

**PROJECT INFORMATION DOCUMENT (PID)  
CONCEPT STAGE**

Report No.: AB1403

<b>Project Name</b>	Excellency and Innovation in Secondary Education (EXITO).
<b>Region</b>	LATIN AMERICA AND THE CARIBBEAN REGION
<b>Sector</b>	Secondary education (100%)
<b>Project ID</b>	P078993
<b>Borrower(s)</b>	REPUBLIC OF EL SALVADOR
<b>Implementing Agency</b>	Ministry of Education El Salvador
<b>Environment Category</b>	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
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1. Key development issues and rationale for Bank involvement

Since the end of El Salvador's civil war in 1992, GDP has increased steadily and poverty has been nearly halved. Nonetheless growth and poverty reduction have slowed considerably since 2000, and crime and violence have increased. Average GDP growth dropped from an average of over 5 percent a year to less than 2 percent per year from 2000-2004. Poverty decreased by more than a third between 1991 and 2002 but the percentage of the population falling below the extreme poverty line since 2000 has remained constant at 15 percent and income inequality has increased slightly. Declines in coffee prices, an earthquake in 2001, and the slowing of the US economy have all affected El Salvador's growth and development.

Due to a successful education reform, El Salvador has taken important strides in improving and expanding their education system in recent years. Programs, such as EDUCO, and indicators, such as primary and secondary net enrollment and average teacher education and accreditation, serve as models for many of the Central American countries. In 2002, primary net enrollment increased to 87 percent and gross enrollment rate declined to 105 percent indicating that more students were not only enrolling but were enrolling on time and not repeating grades (see Table 1). Primary net enrollment is increasing fast (preliminary MINED data show a primary NER of 90 percent in 2003) and is expected to reach at least 95 percent by 2009. To date, the primary completion rate measures about 77 percent and is expected to reach at least 85 percent by 2009. Primary coverage has also become more equitably distributed. In 2002, there was practically no difference in the primary GER across urban and rural areas and income quintiles. This commendable progress brings with it new challenges, however.

<b>Table 1: Net and Gross Enrollment Rates in Primary and Secondary Education</b>				
Year	Primary		Secondary	
	GER	NER	GER	NER
1995	112	82	51	40
2002	105	87	64	52

Source: EHPM (household survey), various years

The key critical challenge is that of expanding high-quality and relevant secondary to all the new primary education graduates.<sup>1</sup> There is pressure to make room for the larger number and more diverse background of students entering secondary education. Although the average transition rate of students between the second and third basic education cycles has improved in time (reaching 93%), there is still: (i) persistent drop-out during secondary, with school abandonment rates roughly doubling each year after age 12; (ii) insufficient transition from basic education to upper secondary (grades 9 to 10); and (iii) substantial differences in transition (from grades 6 to 7 and 9 to 10) and drop-out between urban and rural areas and socio-economic strata (approximately five times as many children from the richest quintile complete secondary school than from the poorest). El Salvador has a considerably lower secondary GER than countries with equivalent per capita income.

There is also evidence that the quality and relevance of both lower and upper secondary education is poor. The private rates of return on lower secondary education in El Salvador are even lower than those for primary education, suggesting that the three years of schooling from grade 7 to 9 offer very little back in terms of useful and meaningful knowledge and skills once in the labor market. Similarly, a smaller percentage of students attained an “intermediate” rating on national standardized exams in grade 9 than children in grade 3, particularly in mathematics. Achievement is slightly higher in grade 11 or 12 at the secondary education terminal exam (PAES) but still, on average, “low intermediate” for both the academic and technical streams.

Broad-based secondary education is an urgent challenge for the country. Mass secondary schooling leads to equality of opportunities and social cohesion. Recently several studies have posited that a population with full secondary education is key to boosting national competitiveness and GDP in an increasingly technological world. High rates of return in upper secondary in El Salvador (12 percent) suggest low supply of secondary graduates and high demand for them in the labor market. The demand for educated workers is likely to only increase with the CAFTA because reforms to liberalize trade regimes, encourage FDI, and facilitate licensing of technologies may further unleash the demand for schooling.

