

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC7245

Project Name	Mexico School Based Management Project (P147185)
Region	LATIN AMERICA AND CARIBBEAN
Country	Mexico
Sector(s)	Primary education (90%), Public administration- Education (10%)
Theme(s)	Education for all (40%), Participation and civic engagement (40%), Managing for development results (20%)
Lending Instrument	Investment Project Financing
Project ID	P147185
Borrower(s)	United Mexican States
Implementing Agency	Secretaria de Educacion Publica
Environmental Category	C-Not Required
Date PID Prepared/ Updated	20-May-2014
Date PID Approved/ Disclosed	06-Jun-2014
Estimated Date of Appraisal Completion	27-Jun-2014
Estimated Date of Board Approval	07-Oct-2014
Concept Review Decision	Track I - The review did authorize the preparation to continue
Other Decision (as needed)	The Review authorized preparation to continue following Track 1.

I. Introduction and Context

Country Context

A middle-income country and a member of the Organization of Economic Co-operation and Development (OECD) with a per capita GDP of US\$9,749 (2012), Mexico is the second biggest economy of Latin America and the world's fourteenth. Although the country made a quick recovery from the 2008-09 recession, it has not achieved expected growth rates. Mexico's real GDP growth rate (1.4 percent in 2013) has been slower than the Latin America and Caribbean (LAC) average (2.5 percent). This disappointing growth performance is attributed to stagnant total factor productivity, partly explained by low competition, poor contract enforcement, excessive regulations, a modest level of technological innovation, and low levels of human capital. There is widespread consensus that the low quality of education services is among the main drivers of low productivity and hence one of the most important constraints to achieving long term growth.

After a constant decline in the proportion of the population with incomes below the poverty line observed between 1996 and 2006, poverty has been on the rise. According to the National Council for the Evaluation of Social Development Policy (Consejo Nacional de la Evaluación de la Política de Desarrollo Social, CONEVAL), the decentralized Government agency responsible for measuring poverty, in 2012 19.7 percent of the population in Mexico lived with incomes below those needed to satisfy basic needs up from 14 percent in 2006. The national poverty headcount ratio hides important differences within Mexico. For instance, the “food poverty” headcount ratio in the northern state of Nuevo León is as low as 7.8, but it reaches 48.6 in the southern state of Chiapas. CONEVAL’s multidimensional poverty measure shows that in 2012, one in five Mexicans did not have complete basic education with this proportion remaining constant since 2005.

Both income inequality and the income of the bottom 40 percent have seen modest improvements when compared with the rest of the region. Between 2001 and 2012, Mexico's Gini coefficient declined from 51.3 to 49.4, while for the entire LAC region it dropped from 59 to 52.1 during the same time period. Mexico has also made more limited progress in boosting shared prosperity. Between 2004 and 2012 the annual growth rate of the average income of the bottom 40 percent of the income distribution has grown at only 1.30 percent, as opposed to a regional average of 5.01 percent.

The Government of Mexico has undertaken a reform process to encourage economic growth while reducing poverty and income inequality. The constitutional reforms approved so far include Education, Labor, Telecommunications, Competition, Financial, Fiscal, Political and Energy. Additionally, the GoM's National Development Plan for 2013-2018 has five main components: Peace, Inclusion, Quality Education, Prosperity and Global Responsibility. A main priority for the growth and development of Mexico emphasized both in the reform process and in the National Development Plan (NDP) is improving the quality of education, reducing access and achievement gaps between rich and poor to increase productivity and long term growth.

Sectoral and Institutional Context

Mexico has made significant progress in basic education coverage, particularly in primary and lower secondary education, but there are still students left out of school. There are around 25.9 million students in basic education: 4.8 million attend preschool, 14.8million attend primary, and 6.3 million attend secondary school. Net coverage is 87 percent for preschool (5 year olds), 96 percent at primary and 87 percent for secondary (14 year olds). Gross enrollment is 71, 109, and 93 respectively.

