

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

Report No.: AB1745

Project Name	Excellence and Innovation in Secondary Education (EXITO)
Region	LATIN AMERICA AND CARIBBEAN
Sector	Secondary education (100%)
Project ID	P078993
Borrower(s)	REPUBLIC OF EL SALVADOR
Implementing Agency	
	Ministry of Education, El Salvador
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	August 5, 2005
Date of Appraisal Authorization	August 23, 2005
Date of Board Approval	November 15, 2005

1. Country and Sector Background

I. General Context

Secondary education is key to growth and poverty alleviation. Following the 1992 Peace Accords, El Salvador enjoyed several years of rapid economic growth and poverty reduction. Considered a stellar example of a country implementing macroeconomic, fiscal and social policies advocated by the development institutions, El Salvador's outlook was promising. Beginning in the later half of the 1990s, however, growth slowed. Progress made towards poverty reduction has also slowed in recent years, and income inequality has slightly increased. New ideas are now emerging on the causes of and solutions to El Salvador's lagging economic growth and social development. Key amongst these is the principle that an educated labor force, with applicable skills for the competitive and technological world market, is a necessary component for both economic growth and for poverty alleviation, particularly in the long term. As detailed in key studies of the education sector in El Salvador¹, this principle has several implications for education policy. These include the need for: (1) expanding access to education, especially at the secondary level where there is currently still an enrollment and completion deficit; (2) ensuring that students from disadvantaged sectors can enroll and excel in school; (3) improving the quality of education at all levels; and (4) strengthening linkages between the education sector and the private sector to guarantee that students have the appropriate skills to succeed in the work place.

II. Diagnostic of the Education Sector

Enrollment and years of schooling have increased, but there is still a secondary enrollment and completion deficit, particularly for the poorest 40 percent of the population. El Salvador has taken important steps in improving and expanding its education system in recent years. Programs, such as *Programa Educativo con participación de la Comunidad*, (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 and beyond.

¹ The World Bank's Central American Strategy Paper (2005d), the El Salvador Country Economic Memorandum (2003b), Country Assistance Strategy (2005d), Poverty Assessment (2004a), and Ricardo Hausmann's, *A National Development Agenda for El Salvador* (2003).

Most of the educational progress has taken place at the primary education level. By 2002, primary net enrollment had increased to 87 percent and the gross enrollment rate had declined to 105 percent, indicating that more students were not only enrolling but were enrolling on time and not repeating grades. The Ministry of Education (MINED) reports the 2004 net enrollment rate (NER) in primary education at 91 percent and this enrollment rate is expected to reach 95 percent by 2009. The primary completion rate reached 75 percent in 2002 and about 77 percent in 2004. It is expected to reach at least 85 percent by 2009. Enrollment and completion gains have taken place within a context of increasing educational equity between the rich and the poor at the primary level in recent years.

Despite substantial increases in secondary² enrollment, there is a persistent secondary enrollment deficit in the country. Net secondary enrollment reached 60 percent in net terms in 2004 according to Ministry of Education data. Predicting net and gross enrollment rates in the various levels using international data and controlling for per capita income, El Salvador is clearly outperforming countries with similar per capita incomes by between 10 and 15 percent at the pre-primary and primary levels, but the comparative advantage disappears at the secondary and tertiary levels where enrollment rates are either on par with similar countries or are below predicted levels (see Annex 1 for more details).

Internal efficiency is low and inequity is high in secondary education. Improvement in access to and completion of primary education (at almost 80 percent in 2004) is creating pressure on the secondary education cycle to make room for the larger number and more diverse pool of students entering secondary education. Although the country's transition rate between grade 6 and grade 7 has reached about 95 percent, there is still: (a) persistent drop-out during the lower secondary cycle; (b) insufficient transition between grade 9 and 10; and (c) substantial differences in transition and drop-out between urban and rural areas and socio-economic strata.³ Additionally, a very substantial fraction of students are over-age in secondary school (about 60 percent in each grade), producing a strong disincentive to continue in school because of opportunity costs which increase with age⁴ (see Annex 1 for more details on internal efficiency).

