

# PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC673

<b>Project Name</b>	Argentina Second Rural Education Improvement Project - PROMER-II (P133195)
<b>Region</b>	LATIN AMERICA AND CARIBBEAN
<b>Country</b>	Argentina
<b>Sector(s)</b>	Secondary education (20%), Pre-primary education (20%), General education sector (40%), Public administration- Education (20%)
<b>Lending Instrument</b>	Specific Investment Loan
<b>Project ID</b>	P133195
<b>Borrower(s)</b>	Government of Argentina
<b>Implementing Agency</b>	National Ministry of Education
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared</b>	19-Nov-2012
<b>Estimated Date of Appraisal Completion</b>	13-Feb-2013
<b>Estimated Date of Board Approval</b>	15-Nov-2013
<b>Concept Review Decision</b>	Track II - The review did authorize the preparation to continue

## I. Introduction and Context

### Country Context

Over the past decade, Argentina has achieved important gains in reducing poverty and improving the lives of its citizens, benefiting from favorable external and internal environments. Following the 2001 crisis, Argentina achieved strong economic growth rates averaging 7.7 percent annually during 2003-2011. As a result of high economic growth and proactive social inclusion public policies, the country achieved marked reductions in poverty and in unemployment. Impressive gains were also achieved in reducing inequality and expanding the relative size of the middle class.

Despite substantial progress in reducing poverty, important challenges remain, in particular in the Northern provinces. For instance, 9 provinces in the North (Catamarca, Chaco, Corrientes, Formosa, Jujuy, Misiones, Tucumán, Salta and Santiago del Estero) cover one-third of the national territory and 21 percent of the national population, but produce only 10 percent of the national GDP. Poverty rates are up to 2-3 times higher than the national average in these provinces, which also show deficits in social and basic infrastructure services relative to national averages.

The Government remains committed to promoting growth with equity and inclusion. Following her reelection on October 23, 2011, President Cristina Fernández de Kirchner has set the goal of

continued economic growth with social inclusion and improved competitiveness. In an increasingly challenging economic environment, the difficulty is not only to sustain the social policies established in recent years, but also to create space to take these policies to the next step—ensuring that families who have escaped poverty can sustain better livelihoods and build better opportunities for their children. This will require sustained growth, and a continuing focus on the efficient deployment of public resources, building on the experience of flagship programs.

### **Sectoral and Institutional Context**

Argentina remains a regional leader in education coverage and attainment. Coverage rates are the highest in the region (together with Chile and Uruguay). Specifically, coverage in pre-school for 5 year-olds and primary education is close to universal. Although coverage in upper secondary education drops to 91 percent, it is still much higher than the regional average and shows a long-term positive trend.

However, very important challenges regarding equity and quality of the education system remain. The education system has not yet become an instrument to achieve equality of opportunities providing adequate services, including preschool and secondary education, among the most vulnerable groups (who need them the most) in poor urban and rural areas. Argentina's results in the Organization for Economic Co-operation and Development's (OECD) international standardized test, PISA, show a negative trend in learning outcomes between 2000 and 2006, with a mild recovery in 2009. Perhaps even more challenging, Argentina shows the highest between-student variance in learning outcomes among all countries participating in PISA in 2010.

Pre-school participation among 4 year olds and secondary school coverage and primary efficiency rates (repetition, dropout) are lower in rural areas. The national enrollment average of 77 percent for 4 year olds masks important differences between urban and rural, with coverage for rural estimated at less than 60 percent. Similarly, in primary, while the national repetition rate is about 11 percent, it is closer to 17 in rural areas. Coverage at the secondary level also has a large gap, whereby the urban rate is about 81 percent, compared to 50 percent for rural areas. The two main constraints to access are an insufficient supply, and school failure: high repetition, leading to high dropout. A proportion of the rural population consists of indigenous peoples who live in small and isolated communities and have incomes below the poverty line, compounding the challenges of providing education services. The rollout of 4 year-old classrooms has thus far prioritized urban areas, leaving rural areas with low coverage. Long commuting distances for students and vocational education that is often not relevant to the labor market are also behind the low coverage rates of secondary education in rural areas.

In recent years, the availability of resources in the education sector had expanded at an unprecedented rate. Between 2003 and 2011, the new Education Finance Law (2006) resulted in a budget increase from 3.5 to 6.4 percent of GDP. This increase, coupled with a rapid expansion of the economy, made investment per student in Argentina the highest in Latin America in 2010.

