up two key activities, the refurbishing of schools and the implementation of in-service teacher training, for an additional year. With regards to the financing gap, the AF would allow the completion of (i) the development and implementation of an action plan to improve learning/teaching practices based on the outcomes of the student learning assessments, (ii) the development of planning and management systems and education statistics systems within MINED to better use financial and outcome information for decision-making, and (iii) the infrastructure inventory and pre-investment studies required for school construction.

2. **The Project Development Objective (PDO) would not change, however, Component 2 (Improving the Quality of Teaching Methods) would be expanded to allow for: (i) purchase of equipment for in-service teacher training; and (ii) the implementation of the remedial action plan based on the results of student learning assessments.** The closing date of the additional credit would be December 31, 2017 and the original credit would be extended from December 31, 2016 to December 31, 2017. As a result, the date for target achievement would be revised for two PDO indicators and four intermediate results indicators. Moreover, the description of one PDO indicator related to the Planning and Monitoring System (PMS) would be modified and target values for two intermediate indicators would be revised to reflect the provision of school furniture for an additional year.

II. Background and Rationale for Additional Financing

3. ***Country Context. Poverty reduction has accelerated in Nicaragua in the last six years in both urban and rural areas, although challenges remain.*** Between 2009 and 2014, there was a significant reduction in poverty of nearly 13 percentage points, with the national poverty rate standing at 29.6 percent, while extreme poverty¹ fell from 14.6 percent to 8.3 percent.² However, urban-rural disparities remain stark, with urban poverty at 2.4 percent compared to rural poverty at 16.3 percent. Challenges remain in terms of reducing poverty given that most of the poor live in rural areas and many in remote communities where access to basic services is still constrained by very limited infrastructure. Moreover, social and basic service indicators in the rural Caribbean coast region are significantly lower than in the rest of the country, disproportionately impacting indigenous and Afro-descendant populations.

4. ***Sector Context and Institutional Context. Nicaragua has made progress on both access to and quality of education, although challenges remain.*** The Government's Education Sector Strategy 2011-15 includes three key priorities: (i) expanded access to preschool education; (ii) universal completion of six grades of primary education; and (iii) universal access to lower secondary education (Grades 7-9). Nicaragua is on track to achieve its objective of universal

¹ Based on national poverty lines in 2014 (extreme poverty line US\$396, overall poverty line US\$640).

² Living Standards Measurement Study, 2014.

primary education and MINED has introduced several educational modalities (distance rural education, alternate courses, etc.) to facilitate universal completion of nine grades of education, including one year of preschool. On both access and quality sides, there has been tangible improvement, but Nicaragua still lags behind other countries in the region. Enrollment rates have improved at all levels and retention rates at the primary level have increased. The likelihood of completing Grade 6 once enrolled in Grade 1 has increased to 63 percent in 2013, up from 53 percent in 2008 (MINED, 2016). In the recent Third Regional Standardized Student Assessment (2013) (*Tercer Estudio Regional Comparativo y Explicativo*, TERCE), Nicaragua made slight improvements in student learning performance. However, the main challenge continues to be the delivery of quality education to disadvantaged rural households.

5. **Project Background and Status. PASEN II (US\$25 million) was approved in January 2012 and became effective on April 10, 2012.** The PDO is to: (a) improve student retention rate in primary education schools located in participating municipalities; and (b) strengthen MINED's education management capacity. The Project finances three Components: (a) Component 1: Improving the learning environment of schools, which includes provision and distribution of school kits to eligible children, refurbishing of beneficiary schools, and development, printing and distribution of learning and teaching materials to schools; (b) Component 2: Improving the quality of teaching methods, which supports implementation of the in-service teacher training model (TEPCES), improvement of multi-grade and bilingual teaching programs, design and implementation of student learning assessments, and carrying out of an accelerated remedial school pilot program for rural over-aged students; and (c) Component 3: Strengthening MINED's education management capacity, which includes improvement to and integration of MINED's planning and statistical information systems, improvement to planning of school infrastructure and preparation of pre-investment studies, and support to Project management, fiduciary controls, and audits.

