

Document of  
The World Bank

Report No: PAD557

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$250.50 MILLION

TO THE

ARGENTINE REPUBLIC

FOR A

SECOND RURAL EDUCATION IMPROVEMENT PROJECT

November 5, 2014

Education Global Practice  
Latin America and the Caribbean Region

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## CURRENCY EQUIVALENTS

(Exchange Rate Effective October 9, 2014)

Currency Unit = Argentine Peso

ARS 8.46 = US\$1.00

US\$1.48 = SDR 1

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

CEAPI	Autonomous Educational Council for Indigenous Peoples ( <i>Consejo Educativo Autónomo de Pueblos Indígenas</i> )
CPS	Country Partnership Strategy
DGI	Infrastructure General Directorate ( <i>Dirección General de Infraestructura</i> )
DGUF	General Directorate Unit of International Finance ( <i>Dirección General Unidad de Financiamiento Internacional</i> )
DiNIECE	National Directorate of Information and Evaluation of Educational Quality ( <i>Dirección Nacional de Información y Evaluación de la Calidad Educativa</i> )
DNGE	National Directorate of Education Management ( <i>Dirección Nacional de Gestión Educativa</i> )
EIB	Bilingual Intercultural Education Modality ( <i>Modalidad de Educación Intercultural Bilingüe</i> )
ESMF	Environmental and Social Management Framework
FM	Financial Management
GDP	Gross Domestic Product
GoA	Government of Argentina
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
INDEC	National Institute of Statistics and Censuses ( <i>Instituto Nacional de Estadística y Censos</i> )
INFOD	National Teacher Training Institute ( <i>Instituto Nacional de Formación Docente</i> )
IPPF	Indigenous Peoples Planning Framework
M&E	Monitoring and Evaluation
LAC	Latin America and the Caribbean
MEN	National Ministry of Education ( <i>Ministerio de Educación de la Nación</i> )
MEPs	Provincial Ministries of Education ( <i>Ministerio de Educación Provincial</i> )
OECD	Organisation for Economic Co-operation and Development
ONC	National Contracting Office ( <i>Oficina Nacional de Contrataciones</i> )
PDO	Project Development Objective
PEI	School Improvement Plan ( <i>Proyectos Educativos Institucionales</i> )
PISA	Program for International Student Assessments
PIU	Provincial Implementation Units
PROMER I	First Rural Education Quality Improvement Project ( <i>Proyecto de Mejoramiento</i> )

	<i>de la Educación Rural – Fase I)</i>
PROMER II	Second Rural Education Quality Improvement Project ( <i>Proyecto de Mejoramiento de la Educación Rural – Fase II</i> )
SERCE	Second Regional Comparative and Explanatory Study
SWAp	Sector-Wide Approach
UBN	Unmet Basic Needs
UEC	Project Executing Unit ( <i>Unidad Ejecutora Central</i> )
UNESCO	United Nations Educational, Scientific, and Cultural Organization

Regional Vice President:	Jorge Familiar
Country Director:	Jesko S. Hentschel
Senior Global Practice Director:	Claudia M. Costin
Practice Manager:	Reema Nayar
Task Team Leader:	Peter A. Holland/Rafael E. De Hoyos



**ARGENTINA**  
**Second Rural Education Improvement Project**

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## PAD DATA SHEET

*Argentina*

*Second Rural Education Improvement Project - PROMER-II (P133195)*

### PROJECT APPRAISAL DOCUMENT

*LATIN AMERICA AND CARIBBEAN*

Education Global Practice

Report No.: PAD557

Basic Information			
Project ID P133195	EA Category B - Partial Assessment	Team Leader Peter Anthony Holland	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ]		
	Financial Intermediaries [ ]		
	Series of Projects [ ]		
Project Implementation Start Date 01-Apr-2015	Project Implementation End Date 31-Oct-2019		
Expected Effectiveness Date 01-Jan-2015	Expected Closing Date 31-Dec-2019		
Joint IFC No			
Practice Manager/Manager Reema Nayar	Senior Global Practice Director Claudia Maria Costin	Country Director Jesko S. Hentschel	Regional Vice President Jorge Familiar
Borrower: Argentine Republic			
Responsible Agency: National Ministry of Education			
Contact: Telephone No.: 49592320	Lic. Alejandro Fernandez Penillas	Title: Email: apenillas@me.gov.ar	Director General Unidad de Financiamiento Internacional
Project Financing Data(in USD Million)			
<input checked="" type="checkbox"/> Loan	<input type="checkbox"/> IDA Grant	<input type="checkbox"/> Guarantee	
<input type="checkbox"/> Credit	<input type="checkbox"/> Grant	<input type="checkbox"/> Other	
Total Project Cost:	250.50	Total Bank Financing:	250.50
Financing Gap:	0.00		

<b>Financing Source</b>	<b>Amount</b>
Borrower	0.00
International Bank for Reconstruction and Development	250.50
Total	250.50

### **Expected Disbursements (in USD Million)**

Fiscal Year	2015	2016	2017	2018	2019	2020
Annual	80.50	25.00	60.00	50.00	35.00	0.00
Cumulative	80.50	105.50	165.50	215.50	250.50	250.50

### **Institutional Data**

#### **Practice Area / Cross Cutting Solution Area**

Education

#### **Cross Cutting Areas**

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

#### **Sectors / Climate Change**

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Education	Secondary education	40		
Education	Pre-primary education	10		
Education	General education sector	30		
Public Administration, Law, and Justice	Public administration-Education	20		
Total		100		

I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

#### **Themes**

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Human development	Education for the knowledge economy	20
Rural development	Rural services and infrastructure	35