Some education indicators are looking better for primary than for secondary. The dropout rates in primary are quite low, with 0.6 percent of students leaving school earlier; however, in secondary this percentage is around nine times more (5.3 percent). Similarly, repetition in primary education has more than halved from 5.2 percent in 2003-4 to 2.1 percent in 2012-13 but at the secondary level (although repetition has also decrease) it continues to be high at 7.1 in 2012-13.

Low learning outcomes is one of the biggest challenges faced by the country. Student learning, as measured by international standardized tests, lags behind OECD countries. The 2012 PISA scores place Mexico in the last position among OECD countries and in the 53rd place out of the 65 participating countries. Mexico has slightly improved its Mathematics results in PISA over time (from 387 in 2000 to 413 in 2012), but reading results have stagnated (from 422 in 2000 to 424 in

2012). The national standardized assessment, the National Evaluation of Academic Achievement in Schools (Evaluación Nacional del Logro Académico de Centros Escolares, ENLACE) (currently under revision), also highlights the low learning outcomes of Mexican students. In 2013, the last year in which ENLACE was administered, 57 and 80 percent of primary and secondary students, respectively, obtained “insufficient” or “basic” achievement levels in Spanish and 51 and 78 did so in Mathematics, respectively. There are also important differences in educational attainment within the country. For instance, in 2013, only 28 percent of the students enrolled in primary indigenous schools scored either “good” or “excellent” on ENLACE, as opposed to 44 percent for those enrolled in general schools.

The Education Reform to improve the quality of education is one of Peña Nieto administration's priorities. A Constitutional amendment (February 7, 2013) resulted from the political will and coalition stemming from the Pacto por México, signed by the President and the leaders of three major political parties on December 2, 2012. The reform has been linked to the National Development Plan (NDP) for 2013-2018 and benefited from wide consultations. It is likely to be the most important education reform in the country's recent history. The reform aims to improve the quality of education through: i) establishing a professional system for hiring, evaluating, and promoting teachers (Servicio Profesional Docente, SPD); ii) providing full autonomy to the National Institute for the Evaluation of Education (Instituto Nacional para la Evaluación de la Educación, INEE) to oversee all evaluation functions throughout the education system, including the performance of students, teachers, school directors, supervisors, and schools; (iii) the establishment of a federal census of education data and a national Education Management Information System (Sistema de Información y Gestión Educativa, SIGED); and (iv) fostering school autonomy and school-based management, among other goals. The articulation between the different aspects of the reform will be crucial for achieving the expected results. In order to implement the aforementioned plans, the Government recently published the Education Sector Program (Programa Sectorial de Educación, PSE) 2013-2018, which provides clear strategies and implementation arrangements to achieve the education objectives defined in the NDP.

The Constitutional amendment states that adjustments must be made to the legal framework for: strengthening school based management and autonomy to improve school infrastructure, purchasing of educational materials, solving basic functioning problems, and promoting social participation so that students, teachers and parents under the principal's leadership can solve the challenges each school faces. Similarly, the modifications to the General Law of Education state that the school based management programs should: use evaluation results as feedback for continuous improvement; develop annual school plans describing activities and verifiable targets (shared with the education authority and the school community); and, transparently and efficiently administer the direct resources that the school receives. In addition, the SPD Law has explicitly devolved responsibility to principals for verifying that teachers meet the adequate profile and pointing out the incompatibility of teachers' profiles with the needs of the school. If such inconsistencies are confirmed, the educational authorities are compelled to replace teachers.

Schools are at the center of the reform agenda. One of the main objectives of the PSE is to ensure quality learning in basic education for all. It does so through seven national strategies, three of which focus on schools as the units of change and improvement. These include:

- Creating the conditions for schools to be at the center of the education system, allowing them to receive the support needed to achieve their objectives. Selected lines of action under this

strategy include: coordinating federal and state support to ensure that schools achieve minimum standards (normalidad mínima); introducing new mechanisms for allocating direct financial resources to schools to empower their decision-making process; and removing administrative requirements and programs that distract schools from their substantive (pedagogical) functions.