Finally, there is also evidence of low quality in secondary education in El Salvador. This is particularly true for the lower secondary education cycle, which has particularly low private rates of return. Also indicative of low quality, the percentage of students reaching "intermediate" achievement on national standardized exams in 2002 was lower in grade 9 than it was in grade 3, particularly in mathematics, indicating that the quality of teaching and learning may be higher at the primary level than at the secondary level, particularly considering that the average secondary student is more likely to succeed based on background factors, than the average primary school student. Achievement is slightly higher in grade 11 at the secondary education terminal exam (PAES) but averages "lower intermediate" for both academic and technical streams of secondary schools and in all subject areas. If evaluated on a standard curve, the majority of Salvadoran students would fail.

² In this PAD we refer to secondary education as grades 7 through 11 or 12. In the current structure of education in El Salvador grades 7-9 comprise the last three years of Basic Education, grades 10-11 comprise general secondary school, and grades 10-12 comprise technical secondary school.

³ Secondary net enrollment was just above 30 percent in 2002 for the poorest income quintile and secondary completion was just above 10 percent for this same group. Indicators are generally very low for the bottom 40 percent. Differences are also very clear between urban and rural areas in secondary. The rural secondary GER is half the GER of urban areas and four times as many children from the urban areas complete secondary school in comparison to rural children in rural secondary schools.

⁴ The evidence on El Salvador indicates a sharply increasing drop-out rate from the age of 14 (The World Bank, 2005a, *Central American Strategy Paper*).

Taken together these facts suggest a clear next step for the Salvadoran education system: increasing equitable access to and completion of a high-quality and relevant secondary education. This challenge has been identified by the Ministry of Education as one of four pillars of the newly launched, long-term education strategy, *Plan 2021*, as well as in multiple analyses of national development, including the 2005 CAS which sets the objective of “11 years of schooling for the entire population”.

III. Rationale for focusing on Secondary

Broad-based secondary education is an urgent challenge for the country. Increasing access to secondary schooling leads to equality of opportunities and social cohesion. Recently several studies have posited that a population with full secondary education is also key to boosting national competitiveness and GDP in an increasingly technological world.⁵ Low unemployment rates (about 4 percent) and high rates of return in upper secondary in El Salvador⁶ (12 percent) suggest low supply of secondary graduates and high demand for them on the labor market. The demand for educated workers is likely to only increase with the CAFTA (Central American Free Trade Agreement) because reforms to liberalize trade regimes, encourage foreign direct investment, and facilitate licensing of technologies, may further unleash the demand for schooling.

Demand for highly-skilled workers has increased in El Salvador in recent years. Higher education levels are being increasingly rewarded on the labor market, as shown by the increasing private rates of return to schooling in tertiary education and an increasing gap between rates of return of lower and higher education levels (an analysis of rates of return is provided in Annex 1).⁷ This demonstrates a strong rise in the demand for individuals with advanced skills in the country. The trend towards greater differentiation between rates of return to different levels of schooling is in line with Latin American and international trends and emerges from the changing needs of the global economy. El Salvador’s challenge, therefore, is to build the skills and educational attainment of all Salvadorans.

Few Salvadorans have the skills needed to support competitiveness and economic growth. The current 25 year cohort only has about eight years of schooling. The poor quality of schooling and limited enrollment in and completion of secondary education (and therefore also access to tertiary), prevent large segments of the population from acquiring the skills necessary to support innovative, technological development. On the 2003 secondary exit exam (PAES) only eight percent of students reached “advanced” markings.

IV. Strategies to improve supply of Skills

Meeting the increasing demand for a more highly educated population, means first helping students reach higher levels who otherwise would not or could not. This means not only scholarships or some other mechanism at higher education levels, but also getting more students, including disadvantaged ones, to enroll in and complete upper secondary education. It also means continuing to the higher education level and improving the linkages between secondary and tertiary education. Details on types of public interventions are provided in Annex 1.

The priorities of the Government of El Salvador (GOES) support increasing educational attainment. The GOES’ 2004-2009 National Education Plan and the GOES’ long term education plan, Plan 2021, outline

⁵ See Fuller and Holsinger (1993), The World Bank (2003a), and The World Bank (2005c).

⁶ Higher than the Latin American average, which is about 8 percent, and in line with the returns of Honduras and Nicaragua which both have lower supply of secondary graduates.