Human development	Education for all	20
Public sector governance	Administrative and civil service reform	10
Social dev/gender/inclusion	Indigenous peoples	15
Total		100
<b>Proposed Development Objective(s)</b>		
The proposed Project Development Objective is to support the national Government to reduce repetition rates in Primary Education and increase enrollment in, and completion rates of, Secondary Education, all in Argentina's rural areas.		
<b>Components</b>		
<b>Component Name</b>	<b>Cost (USD Millions)</b>	
Reducing Repetition Rates in Rural Classrooms	59.00	
Increasing Enrollment and Completion of Rural Secondary School	180.00	
Strengthening Project Management, Monitoring, and Evaluation	11.50	
<b>Compliance</b>		
<b>Policy</b>		
Does the project depart from the CAS in content or in other significant respects?	Yes [ ]	No [ X ]
Does the project require any waivers of Bank policies?	Yes [ ]	No [ X ]
Have these been approved by Bank management?	Yes [ ]	No [ X ]
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [ X ]
Does the project meet the Regional criteria for readiness for implementation?	Yes [ X ]	No [ ]
<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
Environmental Assessment OP/BP 4.01	<b>X</b>	
Natural Habitats OP/BP 4.04	<b>X</b>	
Forests OP/BP 4.36		<b>X</b>
Pest Management OP 4.09		<b>X</b>
Physical Cultural Resources OP/BP 4.11	<b>X</b>	
Indigenous Peoples OP/BP 4.10	<b>X</b>	
Involuntary Resettlement OP/BP 4.12		<b>X</b>
Safety of Dams OP/BP 4.37		<b>X</b>
Projects on International Waterways OP/BP 7.50		<b>X</b>
Projects in Disputed Areas OP/BP 7.60		<b>X</b>

<b>Legal Covenants</b>			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Project Implementation Unit	X		CONTINUOUS
<b>Description of Covenant</b>			
The Borrower, through MEN, shall operate and maintain, at all times during Project implementation a Project implementation unit within DGUFI (the UEC) with the structure, functions and responsibilities set forth in the Operational Manual. Schedule 2, Section 1.A.1.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
UEC Staffing	X		CONTINUOUS
<b>Description of Covenant</b>			
The Borrower, through MEN, shall ensure that UEC is, at all times during Project implementation, assisted by professional staff (including, inter alia, a Project coordinator, a financial management specialist, a procurement specialist and a M&E specialist) and administrative staff, all in numbers and with terms of reference, and qualifications and experience, acceptable to the Bank. Schedule 2, Section 1.A.2.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Operation and Maintenance of DGI, DiNIECE, and DNGE	X		CONTINUOUS
<b>Description of Covenant</b>			
The Borrower, through MEN, shall operate and maintain, at all times during Project implementation with the structure, functions and responsibilities satisfactory to the Bank as set forth in the Operational Manual: (a) the DGI, (b) DiNIECE, and (c) the DNGE. Schedule 2, Section 1.A.3.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Provincial Implementation Units (PIUs)	X		CONTINUOUS
<b>Description of Covenant</b>			
The Borrower, through MEN, shall cause the Participating Provinces, through the relevant Participation Agreements, to operate and maintain throughout the execution of the Project, within the respective MEPS, provincial implementation units (the PIUs), with functions and responsibilities acceptable to the Bank and assisted by staff acceptable to the Bank. Schedule 2, Section 1.A.4.			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Manuals	X		CONTINUOUS
<b>Description of Covenant</b>			
The Borrower shall: (a) carry out the Project in accordance with the provisions of a manual (the Operational Manual) and the pertinent provisions of the ESMF and IPPF; and (b) cause the pertinent Participating Provinces to comply with the pertinent provisions of the Operational Manual, the ESMF and the IPPF in connection with their participation under the Project. Schedule 2, Section B.1			
<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Participation Agreement	X		CONTINUOUS
<b>Description of Covenant</b>			
The Borrower, through MEN, shall enter into an agreement (the Participation Agreement) with each			

Participating Province, setting forth (i) the technical, financial, administrative, safeguards and fiduciary aspects of the Project; (ii) the rights and obligations of the MEN and Participating Provinces in relation to their respective participation in implementation of the Project activities, and - Schedule 2, Section C.1 (a)

Name	Recurrent	Due Date	Frequency
Participation Agreement (cont.)	X		CONTINUOUS

**Description of Covenant**

(iii) the use of the Loan funds under the Project and its reporting, all under terms and conditions acceptable to the Bank. Schedule 2, Section C.1 (a)

Name	Recurrent	Due Date	Frequency
Environmental/Social Assessment	X		CONTINUOUS

**Description of Covenant**

The Borrower, through MEN, shall carry out and/or cause the Participating Province to carry out an environmental/social assessment of the pertinent works, and based on the results of said assessment as determined by the Bank, approve an environmental/social management plan or similar instrument, acceptable to the Bank, for each said work, all in accordance with the provisions of the ESMF. Schedule 2, Section E.1.

Name	Recurrent	Due Date	Frequency
Environmental/Social Assessment (cont.)	X		CONTINUOUS

**Description of Covenant**

The Borrower, through MEN, shall, immediately after said approval, implement and/or cause the pertinent Participating Province to carry out the corresponding environmental/social management plan, or similar instrument, in accordance with its terms, and in a manner acceptable to the Bank. Schedule 2, Section E.1.

**Conditions**

Source Of Fund	Name	Type
IBRD	Participation Agreement	Effectiveness

**Description of Condition**

At least one Participating Province shall have entered into a Participation Agreement with the Borrower.

**Team Composition**

**Bank Staff**

Name	Title	Specialization	Unit
Diego Ambasz	Senior Operations Officer	Senior Operations Officer	GEDDR
Daniel Chalupowicz	Financial Management Specialist	Financial Management Specialist	GGODR
Maria Pia Cravero	Junior Counsel	Junior Counsel	LEGLE

Rafael E. De Hoyos Navarro	Senior Economist	Team Leader	GEDDR		
Janet K. Entwistle	Senior Operations Officer	Senior Operations Officer	GEDDR		
Elba Lydia Gaggero	Senior Environmental Specialist	Environmental Safeguards Specialist	GENDR		
Michele Gragnolati	Program Leader	Program Leader	LCC7C		
Peter Anthony Holland	Senior Education Specialist	Team Leader	GEDDR		
Alvaro Larrea	Senior Procurement Specialist	Senior Procurement Specialist	GGODR		
Rocio Mariela Malpica Valera	Senior Counsel	Senior Counsel	LEGLE		
Antonella Novali	Program Assistant	Program Assistant	GEDDR		
Victor Manuel Ordonez Conde	Senior Finance Officer	Finance Officer	CTRLN		
Lilian Pedersen	Consultant	Consultant	GSURR		
Silvestre Rios Centeno	Team Assistant	Team Assistant	LCC7C		
Santiago Scialabba	Program Assistant	Social Safeguards Specialist	LCC7C		
Elena Segura Labadia	Senior Counsel	Senior Counsel	LEGLE		
Martin M. Serrano	Senior Counsel	Senior Counsel	LEGES		
Sara Troiano	Consultant	Consultant	GSPDR		
<b>Non Bank Staff</b>					
<b>Name</b>	<b>Title</b>	<b>City</b>			
Gerardo Bacalini	Consultant				
Sergio Espana	Education consultant				
<b>Locations</b>					
<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
Argentina	Misiones	Provincia de Misiones	X	X	
Argentina	Formosa	Provincia de Formosa	X	X	
Argentina	Entre Rios	Provincia de Entre Rios	X	X	
Argentina	Corrientes	Provincia de Corrientes	X	X	
Argentina	Buenos Aires	Provincia de Buenos Aires	X	X	
Argentina	Tucuman	Provincia de Tucumán	X	X	