**Rationale for Bank involvement.** Given the urgent challenge in secondary education, the Government of El Salvador (GOS) and the World Bank are advancing a proposed education project to support secondary education, rather than a continuation of the second phase of the Education Reform Project APL that focuses heavily on primary education. For several strategic reasons the approach is to support the GOS with a new project rather than a second phase APL. A successful framework for educational improvement at the primary education level has been established with technical support provided by the World Bank through the preparation and implementation of Phase I of the APL. GOS sees the value in technical assistance that the Bank can provide. It favors seeking additional technical assistance from the World Bank for the urgent challenges that secondary education now present. This is not to say that the objectives of the primary education APL will be abandoned without Phase II. The ongoing objectives of the APL in primary education are largely financial rather than technical at this point. The GOS is engaging with the IDB in a project supporting quality primary education for all in (grades 1-6)

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<sup>1</sup> In this PCN we refer to secondary education as grades 7 through 12. In the current structure of education in El Salvador grades 7-9 comprise the third cycle of Basic Education, grades 10-11 comprise general secondary school, and grades 10-12 comprise technical secondary school.

which will largely support activities established under the framework of the APL. The current World Bank project in secondary education will be closing in December, 2005, and without this new project there will be a dangerous gap in support for secondary education.

The proposed project would deepen the Bank's support of secondary education, focusing on grades 7 through the last grade of secondary (11 or 12, depending on the modality). It would also support greater donor harmonization, less duplication of efforts, and concentrate the Bank's efforts on the area of secondary education where we have a greater value-added. As a poor and highly indebted country (public debt was 44 percent of GDP in 2003), the GOS faces very real constraints in how much it can and should borrow. This new project would allow the GOS to focus its borrowing in the area where it most needs additional financing<sup>2</sup>.

The project is squarely in line with the GOS education sector plans and the GOS has shown strong commitment to education advancement and investment over the last decade. Public education expenditure as a proportion of GDP grew from 2.3 percent in 1996 to 3.2 percent in 2003. El Salvador's 2004-2009 National Education Plan outlines six policy priorities, three of which are addressed in the proposed project. These include: (i) expand educational services, particularly at the secondary level, through flexible delivery modalities; (ii) strengthen technological, technical, and pre-professional education; and (iii) move forward student's command of the English language and use of technologies and promote connectivity within the education system.

The 2005 El Salvador CAS identifies education as a fundamental investment area for national growth, competitiveness, and poverty reduction and puts special emphasis on the development of broad-based secondary education. Furthermore, the World Bank's Latin America flagship study *Closing the Gap in Education and Technology* identifies secondary education as a core weakness in Latin American education systems and as a requisite for national advancement. Already World Bank education investments have made important contributions to El Salvador's education system, particularly in the areas of expanding community-managed rural primary schools, general secondary education reform, and the curricular modernization of basic education.<sup>3</sup> Moving forward, this new project would work on "closing the gap" of accessible, quality, and relevant secondary education for all Salvadorans. This priority has been signaled in the Bank's 2005 Central America Education Strategy paper as a key area of intervention for El Salvador.

## 2. Proposed objective(s)

The Government identifies the key development objective of the proposed project as follows: "increase opportunities for young people and adults to complete their secondary education with general and/or relevant specialized competencies to contribute to improving the productivity, international competitiveness, and social development of the country." Specific over-arching development objectives include: (i) increase secondary school (grades 7-11/12) enrollment and

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<sup>2</sup> A recent simulation analysis suggests that El Salvador will need to spend about 1 percent more of its GDP by 2015 on secondary education to achieve universal coverage in lower secondary (including full transition of the poor) and wide coverage in upper secondary (GER of 70 percent).

<sup>3</sup> *Plan Nacional de Educación 2021: Un salto a la modernización de la educación en el nuevo milenio: PERFIL DE PROYECTO* (2004).

attainment particularly for the most disadvantaged socio-economic groups; (ii) increase the percentage of secondary students scoring at the intermediate or advanced level on the grade 9 and PAES exam; (iii) increase the competency levels of secondary students in key areas such as English language proficiency, use of technology, and work-preparedness.

### 3. Preliminary description

The GOS has identified an investment loan, with strong focus on results, as the most suitable lending instrument for this new project. An investment loan would allow the GOS to capitalize on the technical assistance provided by the Bank in facing this urgent and growing challenge of broad-based quality secondary education in El Salvador.

Component Descriptions:

#### **I. Better Opportunities in General Secondary Education (about 45% of project amount)**

This component would promote broad-based, high-quality secondary education by applying a combination of policy options: expansion of traditional modalities, development of flexible delivery modalities, development of demand-side subsidies, and quality enhancement measures.