⁷ Whereas the rate of return for older individuals who finished secondary education is twice that of individuals with a primary education, for the 18-30 cohort, upper secondary education graduates have a private rate of return four times that of primary graduates, indicating that secondary graduates have an increasing edge on primary ones.

three policy priorities, which will help students reach higher education levels by expanding infrastructure, improving integration between education levels and reducing the opportunity costs of schooling. These policy priorities are: (i) the expansion of educational services through flexible delivery modalities; (ii) the expansion of basic and secondary education in rural areas through rural education networks and EDUCO schools; and (iii) the strengthening of technical-technological networks. The proposed EXITO project supports these policy priorities, which will be described in more detail below. Other key policy priorities which will improve educational attainment by improving the quality and relevance of delivery are mentioned below.

Meeting increased demand for skills also requires improving the quality and relevance of secondary and tertiary education. This objective is important per-se and because it is related to educational attainment. Possible interventions include developing and improving general/basic competencies across the whole system, developing key specific skills, improving teachers' skills to deliver the curriculum, improving the teaching-learning environment (by improving, for instance, the availability and quality of teaching resources), and finding innovative ways of improving linkages between education levels, training, and the labor market.

The priorities of the GOES also support improving the quality and relevance of secondary education. The GOES' 2004-2009 National Education Plan and the GOES' long term education plan Plan 2021 outline several policy priorities which will help students upgrade their skills. These policy priorities include: (i) developing a competency-based curriculum; (ii) advancing student's command of the English language, using technologies and promoting connectivity within the education system; (iii) strengthening monitoring, evaluation and accreditation systems; (iv) strengthening management and autonomy; and (v) strengthening technical-technological networks. Once again, the proposed project supports these policy priorities, which will be analyzed in more detail below.

Only a comprehensive policy package will successfully overcome the range of constraints facing secondary enrollment. The barriers that prevent more youth from enrolling in secondary education are multiple, and they will need to be addressed using multiple interventions. What is ultimately needed is a combination of strategies, including: (i) increased public financing; (ii) quality and relevance-enhancing measures, including improving the relevance of technical education; (iii) supply-side measures such as the development of flexible delivery strategies and/or the expansion of physical spaces; and (v) demand-side interventions. Under the proposed project, the GOES and the Bank seek to apply a comprehensive combination of strategies to meet the challenges of secondary education in El Salvador.

2. Objectives

The project development objective is to increase equitable opportunities for young people to complete their secondary education with high quality general and/or relevant specialized competencies. As such, appropriate key indicators include: (i) increase secondary school (grades 7-11/12) enrollment and completion 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 exams; and (iii) increase the proportion of technical education graduates who continue into tertiary.

By increasing equitable access to and completion of a high-quality and relevant secondary education, the project is ultimately aiming at improving the productivity, international competitiveness and social development of the country.

3. Rationale for Bank Involvement

To meet the new and urgent challenges facing secondary education, the GOES and the Bank are advancing a project focused on secondary education, rather than moving to phase two of the previous Education Reform Project which is an Adaptable Program Loan (APL) that focused heavily on primary education. The proposed project would deepen the Bank's support of secondary education, focusing on grades 7 through the last grade of secondary. 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.

The GOES has requested technical assistance from the World Bank to focus specifically on the challenges in secondary education. The GOES' 2004-2009 National Education Plan and the *Plan 2021* outline key policy priorities for the improvement and expansion of secondary education. However, El Salvador needs the assistance of the Bank to operationalize these plans and reach the same successful framework for educational improvement that has been established in primary education. The proposed project is squarely in line with the GOES education sector plans, which it would help implement.

The new project will allow the GOES to focus its borrowing in the area where it most needs additional financing. The GOES has shown strong commitment to education advancement. Its long term education plan *Plan 2021* commits to even faster growth in the steady gains in education investment over the last decade. However, El Salvador faces severe budgetary constraints. Per capita GNI in 2003 was just over US\$2000 and national GDP in 2000 was US\$13.3 billion. While this shows marked growth from a GDP of US\$3.6 billion in 1990, El Salvador still lacks sufficient funds to support educational reforms to expand access to secondary to all primary graduates, improve the relevancy of the curricula and teaching methods to address twenty-first century social and economic needs, and support national development and competitiveness. A recent simulation analysis suggests that El Salvador will need to spend between 0.9 and 1 percent more of its GDP by 2015 on secondary education to achieve universal coverage in lower secondary (that is, also including full transition of the poor) and wide coverage in upper secondary (gross enrollment rate of 70 percent)⁸. The new project will help the GOES reach these financing objectives.