An education system with such high coverage rates and availability of resources as Argentina's should concentrate on enhancing the quality of education. That is, fostering learning outcomes of students throughout the system. There are several elements that would contribute to creating a high-quality education system, all of which Argentina is well-positioned to achieve: (i) consolidate the governance structure of the education system; (ii) strengthen the monitoring system (e.g. teacher absenteeism, attendance, repetition, etc.) and evaluation system (e.g. standardized tests that are

comparable over time); and (iii) improve the methods of instruction and teaching practices.

Education in Argentina is the shared responsibility of the national and provincial Governments. The National Education Law of 2006 establishes the responsibilities of the Provincial Ministries of Education (MEPs) and the National Ministry of Education (MEN) and sets the basis for consolidating the governance structure of the system. The Provinces are responsible for the provision of all education services except for higher education. The MEN is responsible for financing higher education and for providing the necessary financial and technical assistance to the Provinces to improve the quality of the system. With most of the education budgets allocated to wages, the MEPs have little—if any—scope for implementing interventions to increase the quality of education. The MEN, on the contrary, has flexibility in the use of its budget and a suitable legal framework to allocate resources to the provinces based on equity (expanding access among the poorest) and efficiency (improving learning outcomes) considerations. Like many education systems, deploying these resources to the provinces within an equitable and efficient framework that provides the incentives to achieve more and better results is at the core of the education management challenge in Argentina.

Financing education is also a shared responsibility between the national and provincial Governments. Of the total budget of about US\$18 billion allocated to public education in 2011, the MEPs executed 70 percent, while the rest was disbursed by the MEN. Of the total disbursed by the MEPs, 95 percent goes to salaries, including teachers and administrative costs, leaving 5 percent in discretionary spending to tackle issues of access and quality. In the case of the MEN budget (US \$5.4 billion), around 60 percent (US\$3.2 billion) goes to universities and 13 percent (US\$702 M) is transferred to the Provinces to supplement teacher's salaries, while the rest (US\$1.4 billion) is invested in infrastructure, equipment, and priority education policies.

Priorities for the MEN are clearly defined in the “Development Plan 2011 – 2016” which, broadly speaking, follow two lines of action: (i) improve quality of education services and (ii) universalize education services with a special focus on the inclusion of marginalized groups. This national education strategy is the framework within which the interventions of PROMER II are designed, ensuring, in this way, that the Project is fully aligned with the Nation's goals.

Since 2005, the Bank has supported the Government of Argentina (GoA) in the implementation of its rural education policy through the First Rural Education Quality Improvement Project – PROMER (P070963, Loan 7353-AR). PROMER has helped the GoA achieve a number of results in the education sector (see Table 1). Moreover, the Project supported the advancement of the rural education agenda through the inclusion of Chapter 10 in the National Education Law, which seeks to guarantee the achievement of universal education through context-appropriate approaches tailored to the needs of those living in rural areas. The Bank has also supported strengthening the provincial education system through sub-national multisectoral SWAp operations (San Juan and Salta ) and an analytical program that has focused on stimulating evidence-based policy discussions and providing technical assistance on specific policy questions with selected sub-national governments.

Table 1. Results of PROMER I (as of 2011)

Indicator	Baseline (2004)	Actual (2011)	End Target (Dec 2013)
Project Development Objective Indicators			

Number of bilateral agreements between national and provincial Governments in satisfactory execution 0 Target has been achieved. To have agreements with 23 provinces.

Annual plans for the compilation, analysis, dissemination and use of educational statistics in satisfactory execution No system in place. System updated with data from 2010. Annual plans in satisfactory execution.

Reduce by half the number of 6 year old children in 1st grade who did not attend Preschool in rural areas in Argentina 15,681 6,265 7,921

Increase the access of students completing the 6th grade to the 7th grade of schooling in rural areas in Argentina 91.60% 89.10% 93.00%

Number of rural schools with at least on teacher graduate from the diploma program in math and Spanish 0 1,000 3,000

Increase the access of students completing the 7th grade to the 8th grade of schooling in rural areas 77.80% 83.70% 85.00%

Improve promotion rates in grades 1 to 6 in rural areas 89.80% 91.00% 85.30%

### Relationship to CAS

The proposed Project is in line with the ongoing Country Partnership Strategy (CPS), specifically falling under the social inclusion pillar. The proposed operation would contribute to the areas of improved basic social services, reductions in inequality of opportunity, and enhanced human capital accumulation, particularly in Argentina's marginalized and rural areas. The proposed operation will be even more central to the forthcoming CPS, where social inclusion is expected to feature even more prominently.