- Increasing school management capacity to improve learning achievement. Selected lines of action under this strategy include: boosting each teacher's commitment to and expectations of student learning; concentrating schools' efforts on teaching and learning with a focus on academic achievement; developing school management standards as a benchmark for performance, evaluation and improvement; strengthening leadership of principals and supervisors; ensuring that principals and teachers work collaboratively through the Consejos Técnicos Escolares (CTE) and with the rest of the school community through the Consejos Escolares de Participación Social (CEPS); providing targeted support to schools based on their needs and managerial capacities; and establishing rules to simplify school budget reporting.
- Strengthening the relationship between the school and the broader community to promote social participation, transparency in the use of resources and accountability. Some lines of action under this strategy include: promoting school communication with parents to collaborate with the school and build a respectful and violence-free environment; ensuring that the basic features of the curriculum are understood by families; and ensuring mechanisms for information and accountability to the community through the CEPS.

The secondary legislation to enact the Constitutional mandate of strengthening school based management has been published recently. This piece of legislation defines the norms or guidelines that all programs aiming to strengthening school based management should observe or follow. Broadly speaking, the guidelines define the following:

- a. Objectives, responsibilities and legal attributions of schools (directors and teachers), school supervisors, and local authorities.
- b. The mandatory use of results from different evaluations as inputs for school improvement plans
- c. The elements that should be included in the mandatory school improvement plans
- d. The administration of additional resources at the school level within a framework that promotes transparency and accountability
- e. The need of promoting an active participation of school agents (teachers and students) and social participation (parents' association and the community at large).

The guidelines for school based management are based on lessons learned from more than 13 years of the Programa Escuelas de Calidad (PEC). PEC has operated in Mexico since 2001, through the Sub-secretariat of Basic Education (Subs ecretaría de Educación Básica, SEB) and has been supported by the World Bank since 2006. PEC provides school grants and technical assistance to schools, subject to the design and implementation of a school improvement plan. The school council, formed by the school director, teachers ,and parent representatives, are responsible for the design and accurate implementation of school improvement plans financed by the school grants.

The policy of strengthening school based management is currently instrumented through two national programs, PEC and the Programa Escuelas de Tiempo Completo (PETC). In 2007-08, SEP introduced PETC to increase the number of school-day hours and promote school based management following the PEC scheme. In other words, the school based management component of PETC is exactly the same as PEC –following the guidelines for school based management, but

enjoying extra time of instruction, free meals (in highly marginalized schools), and additional learning materials. The two programs share the goal of contributing to students' learning within a framework of more school autonomy, the use of evaluations to improve pedagogical strategies, better managerial capacities at the school level, and active social participation.

Evidence shows that PEC has improved social participation, governance, transparency and accountability and this has led to lowering dropout and repetition rates (Murnane, Willet and Cardenas (2006); Gertler, Patrinos and Rubio-Codina (2012)). However, the existing evaluations show, at best, limited effects of PEC on learning outcomes –as measured by the national standardized test, ENLACE. The most recent international evidence suggests that promoting school autonomy and school based management can translate into higher quality of education services if schools have a minimum institutional capacity (Hanushek, Link and Woessmann (2013)). Data for Mexico shows a strong and significant correlation between school directors' managerial practices and learning outcomes in Mathematics and Spanish, in line with international evidence (Bloom et al., 2014). Therefore, this Project would support the GoM in their goal of providing school directors adequate managerial skills to enable a positive relationship between school based management and education outcomes.

Relationship to CAS

The Project contributes to the Bank's twin goals of eliminating extreme poverty and boosting shared prosperity by contributing to the Mexican Government's objective of improving learning outcomes and retention rates among students in public schools through strengthened school based management. Recent evidence shows that school based management programs can be an effective strategy to increase parental participation in school decisions, reduce dropout, repetition and failure rates (Gertler, Patrinos and Rubio-Codina (2012)) and, under certain conditions, increase learning outcomes (Santibanez, Abreu and O'Donoghue (2014)). A growing literature shows the importance of managerial practices on students' performance (Di Liberto, Schivardi and Sulis (2013) and de Hoyos, Garcia and Patrinos (2014)). The Project will support the Mexican school based management program PEC which provides a cash grant to schools to support the implementation of a school improvement plan that is the outcome of collaboration between the school principal, teachers and parents. The Project will directly contribute to strengthening the link between school based management and education outcomes (promotion and retention rates during the lifetime of the project, and, in the medium- to longer-term, learning outcomes) through the development of tools to improve schools' managerial capacity.