4. Description

The project would consist of three, closely inter-related components. The first component focuses on improving the quality and relevance of secondary education; the second on improving equitable coverage; and the third on improving the effectiveness of all the project's interventions by enhancing the management and evaluation of secondary education delivery.

COMPONENT I: Quality, Relevance and Competitiveness of Secondary Education (US\$ 43.5 million)

This component would promote high-quality relevant secondary education by supporting measures to improve learning in core subjects, teaching-learning environments, and the relevance of technical education through stronger linkages with tertiary education and the private sector. Improved learning and relevance will not only contribute to upgrading the country's skills, but also contribute to increasing educational attainment and coverage, and laying the basis for improving the productivity, growth and competitiveness prospects of El Salvador.

I.A Learning in Core Subjects

⁸ See The World Bank (2004b).

This sub-component would improve quality and relevance of secondary education by improving learning in five key areas (Spanish, math, science, social science, and English). Ensuring high learning levels in core subjects is the basis for improving the productivity and competitiveness prospects of the country.

Student learning will be improved by developing basic competencies and targeting low achievers. Competencies will be developed by grade and be the same across modalities (general, technical, flexible) to ensure equivalent learning levels.

The sub-component contemplates the following activities: (i) development of general/basic and common competencies in five core disciplines, for each grade and across modalities; (ii) application of basic competencies through teacher training, development and distribution of teaching guides, and updating of study plans for pre-service teacher education; (iii) teacher training and development and distribution of educational and audio-visual materials for the teaching of the English language in secondary institutes; (iv) contracting of external agencies (purchase of educational places) to provide intensive courses in English; and (v) academic reinforcement to academically behind and disabled students (program development, teachers trained, learning resource centers, teaching materials, monitoring and evaluation system).

I.B Relevance of Technical Education

This sub-component would improve the relevance of technical secondary education by ensuring higher levels of integration between secondary technical education and tertiary technological education. This reform would be supported by the development of three regionally-based, technical-technological networks (also called MEGATEC, or *Modelo Educativo Gradual de Aprendizaje Técnico y Tecnológico*). These networks would include technical institutes (traditional and APREMAT⁹), technological institutes and, when possible, universities offering technical careers, such as engineering, integrated from both the curricular and physical resources perspective. Key to the implementation of these networks will be a competency-based reform, a rationalization of the supply of technical tracks, teacher professional development, and the targeted expansion and equipping of the network hubs for the benefit of the whole network.

Setting-up the three technical-technological networks will include several activities that the project will support: (i) the harmonization and collective use of school facilities within the network, which will include the expansion and rehabilitation of physical spaces and the provision of new teaching-learning spaces when needed in the network hub; (ii) the development of a competency-based approach in technical/technological education; (iii) the development of teacher professional opportunities within the network; (iv) the development of a scholarship scheme for technical students within the network (possibly within the proposed broader, demand-side scheme); (v) the design and implementation of professional orientation programs in lower secondary schools located within the regional networks; (vi) the rationalization of the supply of technical tracks; (vii) the implementation of a monitoring system of the demand and supply of technical-technological skills in the country; and (viii) the implementation of agreements with INSAFORP and the private sector.

I.C Technology for Learning

This sub-component will improve the quality and relevance of secondary education by improving the population's comfort with and mastery of information technology (computers and connectivity).

⁹ APREMAT institutes are institutes which have been greatly strengthened, in terms infrastructure, pedagogical development and equipment, under a recent IDB project.

The sub-component supports the following activities: (i) development of technological labs; (ii) purchase of technological equipment for the labs; (iii) development of two maintenance centers for the labs (or other more cost-effective option); (iv) design and implementation of an effective use policy for the labs; and (v) strengthening of institutional servers and purchase of the necessary equipment to enhance connectivity.