Argentina	Tierra del Fuego	Provincia de Tierra del Fuego, Antártida e Islas del Atlántico Sur	<b>X</b>	<b>X</b>	
Argentina	Santiago del Estero	Provincia de Santiago del Estero	<b>X</b>	<b>X</b>	
Argentina	Santa Fe	Provincia de Santa Fe	<b>X</b>	<b>X</b>	
Argentina	Santa Cruz	Provincia de Santa Cruz	<b>X</b>	<b>X</b>	
Argentina	San Luis	Provincia de San Luis	<b>X</b>	<b>X</b>	
Argentina	San Juan	Provincia de San Juan	<b>X</b>	<b>X</b>	
Argentina	Salta	Provincia de Salta	<b>X</b>	<b>X</b>	
Argentina	Rio Negro	Provincia de Rio Negro	<b>X</b>	<b>X</b>	
Argentina	Neuquen	Provincia del Neuquén	<b>X</b>	<b>X</b>	
Argentina	Mendoza	Provincia de Mendoza	<b>X</b>	<b>X</b>	
Argentina	La Rioja	Provincia de La Rioja	<b>X</b>	<b>X</b>	
Argentina	La Pampa	Provincia de La Pampa	<b>X</b>	<b>X</b>	
Argentina	Jujuy	Provincia de Jujuy	<b>X</b>	<b>X</b>	
Argentina	Cordoba	Provincia de Córdoba	<b>X</b>	<b>X</b>	
Argentina	Chubut	Provincia del Chubut	<b>X</b>	<b>X</b>	
Argentina	Chaco	Provincia del Chaco	<b>X</b>	<b>X</b>	
Argentina	Catamarca	Provincia de Catamarca	<b>X</b>	<b>X</b>	



## I. STRATEGIC CONTEXT

### A. Country Context

1. **After rebounding from the economic crisis of 2002, Argentina has been one of the top two performers in the Latin America and Caribbean (LAC) region in reducing poverty and sharing the gains of rising prosperity by expanding the middle class.** Total poverty (measured at US\$4-a-day) declined from 31.0 percent in 2004 to 10.8 percent in 2013, while extreme poverty (measured at US\$2.50-a-day) fell from 17.0 percent to 4.7 percent.<sup>1</sup> Income inequality, measured by the Gini coefficient, fell from 50.2 in 2004 to 42.5 in 2012. Argentina's poverty rate and Gini coefficient are among the lowest in LAC. At the same time, the middle class in Argentina grew by 68 percent between 2004 and 2012, reaching 53.7 percent of the population<sup>2</sup>. According to the *Instituto Nacional de Estadística y Censos* (National Institute of Statistics and Censuses, INDEC) census figures, the proportion of the population with at least one unsatisfied basic need fell from 17.7 percent in 2001 to 12.5 percent in 2010. Still, Argentina is a large federal state, with pronounced inequalities between urban and rural areas, and where the Northern provinces face poverty rates that are two to three times higher than the national average.

2. **Low asset endowments limit participation in economic activity, putting the poor and vulnerable further at risk.** Educational attainment is strongly correlated with labor market outcomes, and the poor have substantially lower educational attainment. Among heads of household in 2012, the average years of schooling was 8.8 for those living in poverty, compared to 11.2 for the middle class. Similarly, the unemployment rate among 25-65 year-olds living in poverty was 24 percent in 2012, compared to 7.4 percent overall. The self-employment rate—which may indicate lack of access to good employment opportunities—was 23 percent among the poor, compared to 16 percent overall (World Bank 2014).

3. **The Government of Argentina (GoA) remains committed to promoting growth with equity and inclusion by striving to bridge the gap in basic services.** The GoA has set the goal of continued economic growth with social inclusion and improved competitiveness. 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 level—ensuring that families who have escaped poverty can sustain better livelihoods, benefit from shared prosperity, and build better opportunities for their children. This requires sustained growth and a focused and efficient deployment of public resources geared to protect the most vulnerable. The proposed Project in Argentina's rural areas is at the heart of this effort, bringing quality services to the poorest populations, thereby contributing to eliminating extreme poverty and boosting shared prosperity.

4. **Strong economic growth over the last decade was accompanied by rising macro-imbalances.** Key macroeconomic challenges include the existence of inflationary pressures,

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<sup>1</sup> Poverty measured at US\$1.25-a-day declined from 6.3 percent in 2004 to 1.3 percent in 2012. Data from: SEDLAC: Socio-Economic Database for Latin America and the Caribbean (CEDLAS and World Bank).

<sup>2</sup> Country Partnership Strategy for Argentina FY2015-18 (World Bank, 2014).

deficits in fiscal and current accounts, and falling international reserves. Argentina has relatively modest fiscal and current account deficits, as well as low public sector debt to GDP. Nonetheless, given the limited access to international capital markets, they create pressures on the economy. These imbalances need to be resolved in order to avoid unwanted effects on the medium-term sustainability of the gains in equity and development achieved during the last decade. In this regard, the GoA has recently implemented various public policy interventions aimed at resolving key macroeconomic imbalances. It must be noted, however, that continued and consolidated efforts are required for achieving the desired results.

## **B. Sectoral and Institutional Context**

**5. The GoA has made important strides in the education sector in recent years, expanding and increasing investments in the sector. Still, challenges remain in providing quality services to the poorest.** Coverage rates at the pre-primary and secondary levels have improved significantly. In recent years, the availability of resources in the education sector has expanded at an unprecedented rate. Between 2006 and 2012, the Education Finance Law (2006) resulted in a budget increase from 4.2 to 6.1 percent of GDP.<sup>3</sup> This increase, coupled with a rapid expansion of the economy, made investment per student in Argentina the highest in LAC in 2010 (CEPAL 2010). However, despite some progress in recent years, the gap between urban and rural areas persists.