The contents of the new operation are consistent with the Country Partnership Strategy FY2014-2019, in particular the strategic objectives of promoting inclusion and quality education. The proposed Project is also in line with the Bank's engagement strategy in the education sector in Mexico. The higher level objective of the Project is to contribute to improve the quality of education services, measured by retention rates and learning outcomes, in public basic education schools in Mexico. Project activities would be appraised as per Bank operational guidelines, and the loan would be negotiated with the Borrower shortly thereafter.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The objective of the Project is to strengthen school based management, schools' managerial capacity and parental participation to increase retention and reduce repetition rates in PEC schools.

Key Results (From PCN)

The Project would have the following results indicators:

- i. Proportion of schools with parents' association participating in the design, monitoring and adjustment of the school improvement plan "Ruta de Mejora".
- ii. Proportion of school directors that have a "sufficient" level of managerial capacity, as defined by the newly developed instrument to measure managerial capacity in public schools in Mexico. The baseline will be collected during the pilot phase now scheduled for October 2014.
- iii. Retention rate, defined as the number of students that enroll in a given school year as a percentage of the total number of students that finished the previous school year.
- iv. Failure rate, define as the proportion of total students failing at least one subject area in an academic year.
- v. Repetition rate, defined as the proportion of total students that fail four or more subject areas and hence have to repeat the school grade.

III. Preliminary Description

Concept Description

The proposed Project would consist of three Components: i) School grants to eligible schools to support the implementation of school improvement plans that have been agreed with parents association; ii) Technical assistance to improve schools' managerial capacity, and iii) Project monitoring, management, and evaluation.

Component 1 (US\$250 million) School Grants. Support to PEC through the provision of school grants to eligible schools to implement school improvement plans that have been previously discussed and agreed with parents association.

Component 2 (US\$40 million) Technical Assistance to Improve Managerial Capacity. Component 2 would include activities to improve schools' managerial capacities. The school supervisor will be responsible for providing schools the necessary tools, technical assistance and advice to improve management practices. The supervisor's diagnosis will be based on a newly developed instrument to measure school director's managerial capacity. The instrument will identify the most important deficits in school directors' managerial capacity vis-à-vis a set of standards defined by the Secretariat of Education (Secretaría de Educación Pública, SEP). The intervention to schools will focus on challenging areas of managerial skills that are highly correlated with the quality of education services in a context of school autonomy. The following two new subcomponents will be supported:

- (i) Subcomponent 2.1: Design of the toolkit for supervisors and school directors to improve schools' management practices.
- (ii) Subcomponent 2.2: Technical support and training in the use of toolkits to improve school management practices and, in general, the functioning of the system of technical assistance to the

school “SATE” (for its acronym in Spanish).

Component 3 (US\$10 million) Monitoring, Management and Evaluation. This subcomponent would make the Project's structure easier to monitor while giving monitoring and evaluation a prominent role. The following two subcomponents will continue to be supported:

(i) Subcomponent 3.1: Technical assistance to States to improve adherence to PEC's Operating Rules. The activities carried out under the umbrella of technical assistance to the States include supervision visits, national and regional meetings, training and workshops, intended to support States implementing units' understandings of the operating, financial and implementation rules of the Program.

(ii) Subcomponent 3.2: A new impact evaluation, using randomized control trials, will be implemented in selected States to estimate and quantify the effect of the intervention supported by the Project. The outcome variables will include intermediate results, or indicators directly linked with the intervention, such as school directors' managerial capacity and, long term indicators measuring the quality of education services: efficiency rates, dropouts, repetition and learning outcomes of a standardized test.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01		x	
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10	x		
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	785.00	Total Bank Financing:	300.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			485.00
International Bank for Reconstruction and Development			300.00
Total			785.00

VI. Contact point

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