I.D Schools' Social Environment for Learning (*Convivencia Escolar*)

This sub-component will improve the quality and relevance of secondary education by improving the teaching-learning environment in poor marginalized schools through an improvement of the social environment. El Salvador has unique challenges present in marginalized, urban secondary schools where poverty, violence, poor infrastructure and services, and insecurity make it difficult for students to learn, teachers to teach, and schools to function at their highest capacity. A recent analysis on the determinants of the PAES results¹⁰ confirms that classroom environment is strongly related to test scores. Poor learning and educational attainment in urban marginal schools contribute to the overall lower performance of the poor, providing strong justification for a public intervention in these low quality schools.

The sub-component will contemplate the following activities: (i) training of directors, teachers and students in prevention of at-risk behavior; (ii) school grants and related support for education projects; (iii) technical assistance for the constitution of student brigades; and (iv) monitoring and evaluation of the activities implemented and results obtained.

COMPONENT II: Broad-Based Coverage (US\$36 million)

This component would promote broad-based coverage in secondary education by supporting three key strategies: (a) the development of flexible delivery models; (b) the development of a new demand-side subsidy scheme; and (c) the expansion and rehabilitation of public infrastructure. By being mostly targeted to disadvantaged populations (poorest 40 percent, rural groups, marginal-urban areas), the combination of these three strategies has the potential of improving secondary enrollment in El Salvador in an equitable manner, together with the quality-enhancing measures developed in Component I.

II.A Flexible Delivery Models

Flexible modalities are a promising means of providing relevant, quality schooling to disadvantaged groups. This subcomponent seeks to expand secondary education coverage in a broad-based way by developing flexible delivery modalities, including accelerated, semi-distance and distance education modalities, for youth who did not complete, or are at risk of not completing, secondary education. Flexible delivery models have proven to be a promising means of providing relevant, quality schooling to rural, lower/lower-middle income, and over-age students.

The project would support the following activities under this sub-component: (i) the development of curricular adaptations for all three modalities; (ii) the development and distribution of teaching-learning materials for teachers and students for all three modalities, including audiovisual materials for distance education; (iii) teacher training in two of the three modalities; (iv) the implementation and development of an information, monitoring and evaluation system for the three programs; and (v) the contracting (through educational placing services, or purchase of education places) and training of implementation agencies for the three programs.

II.B Demand-Side Scheme

¹⁰ El Salvador, MINED (2001).

This sub-component aims at expanding secondary education coverage by developing a demand-side scheme for lower-income students. El Salvador already has experience with demand-side interventions and the present scheme would build on this experience. The project will provide yearly grants to support secondary completion for youth from the bottom two income quintiles. Students would need to be in school and some minimum academic performance criteria would be applied. Students would have the choice between public and private schools, which have been previously selected according to strict quality criteria and space availability. Grants would be available starting in grades 7 and 10 and would cover the main private direct costs.

The sub-component will contemplate the following activities: (i) the contracting of an institution which manages the program and sets-up the mixed public-private fund; (ii) the selection of students and schools, according to pre-established criteria; (iii) the purchase of education places in the selected private schools and the transfer of grants in the selected public schools; and (iv) the implementation of a monitoring and evaluation system to monitor the institution which manages the program, as well as participating students and schools, including rigorous impact evaluation of the program.

II.C Expansion of Infrastructure

The project will expand and rehabilitate infrastructure in a targeted way. The aim is to increase secondary education coverage by expanding and improving the infrastructure and equipping formal, public general and technical secondary schools. The sub-component will therefore support: (i) the rehabilitation, refurbishing and equipping of existing classrooms in upper secondary schools; and (ii) the construction, refurbishing and equipping of new classrooms in upper secondary schools, most of them located in urban and urban-marginal areas with high projected population growth.

COMPONENT III: Management and Evaluation for Effectiveness (US\$ 13.6 millions)

This component will enhance the effectiveness of all the project's interventions by developing solid evaluation, certification and accreditation systems, and by improving school management and decentralization. These interventions will strengthen the capacity of the MINED and of several external education agencies.

III. A Evaluation and Accreditation for Effectiveness

This sub-component will maximize the effectiveness of the interventions of the project by developing solid monitoring, evaluation, certification and accreditation systems. Most of the interventions of the project require a strong evaluation and monitoring system to ensure that they achieve their objectives. Additionally, some of them rely on strong accreditation processes to be carried-out effectively; while others rely on teacher quality, which is closely related to teacher performance evaluation and certification.