## II. Proposed Development Objective(s)

### Proposed Development Objective(s) (From PCN)

The proposed Project Development Objective is to increase access in rural areas to preschool and secondary education, improve quality of learning, and strengthen overall system management. Primary beneficiaries would be the students living in rural and marginalized areas. Teachers, Directors, and families would also stand to benefit, and the national and provincial ministries of education and schools would benefit from strengthened management capacity in their roles for providing quality education services.

### Key Results (From PCN)

The proposed PDO would be measured through the following types of indicators:

- i. Access. Proportion of students enrolled, preschool and/or secondary, in rural areas.
- ii. Quality. Reduction of repetition rate in early grades.
- iii. Management. Execution of performance contracts MEN-MEP.

## III. Preliminary Description

### Concept Description

Project Concept: The proposed Project would support the Government of Argentina in implementing selected priority education policies in rural and other disadvantaged areas with populations that are hardest to reach. It represents an evolutionary next step, shaped by successful experiences as well as building on lessons learned on challenges, constraints, and opportunities drawn from program implementation under PROMER I, as well as from pertinent knowledge

gathered from elsewhere.

Proposed instrument: The proposed loan instrument would be a Specific Investment Loan, in the amount of US\$250.5 million. Building on the previous operation, the loan would represent an important contribution to the Government of Argentina's overall rural financing (approximately US \$385.1 million). Preliminary discussions have led to a Project structure consisting of three components.

Two operational modalities are under consideration for the larger Component 1. Under the first, this would be a results-based component, and would disburse against Disbursement Linked Indicators (DLIs) which are to be predefined implementation progress and performance targets agreed with the Government and related to the five priority programs discussed above. In this case targets would be reflected in bilateral agreements (“convenios”) signed between the national and provincial ministries. Disbursements would be structured around the achievement of the targets, and would reimburse an agreed-upon program of eligible expenditures (recurrent and investment expenditures). Under the second option, this would disburse as a traditional SIL; and the results matrix would similarly track successful implementation of the priority programs in the target/rural areas of the Project.

Under both modalities, Components 2 and 3 would disburse according to traditional methods, and would finance goods, consultant services, and non-consultant services relating to the carrying out of the requisite technical cooperation for each priority policy area.

#### Component One: Universalizing Education Policies

This component would support the Government of Argentina in universalizing its priority education policies to those populations that are hardest to reach. Priority policies that have been preliminarily identified are:

(i) Expand preschool education among four year olds

- Activities could include construction, equipment provision, teacher salaries, training of teachers, development of pedagogical materials, development of quality assurance mechanisms, etc.;

(ii) Extend the school day

- Activities could include teacher salaries, development of pedagogical materials, and other activities for safeguarding the social and cultural environment specific to rural schools;

(iii) Expand secondary education

- Activities could include classroom construction, development of alternative service-delivery models, transportation, teacher salaries (or other compensation), etc.;

(iv) Expand creative pedagogic and institutional solutions

- Activities could include development of pedagogical materials, training for preschool and secondary levels teachers, new approaches for supporting overage and struggling students, etc.; and

(v) Link curriculum with cultural and productive environment

- Activities could include school grants, equipment provision, technical assistance, etc.

## Component Two: Technical Cooperation to Support Universalization of Education Policies

This component would provide just-in-time technical cooperation to the national and provincial ministries of education to support the technical development and implementation of the universalization of the policies, specifically in regards to reaching rural areas. For each of the chosen policy areas and associated targets, the technical assistance would support the processes of teacher training, materials development, quality assurance and assessments methods, and other activities as needed. Technical assistance areas would be selected according activities needed for the achievement of DLIs, and for resolving bottlenecks linked to the 5 priority policies.

## Component Three: Management, Monitoring, and Evaluation of the Education System

This component would support Project management, monitoring, and evaluation. As per the first phase of PROMER, Project management entails: (i) the technical coordination within the MEN across technical departments; (ii) the planning, monitoring, and evaluation of province-level activities; and (iii) the fiduciary oversight for all Project activities, including financial management, procurement, and all legal aspects of the Project. Working closely with the National Directorate of Information and Evaluation of Educational Quality (DiNIECE), the Project management team would be responsible for the monitoring and evaluation of Project activities, including undertaking three or four specific studies that will help ensure future evidence-based policymaking, one of which may be an impact evaluation of one of the Government's programs.

### 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. Tentative financing

Financing Source	Amount
Borrower	0.00
International Bank for Reconstruction and Develo	250.50
Total	250.50

### VI. Contact point

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