6. **The Project was restructured in September 2015 to integrate key changes to the Project's scope.** The restructuring responded to a request from the Government to expand and fully fund the distribution of school kits in targeted municipalities. The restructuring also took into account the Government's request that the Project finance a number of activities related to the national strategy for improving retention and promotion rates for primary education. The Project closing date was extended for a period of six months.

7. **The Project has made tangible progress towards achievement of the PDO.** The Project is on track to achieve the first PDO to improve retention rates in primary schools in the selected municipalities, with the increase of the overall within-year primary education retention rate from 87 percent in 2012 to 89 percent in 2015 (the end target value is 91 percent by December 2016). However, achievement of the second PDO³ to strengthen MINED's education management capacity is lagging, as a number of key activities aimed at developing capacity for school infrastructure management and for education planning and monitoring have been delayed due to the lack of resources resulting from the depreciation of the SDR relative to the US dollar. It is expected that the activities would be completed and the second objective would be fully achieved with the AF.

³ The second PDO is measured through two indicators: (i) Development and use by MINED of the new PMS; and (ii) Development and use by MINED of the new school infrastructure inventory system.

8. **Progress on Implementation is also tangible based on both the achievements in Components 1 and 2, and the challenges faced in Component 3.** For Component 1 and 2 all activities are on track and are expected to be finalized as planned by December 2016. Distribution of school furniture is well advanced. Textbooks, teaching and learning materials have been delivered at all primary schools, and the provision of new textbooks for the implementation of the new strategy for Grades 1 and 2 is ongoing. The Project has trained about 1,430 new primary multi-grade teachers and provided in-service training through regular regional workshops for around 6,200 primary teachers. Activities aiming at improving bilingual instruction are mostly achieved, while the pilot for accelerated primary education for rural over-age students has been completed and evaluated. Finally, the activities related to using learning assessments to improve instruction are well advanced, with the completion of the TERCE and the national-level standardized learning assessment in language and mathematics for Grades 4, 6 and 9. The preparation of the dissemination of the results and the remediation actions, and the review of the national evaluation policies and strategies will be completed by December 2016. However, for Component 3 several activities are behind schedule. A first draft of the conceptual framework of the PMS has been produced, and a firm will be contracted for the development of the system. The pre-investment studies and data collection for the infrastructure inventory system have both been delayed; and this AF would enable the Project to achieve the target of completion of 212 pre-investment studies, as well as the nationwide collection of infrastructure information.

9. **Rationale for Additional Financing. The AF is expected to cover a financing gap due to the depreciation of the SDR relative to the US dollar.** It will ensure: (i) completion of activities to achieve key project objectives; (ii) continuation of certain recurrent activities; and (iii) financing of operational costs. Due to the depreciation of the SDR relative to the US dollar, the original Credit amount of SDR15.80 million decreased from US\$25 million equivalent at the time of Project approval to about US\$21.98 million equivalent as of July 2016. The depreciation affected MINED's capacity to carry out certain activities under Component 3 linked to the second PDO. Besides the financing of activities directly affected by the depreciation of the SDR, the additional financing is required to support: (i) operational costs; and (ii) implementation of a number of recurrent Project activities, for an additional year of Project implementation. In this context, the overall financing gap stands at US\$5 million. Therefore, the AF will finance: (i) provision of school furniture to schools in targeted municipalities (Component 1); (ii) in-service teacher training, including the provision of equipment to the training centers, implementation of the remedial action plan based on the results of student assessments, and participation in the preparation of the next regional student assessment of the Latin American Laboratory for Assessment of Quality of Education (*Laboratorio Latinoamericano de Evaluación de la Calidad de la Educación*, LLECE) in 2017 (Component 2); and (iii) deployment of the first phase of the PMS at the central and/or department levels, development and maintenance of a school infrastructure inventory system, preparation of pre-investment studies, and fiduciary management and operational costs associated with Project implementation (Component 3).

10. **Three solutions to the funding shortfall were considered and seeking additional financing was deemed the best option.** Three alternative options were considered by the team, including: (i) reduction in the overall scope of the Project; (ii) increase in funding from counterpart and/or other financial partners; and (iii) additional IDA 17 resources. As all Project activities have

been launched and most are nearly completed, reducing the scope of the Project was not considered a desirable option. Similarly, both the Government and the European Union had already increased their contributions during the September 2015 Project restructuring. Furthermore, considering the Government's agenda for the preparation of the new Education Sector Strategy 2017-2021⁴ and the scarcity of other donor resources, the option to seek additional IDA 17 financing was considered the most appropriate manner to facilitate completion of the Project's activities and achieve the PDOs.