Monitoring and evaluation: The project will strengthen the country's monitoring and evaluation system by improving the assessment of academic skills and developing a new institutional set-up for monitoring and evaluation to ensure better coordination, continuity of monitoring and dissemination of results.

Accreditation of institutions: The project will help the country set up an effective policy and institutional framework for accreditation of institutions.

Teacher evaluation and certification: The project will support more continuous teacher performance evaluation by helping define clear performance profiles and standards on which to base solid performance evaluation, which would make it possible to certify in-service training and reward actual classroom

performance. It will also support an adequate institutional framework for certification, which may involve the creation of a new external agency, specialized in both accreditation and certification.

In sum, this sub-component will contemplate several activities, including: (i) the improvement of the student evaluation methodology and extension of testing; (ii) the analysis and dissemination of results and its use for certification purposes; (iii) the establishment of a policy for the accreditation of institutions, based on clear quality criteria; (iv) the establishment of a policy for teacher evaluation and certification; and (v) the development of a strengthened institutional set-up for monitoring, evaluation and accreditation, with internal and external components.

III. B Management and Decentralization for Effectiveness

This sub-component will enhance the effectiveness of the project’s interventions by improving school management and decentralization. To this purpose, the project will support several interventions: (i) the development of professional opportunities for directors; (ii) the provision of technical assistance to school councils in institutional and participatory planning; (iii) the financing of school pedagogical projects; (iv) the development of a quality control and monitoring system at the school and MINED level; (v) the expansion of EDUCO to upper secondary through traditional or flexible modalities; and (vi) the implementation of a monitoring and evaluation system to monitor EDUCO expansion, including rigorous impact evaluation of the program.

5. Financing

Source:	(\$m.)
BORROWER	12
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	85
Total	97

6. Implementation

Implementation Arrangements: The Implementation arrangements for the EXITO Project have been developed with a focus on three key principles: (a) consolidated MINED institutionalized project implementation; (b) promotion of strategic alliances for increased capacity, and (c) results-based management (including emphasis on targeting, monitoring and evaluation). The project implementation period is five years.

a. Consolidated Institutionalized Project Implementation: MINED has continuously managed IBRD and IDB-financed projects over the last 15 years (with no need for a Project Coordination Unit - PCU). During this period, a key goal was to gradually institutionalize the implementation of externally financed projects within its line departments (rather than with a parallel PCU). MINED seeks to consolidate its experience in institutionalized project management, and has defined specific management responsibilities for the EXITO project within its line departments, divisions, and chief units (“*jefaturas*”).

With Bank support, the MINED is preparing a series of implementation analyses based on the scope of the EXITO Project. At least two products will assist MINED to define an on-going institutional strengthening and institutionalized implementation consolidation plan: an “Institutional Analysis”, and an “Institutional Capacity Feasibility Study”.

b. Promotion of Strategic Alliances: as part of the “improved capacity” strategy, MINED seeks to institutionalize its to-date successful work with other education institutional actors: Education Foundations, Universities, NGOs, and other education specialized institutions. For example, in training and development, MINED has worked with FEPADE (*Fundacion Empresarial para el Desarrollo*

Educativo); in research and analytical work, with FUSADES (*Fundacion para el Desarrollo Economico y Social*); in standardized testing and other technical and pedagogical support with UCA (*Universidad Centroamerica Jose Simeon Cañas*); and in infrastructure construction, rehabilitation and expansion with FISDL, HABITAT, FUNDASAL and others.

c. *Results-based Management*: Project implementation -- diagnosis, strategic planning, implementation, monitoring and evaluation -- includes specific guidelines, procedures, instruments and resources to guarantee the quality of targeting, accreditation, monitoring and evaluation, as well as participation of stakeholders across the education sector (central, regional, community and school).

Financial Management Arrangements: Project administration will be undertaken by MINED under its established institutional structure. Accordingly, MINED's Institutional Financial Unit (UFI) will be directly in charge of financial management (FM) tasks. These will basically include: (i) budget formulation and monitoring; (ii) cash flow management (including processing loan withdrawal applications); (iii) maintenance of accounting records, (iv) preparation of in-year and year-end financial reports, (v) administration of underlying information systems, and (vi) arranging for execution of external audits.