**6. The *Ministerio de Educación de la Nación* (National Ministry of Education, MEN) is responsible for most of the non-recurrent discretionary investment in the education system.** The National Education Law of 2006 establishes the responsibilities of the *Ministerios de Educación Provincial* (Provincial Ministries of Education, MEPs) and the 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 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. In contrast, the MEN has flexibility in the use of its budget as well as a legal framework to allocate resources to the provinces based on equity (expanding access among the poorest) and efficiency (improving learning outcomes) considerations.<sup>4</sup> 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 challenges in Argentina.

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<sup>3</sup> This represents the total budget for Education, Culture and Innovation.

<sup>4</sup> 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 went to salaries, including teachers and administrative costs, leaving 5 percent in discretionary spending to tackle non-salary 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 million) is transferred to the Provinces to supplement teachers' salaries, while the rest (US\$1.4 billion, accounting for almost 8 percent of the total public budget allocated to education) is invested in infrastructure, equipment, and priority education policies designed by the .MEN and implemented by MEPs.



7. **Argentina remains a regional leader in education coverage. However, very important challenges regarding equity and quality of the education system remain.** Coverage rates are the highest in the region (together with Chile and Uruguay). Coverage in preschool for 5 year-olds and primary education is close to universal. Although the net coverage rate in lower secondary education drops to 83 percent (for urban areas, with data from the “*Encuesta Permanente de Hogares*”), it is still well above the regional average and shows a long-term positive trend. On equity, the education system has not yet become an instrument to achieve equality of opportunities providing adequate services to the most vulnerable groups in poor areas. On quality, Argentina is the only country in the region showing a decline in language learning outcomes between 2000 and 2012, according to the Organization for Economic Cooperation and Development’s (OECD) international standardized test, Program for International Student Assessments (PISA). Perhaps even more challenging, Argentina shows one of the highest between-student variance in learning outcomes among countries participating in PISA (Freeman, Machin and Viarengo (2011)).

8. **The rural/urban gap in education performance begins in the first grades of primary education.** As shown in an associated factors analysis using data from the standardized test SERCE, failure in early grades is highly correlated with poor learning in Argentina (UNESCO/OREALC, 2010). Students that repeat one or more grades are also much more likely to abandon school later in their education trajectory. In 2012, repetition in primary schools in rural areas reached 6.7 percent, around 50 percent higher than urban centers (4.4 percent). The divide is starker in grade 1, where 12.1 percent of rural students repeat, compared to 7.2 percent in urban areas. High repetition in early grades partly explains why up to half of secondary students in rural areas are overage for their grade, compared with a third in urban centers.

9. **Boys are more likely to repeat than girls, and more likely to drop out.** At the primary level, in both rural and urban areas, boys in public schools were on average three times more likely to repeat than girls. At the secondary level, about 13 percent of boys repeat, as compared to 5 percent of girls. In 2007, boys accounted for 52 percent of total enrollment at grade 7, the start of secondary school. By 2012, the same share at the end of secondary school (grade 12) had declined to 45 percent, indicating a disproportional dropout rate among boys.

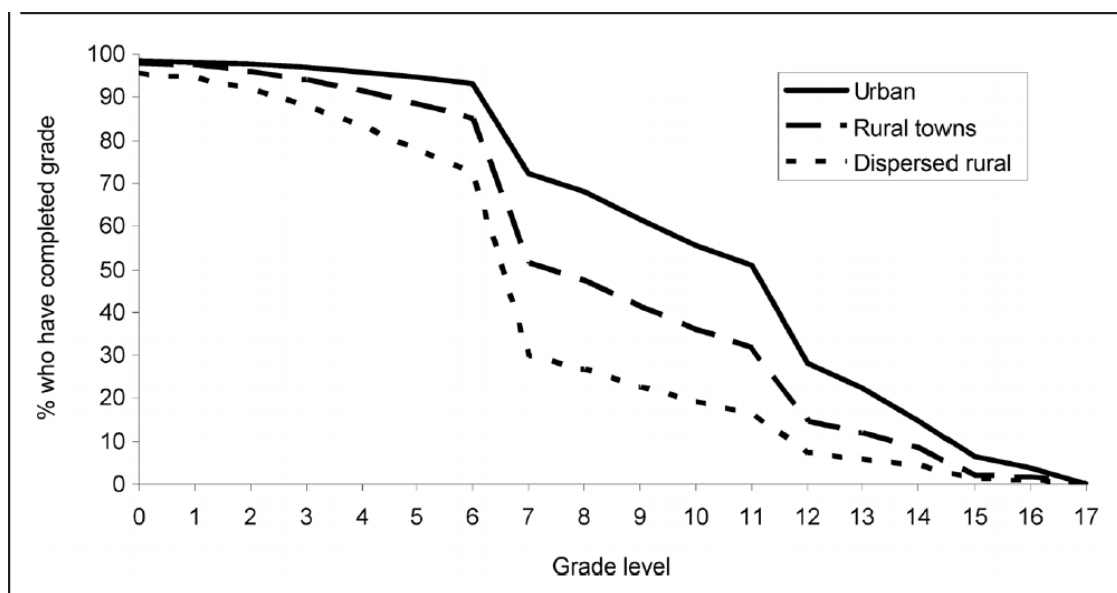
10. **Secondary school coverage and efficiency rates are lower in rural areas.** Coverage at the secondary level has a large gap: 83 percent in urban areas compared to 50 to 60 percent for rural areas. Looking at household survey data, individuals in urban areas are twice as likely to have completed secondary school compared to those in dispersed rural areas (Figure 1). According to the MEN, the two main constraints to increase coverage in rural areas are an insufficient supply of secondary school services and school failure in the form of high repetition rates in primary school leading to school dropouts in secondary.<sup>5</sup> The secondary school dropout rate in rural areas is 17 percent, versus 10 percent in urban areas. The constraints on supply of

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<sup>5</sup> As documented in “The Invisible Poor: A Portrait of Rural Poverty in Argentina” (World Bank, 2010). The report shows that students’ travel time to schools is significant, particularly in North-West and North-East regions.

rural secondary education are twofold: an unsustainably high per student cost, due to low population density in impoverished regions, and a dearth of qualified teachers.<sup>6</sup>

**Figure 1: School Attainment Profile for Individuals Ages 21-30**



Source: World Bank (2010)

11. **Rural areas are disproportionately poor and particularly underserved by the education sector.** Accounting for 11 percent of the total population in Argentina, households in remote rural areas are the most vulnerable and poorest in the country. Because of low population density, the education system has not been able to provide adequate services to these households. Without well-designed education policies that explicitly target the population in rural areas, taking into consideration the challenges in deploying qualified teachers, these disadvantaged households will continue to be excluded from the development process. This, in turn, will further marginalize vulnerable groups in rural areas and exacerbate existing inequalities.