11. **Through the Ministry of Finance, the Government confirmed its commitment to the Project, as well as the relevance of its objectives during the mid-term review on April 24, 2015.** Project activities are expected to be included in the New Education Sector Plan (2017-2021) being prepared by MINED. In addition, it is consistent with Pillar 1 of the World Bank's current Country Partnership Strategy for 2013-2017 (Report No. 98404-NI) to "Raise welfare by improving access to quality basic services," and the Project remains relevant to the World Bank Group twin goals of reducing poverty and boosting shared prosperity, through its contribution to enhancing access to quality education in selected municipalities.

III. Proposed Changes

Summary of Proposed Changes	
The proposed additional financing would help finance the costs associated with a financing gap, as requested by the Borrower on June 29, 2015.	
Change in Implementing Agency	Yes [] No [X]
Change in Project's Development Objectives	Yes [] No [X]
Change in Results Framework	Yes [X] No []
Change in Safeguard Policies Triggered	Yes [] No [X]
Change of EA category	Yes [] No [X]
Other Changes to Safeguards	Yes [] No [X]
Change in Legal Covenants	Yes [] No [X]
Change in Loan Closing Date(s)	Yes [X] No []
Cancellations Proposed	Yes [] No [X]
Change in Disbursement Arrangements	Yes [] No [X]
Reallocation between Disbursement Categories	Yes [] No [X]
Change in Disbursement Estimates	Yes [] No [X]
Change to Components and Cost	Yes [X] No []
Change in Institutional Arrangements	Yes [] No [X]
Change in Financial Management	Yes [] No [X]

⁴ The new Education Sector Strategy is expected to be available by the last quarter of 2016.

Change in Procurement	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Implementation Schedule	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Change(s)	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Development Objective/Results	
Project's Development Objectives	
Original PDO	
The PDO is to: a) improve the students' retention rate in Primary Education Schools located in Participating Municipalities; and (b) strengthen MINED's education management capacity.	
Change in Results Framework	
The following changes to the Results Framework are proposed:	
<i>Change in date for target achievement from December 31, 2016 to December 31, 2017 for:</i>	
<ul style="list-style-type: none"> • PDO Indicator 4: Development and use by MINED of the new PMS • PDO Indicator 5: Development and use by MINED of the new school infrastructure inventory system • Intermediate Results Indicator 12: Teachers who participate in dissemination events of national learning assessment results under the Project • Intermediate Results Indicator 15: Pre-investment infrastructure studies developed under the Project 	
<i>Change in description for:</i>	
<ul style="list-style-type: none"> • PDO Indicator 4: Development and use by MINED of the new PMS. The new PMS will be developed in several phases and the AF will only cover the first phase of development. Thus, the description for the measurement of this indicator would be modified. Instead of "60 percent means hardware and equipment purchased and implementation of the new PMS initiated" it will be modified as follows: "60 percent means hardware and equipment purchased and implementation for the first phase of development of the new PMS initiated." Instead of "80 percent means implementation of the new PMS completed and MINED's staff trained" it will be modified as follows: "80 percent means implementation of the first phase of development of the new PMS completed and MINED's staff trained." Instead of "100 percent means MINED's staff actively using the new PMS and a first report produced by the General Directorate of Planning and submitted to the World Bank" it will be modified as follows: "100 percent means MINED's staff actively using the subsystems of the new PMS developed during the first phase and a first report produced by the General Directorate of Planning and submitted to the World Bank." 	
<i>Change in target and date of achievement from December 31, 2016 to December 31, 2017 for:</i>	
<ul style="list-style-type: none"> • Intermediate Results Indicator 4: Number of school appropriately equipped. The new target is 1,500 schools in December 31, 2017 instead of 1,379 in 2016 in December, 2016. • Intermediate Results Indicator 16: Number of direct beneficiaries. The new target is 250,000 in December 31, 2017 instead of 242,157 in December 31, 2016 	
Compliance	

Covenants: The Recipient shall update, adopt and thereafter carry out the Project in accordance with an operational manual (the Operational Manual), satisfactory to the Association.