##### **A. Quality and relevance of general secondary education.**

- i. Strengthening learning in core secondary subjects.* The objective is to improve student learning in the five basic disciplines; math, Spanish, English, science, and social science; putting special attention on those students who are academically behind.
- ii. Relevance of the third cycle of basic education.* This sub component is geared towards resolving the weaknesses of grades 7-9 by supporting curricular and structural reforms of the cycle to improve quality and integration with upper secondary.
- iii. 'Convivencia Escolar' program for youth.* This subcomponent would support the *Convivencia Escolar* program which aims to strengthen the learning and social environment of poor urban schools and decrease violence through prevention and skill building methodologies. The goal being to provide a more stable place for student learning, teaching, and school functioning with links to the labor market.
- iv. Connectivity and technology in general secondary education.* El Salvador's schools have only just begun to teach and use advanced technology. Economic competitiveness in El Salvador will be linked to the population's comfort with and mastery of information technology. The objective of this subcomponent is to develop the technological skills of rural and marginalized-urban students in lower secondary.

**B. Flexible delivery modalities to support secondary education completion.** To close the secondary coverage gap where it is most prevalent (poor and rural areas), this subcomponent develops flexible delivery modalities, including accelerated, semi-distance and distance education, for youth and adults who did not complete, or are at risk of not completing, secondary education. The flexible modalities would provide relevant, quality education and diminish the direct and opportunity costs of schooling for these populations.

**C. Improvement of the physical environment of learning.** The objective is to improve the infrastructure and equipment of general public and technical secondary schools.

**D. Demand-side subsidies for students from socio-economically disadvantaged families.**

This subcomponent would envisage promoting public-private partnerships in the delivery of secondary education by providing public subsidies to public and private schools to have them enroll low income students. We plan to undertake an impact evaluation of this innovative program. Additionally, the subcomponent would also look to expand and improve an existing scholarship program by providing yearly grants to students starting in grade 7 to support secondary completion for 3000 youth from the bottom two income quintiles. The goal of this subcomponent is to improve secondary completion rates specifically for poor students who face the strongest economic barriers to secondary completion.

**II. Competitiveness Development (about 35% of project amount)**

This component would promote broad-based high-quality secondary education by improving the quality and relevance of, and access to, technical and technological education. The GOS considers the education system insufficiently integrated with the changing needs of the labor market. A strengthened technical and technological education, by improving skills for competitiveness, will be key to improving the link between education and the labor market and will be beneficial for growth and competitiveness, particularly with the approaching CAFTA.

**A. Strengthening of secondary technical education and its articulation with technological education.** This subcomponent would strengthen the articulation of technical education from grade 7 through higher education and improve the employability and productivity of technical education graduates by supporting: (i) the development of Centers of Technical and Technological Education (MEGATEC) to create educational institutions that will stimulate the strengthening of human capacity in regional specialized economic opportunities, offering both academic and practical instruction to students from grade 7 through the university level; and (ii) the creation of a National Technical and Technological Council, developing a national technical and technological education policy, and strengthening schools, concentrations, teacher education, and the connection between technical secondary schools and the labor market.

**B. Strengthening of higher technological education.** This subcomponent aims to improve the quality of higher technological education by supporting analysis and monitoring of the supply and demand of technical programs, upgrading the infrastructure and equipment of select institutions, and establishing a professional development system for higher technical institute instructors.

**III. School Effectiveness (about 20% of project amount)**

This component will promote quality secondary education by addressing the need for more and better assessment, while also improving school-based management.

**A. Evaluation, accreditation and certification of students, teachers, and schools.** This subcomponent aims at improving student, teacher, and school evaluation and accreditation. It will support an accreditation and certification system for teachers, and include strengthening the current academic assessment system by improving its effectiveness, relevance and coverage. Basic education indicators will be developed, monitored at the school level, and disseminated to school communities, to facilitate greater local access to information and foster accountability.

**B. School autonomy.** The objective of this subcomponent is to improve the efficiency of secondary education in El Salvador through the expanded use of school autonomy. It will pilot school autonomy, modeled after EDUCO schools, in a group of new and existing secondary schools. We are planning to undertake an impact evaluation of this intervention. This subcomponent will also support the transfer of unified school budgets allocated according to equity and efficiency criteria to all secondary schools (autonomous and traditional).

4. Safeguard policies that might apply.

The project will include rehabilitation of schools focusing on three areas: substitution of existing infrastructure, rehabilitation of existing infrastructure, and expansion of existing infrastructure. Due to the inclusion of expansion of existing infrastructure, it has been recommended to rate the project a “B” and to include in the operational manual environmental guidelines for any expansion proposed at existing school sites. It will include appropriate mitigation measures for negative impacts and recommendations for enhancement measures for positive impacts. A traditional Environmental Assessment may not be necessary.

A social assessment will be conducted. Within this assessment, it will be determined if the safeguard policy related to indigenous peoples is applicable and a plan will be developed if necessary.

No other safeguard policies are anticipated to be triggered.

5. Tentative financing

Source:	(\$m.)
BORROWER	19
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	100
Total	119

6. Contact point

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