12. **Priorities for the MEN are clearly defined in the *Plan Nacional de Educación Obligatoria y Formación Docente 2012-2016* (National Education Plan)** which, broadly speaking, follows 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. The strategy includes an expansion of the supply of secondary education services, specific pedagogical interventions, and learning material to help students at risk of repeating the first grades of primary school and an ambitious teacher training plan. This national education strategy is the framework within which the interventions of the proposed Project are designed, ensuring that the Project is fully aligned with the Nation's goals.

<sup>6</sup>According to the 2010 Census, most of the provinces with the largest share of the population living in remote rural areas (Corrientes, Chaco, Entre Rios, Formosa, Mendoza, Misiones, Salta, Santiago del Estero and Tucumán) are located in the North-East and North-West of the country, regions that show lower levels of development and weaker education quality indicators (for instance, in the national standardized test ONE).

13. **Contributions of the first PROMER Project to rural education in Argentina have been substantial.** Since 2005, the Bank has supported the GoA in the implementation of its rural education policy through the First Rural Education Quality Improvement Project – PROMER I (P070963, Loan 7353-AR).<sup>7</sup> 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. As a result of Argentina’s rural education policy, the last ten years have witnessed a closing of the gap between urban and rural areas, as shown in Table 1.<sup>8</sup> The Bank has also supported strengthening the provincial education systems through sub-national multisectoral operations (San Juan) and an analytic program that has focused on stimulating evidence-based policy discussions and providing technical assistance with sub-national governments (City of Buenos Aires and Provinces of La Rioja and Salta).

**Table 1: Closing the Urban-Rural Gap (2001-2010)**

Indicator	2001	2010	% Change
<b>Coverage 4 year olds</b>			
Urban	51.5	71.8	+39.4%
Rural	26.6	52.4	+97.0 %
<b>Coverage 5 year olds</b>			
Urban	80.8	92.0	+13.9 %
Rural	65.9	86.1	+30.7 %
<b>Coverage 15 year olds</b>			
Urban	88.7	92.4	+4.2 %
Rural	66.4	77.7	+17.0 %
<b>Completion rate, grade 1</b>			
Urban	85.3 (2004)	89.8 (2011)	+ 5.3 %
Rural	77.3 (2004)	83.8 (2011)	+ 8.4 %

Source: Population Census 2001 and 2010

### C. Higher Level Objectives to which the Project Contributes

14. As it is defined in the Country Partnership Strategy (CPS) for Argentina FY2015-18 (Report No. 81361-AR), discussed by the Executive Directors on September 9, 2014, “ensuring that poor and vulnerable households have the assets to cope with short- and medium-term risks requires strengthening public sector service delivery and investing in basic infrastructure and human development.” The proposed operation would improve basic social service delivery enhancing human capital accumulation, particularly in Argentina’s marginalized and rural areas. The proposed Project would contribute to the achievement of the CPS results area: “Improving

<sup>7</sup> PROMER I was approved in 2005 and closed in 2014. It was rated Moderately Satisfactory in the Implementation Completion Report (ICR00002970), published on May 30, 2014.

<sup>8</sup> Establishing the direct and causal effect from PROMER to the evolution of the indicators presented in Table 1 is not possible and most likely the result of the general rural education policy in Argentina to which PROMER contributed significantly. For instance, PROMER provided most of the non-salary financing for rural education since it became effective in 2006.

employability of Argentina’s youth” under the CPS thematic engagement of “Asset Availability of Households and People.” The specific CPS outcome of “Secondary school completion rate in rural areas rises from 61.5 percent (2010) to 65.5 percent (2018)” is one of the Project Development Objective (PDO) indicators of the results framework of this Project. The Project would contribute to improving access to high quality education services among the most disadvantaged households in Argentina, facilitating the transition to the labor market for rural Argentine youth, and hence supporting the Bank’s twin goals of poverty reduction and shared prosperity. Given the positive linkages between human capital and labor market outcomes (wages and employability) and the strong focus on rural isolated areas, the Project would contribute to reducing poverty, income inequality, and inequality of opportunities in Argentina.

## **II. PROJECT DEVELOPMENT OBJECTIVES**

### **A. Project Development Objective**

15. The proposed Project Development Objective is to support the national Government to reduce repetition rates in Primary Education and increase enrollment in, and completion rates of, Secondary Education, all in Argentina’s rural areas.

### **B. Project Beneficiaries**

16. **The Project would be implemented in Argentina’s rural areas and would benefit children in preschool, primary and secondary school, ranging in ages from 4 to 17 years old.** About one third of people living in rural areas in Argentina have at least one unmet basic need,<sup>9</sup> while the same figure for households in urban areas is about 15 percent. The Project would prioritize those schools located in dispersed or remote rural areas, where nearly 40 percent of the population has at least one unmet basic need. Primary beneficiaries would be the students. Teachers and school directors would benefit from more training to be better able to teach and foster learning. Families would also benefit due to more involvement in the education process through a focus on community involvement. Lastly, the national and provincial ministries and schools would stand to gain from strengthened management capacity in their roles for providing quality education services. In total, the Project would benefit 986,298 students and 156,172 teachers, in about 15,300 rural schools.

17. Boys tend to be disproportionately represented among repeaters in primary school and dropouts later in secondary. Therefore, the benefits of activities that focus specifically on reducing repetition rates, which in turn would reduce dropout rates, would accrue to boys in particular.

### **C. PDO Level Results Indicators**

18. The Project would have the following results indicators:

- i. **Reducing repetition:** Average repetition rate in primary schools in rural areas.

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<sup>9</sup> “The Invisible Poor: A Portrait of Rural Poverty in Argentina.” 2010, The World Bank.