Conditions: Effectiveness Condition: The Operational Manual has been adopted by the Recipient in a manner and with contents acceptable to the Association.

Risk	
Risk Category	Rating (H, S, M, L)
1. Political and Governance	Substantial
2. Macroeconomic	Low
3. Sector Strategies and Policies	Low
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Moderate
7. Environment and Social	Low
8. Stakeholders	Low
9. Other	N/A
OVERALL	Moderate

Finance

Loan Closing Date - Additional Financing (AF PASEN II - P160057)

Source of Funds	Proposed Additional Financing Loan Closing Date
IDA Credit	December 31, 2017

Allocations - Additional Financing (AF PASEN II – P160057)

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement % (Type Total)
			Proposed	Proposed
IDA	US\$	(1) Goods, Non-consulting services, consultants' services, Training and Operating Costs under Parts A.2, B.2, B.4 and Part C of the Project (excluding Part C.3(ii) of the Project)	5.00	100%
Total:			5.00	

IV. Appraisal Summary

Economic and Financial Analysis

Explanation:

The economic analysis for the AF indicates that PASEN II remains economically justified. On the basis of the original analytical framework and sensitivity analysis, the Project would still generate an internal rate of return (IRR) of over 7 percent above the market rate, although the IRR at Project preparation was 11 percent above the market rate. The revised IRR is lower than originally estimated because the current repetition and dropout rates are lower than anticipated at Project preparation (15 percent in the selected municipalities at Project preparation, as compared to 10 percent at time of AF request).

On the financial analysis, the Government has allocated higher resources to education than it committed to in the Education Sector Plan 2011-2015. In 2014, total education spending was about 4 percent of Gross Domestic Product (compared to the 3.7 percent commitment for 2015 in the Plan), while the 2015 objective (18 percent) for the share for education compared to the total domestic recurrent spending had already been achieved in 2014. This implies additional fiscal space for MINED to finance recurrent costs for school inputs and training.

Technical Analysis

Explanation:

The proposed activities to be financed by the AF are essential for improving access to and quality of education in Nicaragua. The implementation of one year for two recurrent activities (the provision of school furniture and in-service training) is expected to contribute to reducing repetition and dropout rates by improving learning conditions for students and enhancing teaching methods. Both of these activities are currently being successfully implemented under the original Project. With respect to in-service training, the AF would allow for the purchase of Information and Communication Technology equipment required for the new training methods. MINED is currently preparing a pilot for class observations which is expected to provide inputs to improve the content of the in-service training.

The AF would allow MINED to achieve the activities related to the use of student assessments to improve instruction, which is the ultimate objective of the TERCE and the national-level standardized learning assessments. These activities seek to ensure that remedial actions and corrective measures are properly identified, designed and implemented in order to correct any gaps and weaknesses in the curriculum, learning materials, and teaching and learning methods. The activities are being implemented with technical assistance from the *Centro de Medición, Universidad Católica* of Chile.

With respect to infrastructure, the AF will allow completion of ongoing infrastructure, as well as facilitate finalization of the remaining pre-investment studies for school construction, which have been delayed due to a number of institutional changes within MINED.

The Project is addressing critical issues for the education management system. The AF will support the development of the PMS, for which the conceptual framework has already been elaborated. It will be an integrated system, allowing MINED to improve the programming and use of financial and physical resources at all educational and administrative levels.

Finally, the AF will enable MINED to finance the requisite fiduciary and safeguard specialists and ensure that all fiduciary and safeguards aspects are properly managed.

Social Analysis

Explanation:

The Project would continue to support the selected municipalities identified under the Parent Project. The AF would intervene in 40 municipalities in six departments, and the two Caribbean Autonomous Regions (RACCN and RACCS). These municipalities have the worst primary education efficiency rates (low retention, high dropout and high repetition rates) and the highest poverty levels. They are among the poorest in Nicaragua, in which the percentage of the population living in extreme poverty ranges from 44 percent in Santa Maria to 87 percent in El Tortuguero. The percentage of children aged 7-13 not enrolled in primary schools in these 40 municipalities ranges from 10 percent in San Carlos to 67 percent in La Cruz de Rio Grande.