Procurement Arrangements: The preliminary assessment reveals that MINED has satisfactory institutional capacity to carry out project contracting activities. Based on the present structure, organization and working arrangements of the institutional *Unidad de Adquisiciones y Contrataciones* (UACI), and the satisfactory outcome of its performance during ongoing Bank projects, the assessment confirmed that there are no major deficiencies that should be redressed in the organization and staffing of the procurement function in MINED. Regarding co-executing agencies proposed by MINED to assist it in executing the project, specific action plans would be proposed (once their participation and specific roles are confirmed during appraisal). UACI would be expected to move towards strengthening its competencies in supervision of the Annual Procurement Plans (PACs) that executing agencies would be conducting, and in ex-post review activities of procurement conducted by the latter.

7. Sustainability

The long-term *Plan 2021* provides an effective framework for the institutional and financial sustainability of the new project. First, the development objective of the new project fits fully within the vision of the education sector development supported by the Plan, ensuring strong government ownership and support of the project. Second, the Plan projects an increasing share of education expenditure in terms of GDP up to 2009 (from 2.86% of GDP to 4.17% of GDP), which confirms a strong commitment to the education sector and should provide a positive financial environment for the project.

Strategic alliances with external specialized agencies, such as FEPADE and UCA, will also support sustainability by maintaining the support of local constituencies beyond the 5-year governmental period.

The project design itself should also enhance its sustainability. In particular, the decreasing disbursement percentage for selected categories will help ensure gradually increasing government financing of key long-term programs or activities, such as English, the maintenance of technological labs, the provision of flexible modalities and grants, and the application of external assessments. By the end of the project, these programs or activities will be largely financed on national funds. In addition, some activities, such as the technical-technological networks and the demand-side scheme, make explicit reference to private sector contributions to support financial sustainability.

8. Lessons Learned from Past Operations in the Country/Sector

The new project incorporates several lessons from previous projects and interventions in El Salvador in its overall design and in the design of the specific components and sub-components.

Political commitment and stakeholders' participation: When political commitment has been high implementation has been greatly facilitated (as was the case for the Basic Education Project which closed in 2001); when it has been low, the result was slow implementation (as in 2003/2004 for the existing education projects). The current MOE team is highly committed and the new project is at the core of the long term country education plan (*Plan 2021*), indicating strong ownership. Additionally, the *Plan 2021* was prepared in a very participatory way involving key stakeholders in the discussion of the country priority issues. This will facilitate implementation over the life of the project.

Institutional strengthening to support a results focus: other projects in Latin America have shown that adequate institutional capacity is key in determining the success of a project. Under the proposed project a lot of emphasis is placed on strengthening monitoring, evaluation and accreditation systems to promote results-based management and high quality standards at all levels (MOE, implementing agencies, and schools). Focus on results is also supported through a strong set of outcome indicators within the *Plan 2021* and the new project.

Management and decentralization: effective service delivery has shown to be key to the success of several education projects in El Salvador and elsewhere. There have been innovative experiences of school-based management (SBM) with community participation in all Central American countries with positive results on community and school empowerment, and, through strengthened accountability, teacher performance and educational achievement. Primary and basic EDUCO schools in El Salvador are probably the most successful example of SBM in Central America. Although widely known for this model, El Salvador has also experienced with SBM through partial school autonomy in traditional schools. The new project will build on these experiences.

Management and public-private partnerships: the experience in secondary education reforms has shown that the private sector has an important role to play in the delivery of secondary education. In El Salvador, about 20 percent of the enrollment is provided by private sector schools, with this share increasing to more than 30 percent in upper secondary. While public financing will need to increase to provide for further secondary expansion, previous interventions have not sufficiently exploited the existing capacity of private schools for service provision. The proposed project will support higher involvement of private schools in the delivery of secondary education by supporting a demand-side scheme which finances the enrollment of low-income students in high-quality public and private schools. In contrast, there is more tradition in the country of involving nongovernmental agencies in the management of education services. This is, for instance, the case of the successful cooperation with FEPADE and the UCA in the existing secondary education project. The project will build on this experience by consolidating its partnership with FEPADE, FEPADE-ITCA and UCA, while also contracting-out the delivery of flexible education modalities and extracurricular courses to accredited nongovernmental implementing agencies.