- ii. **Increasing enrollments in lower secondary education:** Number of students entering the first year of secondary school in rural areas as a proportion of students who finished primary school in rural areas.
- iii. **Increasing transition rates from lower to upper secondary education:** Number of students in rural areas enrolled in 10<sup>th</sup> grade as a proportion of students that completed 9<sup>th</sup> grade in rural areas.
- iv. **Increasing completion rates in upper secondary:** Proportion of the total number of students enrolled in the first grade of upper secondary completing the last year of upper secondary education (12<sup>th</sup> grade) in rural areas, including students that repeat a grade.

### **III. PROJECT DESCRIPTION**

#### **A. Project Components**

19. The Project would be comprised of three components. Component 1 would cover pre-primary, primary and secondary education, and would aim to reduce repetition rates, increase transition and completion rates in rural classrooms through two subcomponents: Subcomponent 1.1 focuses on improvements in teaching (leading to better learning) and in school directors' management practices (leading to better identification and management of poorly performing students); and Subcomponent 1.2 strengthens the school-family linkages. Component 2 would focus on increasing enrollment, transition and completion of secondary education, through expanding coverage of services, the primary binding constraint to access in rural Argentina. Component 3 would consist of activities related to Project management, monitoring, and evaluation.

#### **Component 1: Reducing Repetition Rates in Rural Classrooms (US\$59 million)**

##### *Subcomponent 1.1: Improving teaching and school management*

20. This Subcomponent would support Argentina's recently approved National Plan for Teacher Training through efforts to improve teaching and school management, including designing and implementing an in-service training strategy for all pre-primary, primary and secondary rural schools for teachers, school directors and supervisors. Among the activities to be financed would be the design of the training's rollout strategy to prioritize among those most in need; stipends for trainers, transportation costs, training costs, the development of new teaching and training materials, and the printing and distribution of existing materials. Special consideration would also be given to designing training/teacher support systems that work with indigenous schools, working to address challenges identified in the diagnostics and corresponding *Proyectos Educativos Institucionales* (School Improvement Plan, PEIs) (see Subcomponent 1.2).

21. Training courses for teachers would be organized per level of education, focusing on both the particular needs of that level and the linkages with previous and subsequent levels of education. For school directors and supervisors, training activities would be developed in order to better ensure institutional support for the improved teaching practices, implementation of the learned pedagogic approaches/tools for rural schools, and the development and implementation of tools for identifying students at risk of repetition. As such, selection for participation in

training would be at the school level, allowing for school teams to develop school-specific projects to address identified challenges. Training would also include instructions for directors in carrying out diagnostics of school problems, developing corresponding PEIs, and strengthening the outreach activities with families and communities (Subcomponent 1.2).

### *Subcomponent 1.2: Strengthening the link between schools and families*

22. With the aim of greater participation of parents and other community members in the functioning of schools, the Subcomponent would build on the activities under PROMER I to strengthen the links between schools and local communities. School management would progressively incorporate parents, former students, local technical experts, and neighbors, among others. Small funds would finance activities such as: i) sharing of school management and teachers' performance experiences at the level of the school cluster, also known as *agrupamiento*; ii) conducting simple preventive maintenance of schools, such as fixing broken windows; or iii) purchasing needed school equipment. Access to the small funds would be subject to a PEI<sup>10</sup> developed by the school management committee and the fulfillment of the teacher, principal and supervisor training plan for selected schools as described in Subcomponent 1.1. The PEIs must include a diagnostic of the school with basic performance indicators like repetition, dropout and efficiency rates. The PEIs should make explicit how the additional funds would be used in any of the three activities listed above (or a combination of them). PEIs would be followed by an end-of-year report, developed by the school management committee, describing how the funds were used.

### **Component 2: Increasing Enrollment and Completion of Rural Secondary School (US\$180 million)**

23. This Component would consist of expanding the supply of secondary education services in rural areas, including infrastructure for new schools, increasing capacity for existing schools, school maintenance, learning materials, and the supply of qualified teachers. The focus under PROMER I was on primary and lower secondary, since that is where demand has been highest. The remaining coverage gap is mainly in upper secondary, hence this Component would focus on that level while still contributing to the expansion of lower secondary, and other levels of education where needed, which serve as important pull factors for increasing coverage at higher levels. Among the activities to be financed would be infrastructure and equipment and didactic materials. To address the infrastructure shortage, a map of underserved areas would be developed to locate demand and help determine the best service delivery models for each selected area (to be financed under Component 3). Wherever possible, the unit of analysis for the maps, and the subsequent areas for prioritization, would be the school cluster.

24. The pedagogic and institutional approaches to be supported under this Component would strive to address the two main bottlenecks to expanding secondary education supply: the dearth of qualified teachers, and insufficient infrastructure. The shortage of qualified teachers would be

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<sup>10</sup> In the case of EIB/indigenous schools, activities under the IPPF to develop *Propuestas Pedagógicas* would substitute PEIs. The design, scope and execution of the different lines of activity will be periodically consulted with CEAPI as part of a continuous dialogue during project implementation.

addressed through the expansion of initiatives such as the *Horizontes* program<sup>11</sup> to increase the supply in lower secondary, offering a sustainable alternative relying less on subject area teachers.

### **Component 3: Strengthening Project Management, Monitoring, and Evaluation (US\$11.5 million)**

#### *Subcomponent 3.1: Project management*

25. As per the first phase of PROMER, Project management would entail: (i) the technical coordination within the MEN across technical departments; (ii) the planning, monitoring, and evaluation of province-level activities; (iii) the fiduciary oversight for all Project activities, including financial management, procurement, and all legal aspects of the Project, including safeguards; and (iv) the development of a map of underserved areas to identify demand for Secondary Education and determine the best service delivery models for rural areas. The Project management structure is based on existing structures within the national and provincial education ministries. To ensure quality implementation of Project activities, the Project would support technical departments by financing just-in-time consultancies and other technical support.

#### *Subcomponent 3.2: Monitoring and evaluation*

26. The Project management team, together with the *Dirección Nacional de Información y Evaluación de la Calidad Educativa* (National Directorate of Information and Evaluation of Educational Quality, DiNIECE), would be responsible for the monitoring and evaluation of Project activities. The Project would finance the monitoring of Project indicators and the development of a system to track activities and trends in basic education indicators.