The Project would also continue to benefit Indigenous Peoples living in RACN, RACS, and the North Pacific and Center Regions, as well as the afro-descendant populations living in the Rio San Juan, and the poor and mestizo communities throughout the entire country.

The Project triggers OP/BP 4.10 (Indigenous Peoples). The Indigenous Peoples Development Plan (IPDP), disclosed on the Ministry of Education website and on the World Bank website on March 1, 2012, would continue to be implemented, particularly under the measures and procedures to inform, consult and facilitate the participation of Indigenous Peoples living in the regions covered by the Project.

Gender. The IPDP takes into account cultural characteristics of the indigenous groups to ensure inclusion of both genders. In line with the IPDP, a gender-based approach to promote the access of girls to education was developed under the Parent Project and would continue to be implemented under the AF.

The number of direct beneficiaries from the Project is estimated to be 245,000 individuals, of which approximately 49 percent are female. The direct beneficiaries include primary school students, in-service primary teachers, newly graduated primary teachers, and MINED's technical and fiduciary staff.

Fiduciary Analysis

Overall, MINED has qualified staff and sufficient experience with World Bank requirements, as evidenced by the implementation of a number of World Bank operations for which the last rating for Financial Management was Moderately Satisfactory. Basic budgeting, accounting, reporting, cash flow, audit arrangements, internal control system and asset management procedures are in place. MINED uses the Integrated Financial Management and Audit System and the Financial Management Information System, both considered to be reliable automated financial systems to support budgeting execution processes and provision of financial reports. Furthermore, the proposed AF does not require complex or decentralized Financial Management arrangements. There are no outstanding audit reports. The AF will use the Operational Manual of the Parent Project, which

outlines detailed procedures, rules and responsibilities. An updated version of the Operational manual will be submitted to the World Bank prior to effectiveness of the AF.

On the basis of the desk review performed, the Overall Fiduciary Risk is considered Substantial, mainly because of the following aspects. First, the proposed AF will continue to be executed along with the three other different but complementary projects, the credit with various categories and two trust funds that includes scholarships, civil works, training and operational costs that demand intensive follow up of all MINED key areas. These features require strong coordination, verification, continued follow-up, and control mechanisms, which still need to be addressed, especially as it relates to the amounts transferred to each Departmental Delegation. Second, Project financial reports and financial statements are prepared using the Financial Management Information System, however, the high volume of transactions may lead to errors and inconsistencies if not properly reconciled. Third, contract management and payment approval and processing require participation of different units within MINED. While procedures are clear, there is a need to improve MINED's capacity to track the processing of payments and provide accurate information within the MINED's units. Moreover, additional staff is needed for the monitoring of such procedures and the AF will enable MINED to recruit needed staff.

Environmental Analysis

Explanation:

The Environmental Assessment for the AF would be maintained as Category C, following OP/BP 4.01, as with the Parent Project. The AF will not finance construction and is not expected to generate adverse environmental effects. Nonetheless, the pre-investment studies will identify potential environmental and social negative impacts that the execution of works potentially will affect people and the environment once the construction will be executed. The pre-investment studies are being carried out in accordance with World Bank policies and include both appropriate environmental and safety considerations and criteria to minimize temporary involuntary resettlement, as defined under OP/BP 4.12 (Involuntary Resettlement).

While the Parent Project and the AF are financing the pre-investment studies, school construction is financed under another World Bank - managed Project, the Education Sector Strategy Support Project ESSSP – P133557 (TF013232 and TF015143). The Parent Project and the AF will continue using the Environmental Management Framework (EMF) of the ESSSP Project, approved by the Bank, to ensure that the pre-investment studies comply with international standards for identifying and managing environmental impacts of future school construction. The EMF establishes all the requirements to mitigate any negative environmental impact of the works from the preparation, execution and the exploitation of the school infrastructure.