Demand-side subsidies for low-income students: demand-side interventions can play an important role in secondary education delivery where direct and opportunity costs of schooling are high. The scholarship program supported by the current secondary education project has been considered successful, with a high number of secondary graduates. However, a couple of weaknesses were the lack of financial sustainability and the lack of rigorous impact evaluation of the program. The new project will expand and improve this program by involving private sector schools (see above), establishing a mixed public-private fund to ensure financial sustainability and incorporating the impact evaluation of the program upfront in its design, implementation and outcome indicators. Particular attention will also be given to the selection of students, trying to improve on the selection criteria established under the existing secondary project.

Flexible modalities for secondary education: flexible delivery models have proven to be a promising means of providing relevant, quality schooling to rural, lower/lower-middle income, and over-age students. El Salvador has implemented accelerated education programs in primary and semi-distance education programs in secondary, which are currently being evaluated, and which, apparently, have had promising results. Building on these programs and the lessons of their evaluations, the new project will develop and implement three flexible modalities for specific target groups, paying special attention to teaching methodologies and quality levels.

Technical education: lessons from successful experiences suggest that technical education needs to deliver strong general skills, while also delivering specific skills relevant to labor market needs, and provide a variety of options, such as integrating the labor market or continuing into tertiary education (immediately or after having acquired work experience). The proposed project supports a competency based demand-driven technical education, where students have the option of integrating the labor market or continuing into regionally based technological tertiary education, with a set of core specific skills requested by the labor market and/or tertiary institutions. To some extent, the project would lay the basis for a life-long learning framework, by articulating the different levels of technical education and, in turn, integrating them with professional training and the private sector.

9. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cultural Property (OPN 11.03 , being revised as OP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OD 4.20 , being revised as OP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP/GP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP/GP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

10. List of Factual Technical Documents

El Salvador- Comisión Presidencial. 2004. Educar para el país que queremos.

Edwards, J. 2005. Propuesta para un Instrumento de Subsidio a la Demanda (*mimeo*)

Guerra, N. and Barrillos, A. 2005. Evaluación Social.

ITCA. 2004. Oportunidades y desafíos de la educación tecnológica en El Salvador.

ITCA. 2005. MEGA TEC: Propuesta de concepto y modelo curricular.

MINED. 2001. PAES 2000: Factores asociados al rendimiento.

MINED. 2004. Diagnostico Integrado de El Salvador.

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

- MINED. 2005. Formulario Ambiental para Proyectos de Infraestructura Educativa.
- MINED. 2005. Contrato Modelo para Proyectos de Infraestructura Educativa.
- MINED. 2005. Especificaciones Técnicas para Proyectos de Infraestructura Educativa.
- MINED 2005. Plan de Educacion 2021.
- The World Bank. 2003a. *Closing the gap in education and technology.*
- The World Bank. 2003b. *El Salvador – Country Economic Memorandum: Growing in the new millennium.*
- The World Bank. 2004a *El Salvador Poverty Assessment: Strengthening Social Policy*
- The World Bank. 2004b. El Salvador – Education Strategy Note (*unpublished document*).
- The World Bank. 2005a. *Central America Education Strategy Paper: An agenda for action.*
- The World Bank. 2005b. *Central America Education Strategy Paper: Volume II.*
- The World Bank. 2005c. *Expanding opportunities and building competencies for young people: A new agenda for Secondary Education.*
- The World Bank. 2005d El Salvador- Country Assistance Strategy.
- The World Bank. 2005e. El Salvador: Investment climate assessment.
- The World Bank. 2005f. Meeting the challenges of secondary education in Latin America and East Asia (*mimeo*).

11. Contact point

Contact: Emanuela Di Gropello
 Title: Human Development Economist
 Tel: (202) 458-9448
 Fax: (202) 522-1202
 Email: edigropello@worldbank.org

12. For more information contact:

The InfoShop
 The World Bank
 1818 H Street, NW
 Washington, D.C. 20433
 Telephone: (202) 458-5454
 Fax: (202) 522-1500
 Web: <http://www.worldbank.org/infoshop>