27. Under the guidance and implementation of DiNIECE, studies would be financed using quasi-experimental designs that would allow for a close monitoring of Project activities. Tailor-made quantitative and qualitative instruments would be specially designed to provide a deeper analysis of key aspects. These activities would serve to shed light on issues pertaining to rural education, as well as the broader policy priorities outlined in the National Education Plan.

28. Monitoring activities by DiNIECE would be complemented by rigorous evaluations identifying the effect of the interventions supported by the Project and described under Components 1 and 2. An academic committee, as described in the Project's Operational Manual, would oversee the evaluation agenda, including the relevance of topics, and the methodological validity of proposed evaluation activities. The design, scope and identification strategy of the proposed evaluations would also be determined by PROMER's academic committee. The evaluation design would allow the causal effect between the interventions supported by the Project and education outcomes, paying special attention to indigenous people and other vulnerable groups. The Project's monitoring and evaluation support would ensure a platform for a comprehensive evidence-based policy dialogue, as described in the CPS. Furthermore, the

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<sup>11</sup> Program designed to use resource manuals featuring concepts for each area, containing individual and group work activities, offered by teachers that rotate to various schools in urban areas.

activities would provide support to lower-income provinces to strengthen management of education systems, in collaboration with other relevant actors within the MEN.

## B. Project Financing

### Lending Instrument

29. The lending instrument for this Project would be Investment Project Financing in the amount of US\$250.5 million.

### Project Cost and Financing

Project Components	Project Cost (US\$ million)	IBRD Financing (US\$ million)	% Financing
1.Reducing Repetition Rates in Rural Classrooms	59.00	59.00	100.0%
2.Increasing Enrollment and Completion of Rural Secondary School	180.00	180.00	100.0%
3.Strengthening Project Management, Monitoring, and Evaluation	11.50	11.50	100.0%
<b>Total Financing Required</b>	250.50	250.50	

## C. Lessons Learned and Reflected in the Project Design

30. **While PROMER I was focused on primary education in rural areas, the secondary education agenda was not as prominent.** The introduction of the *Horizontes* program was an important milestone in improving pedagogy in rural areas. Still, the program was implemented unevenly, with some provinces adopting the approach, and others more resistant to the change in methodology. In some provinces, implementation was hampered by a predominantly urban vision of secondary education ill-suited for rural areas, where, for instance, students tend to face longer commutes. The lesson for these provinces is that underlying misconceptions about the adequacy of pedagogic models need to be addressed prior to rolling out the program, hence the focus on context-appropriate service delivery models at the provincial level.

31. **Transforming the teaching and learning in rural schools requires teacher training activities that are more accessible and very specific to pedagogic tools and programs.** Teachers are the most important factor in determining the quality of education and must have the support necessary to attend classes as needed, have the qualifications and competencies required, and be properly motivated to fulfill the difficult task with which they have been entrusted. This serves as the basis for the strong focus on teacher preparation under Component 1.

32. **Much of the innovation and success in education policy is found at the provincial level.** Previous efforts to improve rural education have tended to support national programs



implemented across all provinces. This resulted in schools with programs that often lack an articulation across levels of schooling (e.g. primary schools and lower secondary schools that share a school site, with tensions arising over sharing equipment, materials, and funds for school improvement). In order to better support provincial-led efforts and to foster better articulation among provincial programs, Participation Agreements would be signed between the nation and the provinces to support province-level goals and objectives.

**33. Indigenous schools are among the poorest performing schools, especially with regards to Spanish language.** While much attention has been paid to teaching native language in these schools, teaching Spanish as a second language has not been prioritized. The lesson is that greater balance needs to be struck between these two components of bilingual education, such that more attention is given to teaching Spanish, the language more likely to determine the future trajectory of students in school. *Propuestas pedagógicas* under Component 2 would focus on such issues.

#### **IV. IMPLEMENTATION**

##### **A. Institutional and Implementation Arrangements**

34. The Project's institutional and implementation arrangements build on the implementation of PROMER I. The implementing agency is MEN, through its *Dirección General Unidad de Financiamiento Internacional* (General Directorate Unit of International Finance, DGUFI). At the national level, the DGUFI is responsible for coordinating the activities of the Project, including overseeing execution of activities within the provinces. Among the key participating entities at the national level are DiNIECE, the *Dirección General de Infraestructura* (Infrastructure General Directorate, DGI), and the *Dirección Nacional de Gestión Educativa* (National Directorate of Education Management, DNGE). At the provincial level, each province has a coordinator responsible for the implementation of activities. Since the bulk of the activities are carried out at the provincial level, provinces are responsible for most of the procurement and financial management, for which technical assistance has been required in the past. To govern the specific activities of PROMER II at the provincial level and to outline the roles between national and provincial actors, Participation Agreements would be signed for the duration of the Project. The agreements would be the mechanisms through which the Project would be institutionalized in the education system and would include the transparent rules of allocation of resources from the MEN to the Provinces, as well as all fiduciary responsibilities of the provinces, including safeguards, and anti-corruption guidelines.

##### **B. Results Monitoring and Evaluation**

35. The process of monitoring results under the proposed Project would strengthen national systems wherever possible. The Results Framework in Annex 1 contains indicators that are tracked and reported on annually by DiNIECE. The Project would complement official system-wide information with just-in-time studies to track results indicators. With regards to evaluation, a plan would be developed under Subcomponent 3.2, using a variety of methods, depending on the interventions. Complementing the Project-financed activities, the Bank would maintain a robust technical cooperation program with provinces and non-governmental actors such as academics, think tanks, and NGOs.

### C. Sustainability

36. The sustainability of proposed Project activities and results lies in the extent to which the rural education agenda becomes national policy in Argentina. As seen under the first phase of PROMER, rural education has indeed become national policy, as per Chapter 10 of the National Education Law and *Resolución CFE No. 128/10* of the *Consejo Federal de Educación*. Looking forward, it is expected that the new emphasis placed on secondary education will be reflected in additional resolutions by the CFE in the coming year, an indication of the extent to which the Project reflects selected priorities by both national and provincial education authorities.