Implementation of the Safeguard during the Parent Project:

During the implementation of the Parent Project, a Social Specialist was recruited to supervise the implementation of the IPDP. Periodic reports are prepared and available for review. There are no outstanding issues. The Overall Safeguards implementation rating is Moderately Satisfactory and better articulation between the central with regional and local government is recommended to reduce Project's transaction costs. The AF will continue to closely monitor the implementation of the safeguards policies.

Risk

Explanation:

The overall risk rating for the Project is determined to be Moderate. The main risks identified are: (i) political and governance; and (ii) institutional capacity for implementation and sustainability. Political and governance is rated Substantial due to the fact that 2016 is an election year and there is a potential risk of disruption in Project implementation, even though no major changes are expected to take place. Institutional capacity for implementation and sustainability is rated Substantial due to the institutional uncertainty about the future of the group of consultants that support MINED's infrastructure unit once their assignments end. To avoid disruption in Project implementation during the election period, the MINED will ensure that the main procurement processes are launched shortly after Project effectiveness. For sustainability the MINED has agreed for a gradual integration of the key specialists as MINED permanent staff.

V. World Bank Grievance Redress

14. **Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the World Bank's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring

Project Development Objectives

Original Project Development Objective - Parent:

The objectives of the Project are to: (a) improve the students' retention rate in Primary Education Schools located in Participating Municipalities; and (b) strengthen MINED's education management capacity.

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
No Change	Survival rate through 4th grade in targeted municipalities	<input type="checkbox"/>	Percentage	Value	46.00	48.00	50.00
				Date	31-Mar-2012	27-Nov-2015	31-Dec-2016
				Comment			
No Change	Survival rate through 2nd grade in targeted municipalities	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	66.00	71.00	72.00
No Change	Survival rate through 3rd grade in targeted municipalities	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	70.00	68.00	69.00
No Change	Within-year retention rate for primary education in targeted municipalities	<input type="checkbox"/>	Percentage	Value	87.00	89.00	91.00
				Date	31-Mar-2012	27-Nov-2015	31-Dec-2016
				Comment			
No Change	Within-year retention rate for grade 2 in targeted	<input type="checkbox"/>	Percentage Sub Type	Value	88.00	90.00	92.00

	municipalities		Supplemental				
No Change	Within-year retention rate for grade 1 in targeted municipalities	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	81.00	85.00	87.00
No Change	System for learning assessment at the primary level	<input checked="" type="checkbox"/>	Yes/No	Value	Yes	Yes	Yes
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2016
				Comment			
No Change	Utility of the learning assessment system	<input checked="" type="checkbox"/>	Number Sub Type Supplemental	Value	1.00	2.00	4.00
No Change	Data analyzed and results reported	<input type="checkbox"/>	Yes/No Sub Type Breakdown	Value	No	No	Yes
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2016
				Comment			
No Change	Data reported by gender, urban/rural geographical locations	<input type="checkbox"/>	Yes/No Sub Type Breakdown	Value	No	No	Yes
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2016
				Comment			
No Change	Assessments repeated at least once every 5 years for the same subject areas and grades	<input type="checkbox"/>	Yes/No Sub Type Breakdown	Value	No	Yes	Yes
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2016
				Comment			
Revised	Development and use by MINED of the new PMS	<input type="checkbox"/>	Percentage	Value	0.00	40.00	100.00
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2017
				Comment			
Revised	Development and use by MINED of the new school infrastructure inventory system	<input type="checkbox"/>	Percentage	Value	0.00	40.00	100.00
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2017
				Comment			

Intermediate Results Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
No Change	Students in targeted municipalities that receive <i>Paquetes Solidarios</i>	<input type="checkbox"/>	Number	Value	0.00	206648.00	280000.00
				Date	31-Mar-2012	27-Nov-2015	31-Dec-2016
				Comment			
No Change	Paquetes Solidarios Program is assessed	<input type="checkbox"/>	Text	Value	No	Yes	Yes
				Date	31-Mar-2012	27-Nov-2015	31-Dec-2016
				Comment			
No Change	Percentage of parents that agree or mostly agree with the statement The <i>Paquete Solidario</i> (school kit) was a key reason why I was able to keep my child at school this year?	<input type="checkbox"/>	Percentage	Value	0.00	0.00	50.00
				Date	31-Mar-2012	28-Aug-2015	31-Dec-2016
				Comment			
Revised	Number of primary schools in targeted municipalities adequately equipped with furniture, under the Project	<input type="checkbox"/>	Number	Value	0.00	1136.00	1500.00
				Date	31-Mar-2012	27-Nov-2015	31-Dec-2017
				Comment			
No Change	Primary school students with a language textbook and a math textbook	<input type="checkbox"/>	Percentage	Value	75.00	95.00	95.00
				Date	31-Mar-2012	27-Nov-2015	31-Dec-2016
				Comment			
No Change	Primary school students with a Language & Literature textbook	<input type="checkbox"/>	Percentage Sub Type Supplemental	Value	75.00	93.00	95.00
No Change	Primary school students with a Math textbook	<input type="checkbox"/>	Percentage Sub Type Breakdown	Value	56.00	100.00	95.00
				Date	31-Mar-2012	27-Nov-2015	31-Dec-2016
				Comment			
No Change	Books distributed in the SEAR		Number	Value	0.00	81500.00	81500.00

	under the Project	<input type="checkbox"/>		Date	31-Mar-2012	09-Jun-2016	30-Dec-2016
				Comment			
No Change	1st- and 2nd-grade students that receive ESAEDI textbooks in targeted municipalities	<input type="checkbox"/>	Number	Value	0.00	0.00	98000.00
				Date	31-Mar-2012	27-Nov-2015	31-Dec-2016
				Comment			
No Change	Teacher trainees enrolled in the multi-grade pre-service training program under the Project	<input type="checkbox"/>	Number	Value	0.00	1433.00	1541.00
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2016
				Comment			
No Change	Graduates from the multi-grade pre-service teacher training program who teach for at least one year in targeted areas under the Project	<input type="checkbox"/>	Percentage	Value	0.00	0.00	
				Date		01-Dec-2015	
				Comment			
	Other Municipalities	<input type="checkbox"/>	Percentage Sub Type Breakdown	Value	0.00	0.00	80.00
				Date		28-Aug-2015	31-Dec-2016
				Comment			
	SEAR Municipalities	<input type="checkbox"/>	Percentage Sub Type Breakdown	Value	0.00	0.00	70.00
				Date		28-Aug-2015	31-Dec-2016
				Comment			
No Change	Average number of primary education teachers from targeted municipalities that participate in TEPCEs during a given school year, under the Project	<input type="checkbox"/>	Number	Value	0.00	7232.00	6200.00
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2016
				Comment			
	Other Municipalities	<input type="checkbox"/>	Number Sub Type Breakdown	Value	0.00	4459.00	4200.00
				Date		28-Aug-2015	31-Dec-2016
				Comment			

	SEAR Municipalities	<input type="checkbox"/>	Number Sub Type Breakdown	Value	0.00	2408.00	2000.00
				Date		01-Dec-2015	31-Dec-2016
				Comment			
No Change	Systematization of Multi-Grade Modality officially published by MINED	<input type="checkbox"/>	Text	Value	No	No	Yes
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2016
				Comment			
Revised	Teachers who participate in dissemination events of national learning assessment results under the Project	<input type="checkbox"/>	Number	Value	0.00	1195.00	6000.00
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2017
				Comment			
No Change	Classrooms in targeted areas offering the pilot of accelerated primary school program under the Project	<input type="checkbox"/>	Number	Value	0.00	15.00	15.00
				Date	31-Mar-2012	27-Nov-2015	31-Dec-2016
				Comment			
No Change	Official annual statistical reports published under the Project	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
				Date	31-Mar-2012	27-Nov-2015	31-Dec-2016
				Comment			
Revised	Pre-investment infrastructure studies developed under the Project	<input type="checkbox"/>	Number	Value	0.00	88.00	212.00
				Date	31-Mar-2012	09-Jun-2016	31-Dec-2017
				Comment			
Revised	Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	Value	0.00	225217.00	250000.00
				Date	31-Mar-2012	27-Aug-2015	31-Dec-2017
				Comment			
No Change	Female beneficiaries	<input checked="" type="checkbox"/>	Percentage Sub Type Supplemental	Value	0.00	49.00	49.00