## V. KEY RISKS AND MITIGATION MEASURES

### A. Risk Ratings Summary Table

<b>Risk Category</b>	<b>Rating</b>
<b>Stakeholder Risk</b>	Moderate
<b>Implementing Agency Risks</b>	
- Capacity	Substantial
- Governance	Moderate
<b>Project Risk</b>	
- Design	Moderate
- Social and Environmental	Moderate
- Program and Donor	Low
- Delivery Monitoring and Sustainability	Moderate
<b>Overall Implementation Risk</b>	Moderate

### B. Overall Risk Rating Explanation

37. **The overall risk of the Project is Moderate.** The overall risk of the Project is assessed as Moderate. The federated nature of proposed Project results in a complex operational architecture, and weak capacity and high rotation among staff at the provincial level pose substantial risk given that the majority of the financial management and procurement activities are undertaken at the provincial level. This risk would be managed through maintaining trained teams in place at the subnational level, and by hiring new staff to strengthen the capacity of the Project Unit's financial management team to ensure close supervision and monitoring over flow of funds to provinces. Another key risk arises from the challenges surrounding the timely availability of monitoring and evaluation data. The Bank would manage this risk through engaging in evaluation activities with provinces on related policies such as improving student assessments and school management.

## VI. APPRAISAL SUMMARY

### A. Economic and Financial Analysis

38. Annex 6 presents the findings of the economic and financial analysis undertaken. The increase in completion rates in upper secondary education in rural areas proposed under the

Project alone would increase incomes of rural households by 1.2 percent per year. In cumulative terms, as more Project beneficiaries enter the labor market and the additional years of schooling of the rural workforce increases, the economic benefits of the Project also increase (see Figure A6.3). A lower bound estimate of the Project's sum of flows of economic benefits up to 2035 is equal to AR\$5.3 billion (or US\$643 million). However, the benefits associated with a better educated population go beyond what is shown by a simple economic analysis. Component 1 of the Project aims at increasing the quality of education services, for which there is growing evidence that, for any given years of schooling, an increase in the quality of education improves productivity and hence wages (Hanushek and Woessmann, 2012). Other benefits associated with a more educated society include higher female labor participation rates, better health, enhanced democratic participation, and a more environmentally conscious society, among others. Public sector provision is justified based on the high social returns of the investment and the reduction in poverty and inequality associated with it. The Bank's value added includes ensuring appropriate financing of non-recurrent costs for schools in the most vulnerable areas; contributing to the design of the National Plan for Teacher Training; and through impact evaluation design, implementation, and interpretation of results and feedback to policy design.

## **B. Technical**

39. The technical design of the Project is well supported, in terms of international good practice for improving internal efficiency, enrollments, and completion. The proposed Project's focus on teachers and pedagogy under Component 1 is consistent with the emerging literature on the role of teachers as the most important factor in improving learning in the classroom. Increasing the supply of secondary education is well justified, given the great strides Argentina has made at the pre-primary and primary levels.

## **C. Financial Management**

40. A Financial Management (FM) Assessment of the arrangements for the proposed Project was performed in accordance with OP/BP 10.00<sup>12</sup> and is in line with specific Bank guidelines. It found that the FM arrangements for the proposed operation meet minimum Bank requirements. The assessment concluded that the Project's budgeting, accounting, internal control, funds flow, financial reporting and auditing arrangements: (i) are capable of correctly and completely recording all transactions and balances relating to the Project; (ii) facilitate the preparation of regular, timely and reliable financial statements; (iii) safeguard the Project's assets; and (iv) are subject to auditing arrangements acceptable to the Bank. The proposed organizational arrangement for the Project is considered satisfactory. Key FM personnel are considered competent and adequately skilled.

## **D. Procurement**

41. Procurement would be conducted according to the World Bank's "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits

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<sup>12</sup>Financial Management Manual for World Bank-Financed Investment Operations; document issued by Operations Policy and Country Services OPCFM on March 1, 2010

& Grants by World Bank Borrowers” issued in January 2011, and revised in July 2014, for the supply of goods, civil works and non-consulting services, and the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers” issued in January 2011, and revised in July 2014, for technical assistance and other consultant assignments. The Project would be implemented using the existing structures that are in place at the national and provincial level. At the national level, the MEN, through the DGUFI, would be responsible for carrying out procurement activities, as well as for monitoring and supervising the fiduciary arrangements at the provincial level, which also have structures in place to carry out procurement activities. The procurement activities under the Project would seek to further the CPS objectives of supporting open procurement.

#### **E. Social (including Safeguards)**

42. The targeted Project areas are primarily rural, many of which have indigenous communities that are among the most marginalized groups in Argentina. For that reason, OP/BP 4.10 (Indigenous Peoples) is triggered. The social assessment was prepared by the Project counterpart,<sup>13</sup> including the evaluation of the existing institutional framework and a stakeholder mapping for Indigenous Peoples, institutional actors like the *Modalidad de Educación Intercultural Bilingüe* (Bilingual Intercultural Education Modality, EIB) and other key actors.

43. The MEN’s consultation strategy is based on a permanent dialogue process that includes periodic meetings with representatives of indigenous peoples from each Argentine province. This process led to the creation of the *Consejo Educativo Autónomo de Pueblos Indígenas* (Autonomous Indigenous People’s Education Council, CEAPI) in December 2007. CEAPI has had regular meetings since then and became the key counterpart in the design and implementation of education policies for Indigenous Peoples in Argentina. Based on the principle of free, prior, and informed consultation, specific consultations took place in September 2013 and September 2014, where Project documents (including a draft of the Indigenous Peoples Planning Framework, IPPF) were presented to CEAPI. The following recommendations were incorporated into the Project’s design: (i) strengthening the link between schools and families through enhanced outreach to foster local and social participation for *Propuestas Pedagógicas*;<sup>14</sup> (ii) changes in the design of *Propuestas Pedagógicas* to adjust to the realities of each school, taking into account inputs from students, teachers and other members of the local community; and (iii) enhancement of the indigenous teachers training. Additionally, it was recommended to foster continuous dialogue with CEAPI during Project implementation. A version of the IPPF incorporating feedback from CEAPI and the Bank was published on the MEN’s and the Bank’s website on November 8, 2013 and a revised version incorporating findings of the public consultation held on September 29, 2014 was disclosed on both sites on October 15, 2014.

44. The Involuntary Resettlement policy is not triggered since activities under the Project would avoid any potential involuntary resettlement impacts and would ensure that if land

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<sup>13</sup> The social assessment of the Project is based on a review of PROMER’s experience and relevant documents on Indigenous Peoples, as well as available documents on EIB.

<sup>14</sup> *Propuestas Pedagógicas* substitute PEIs in EIB/indigenous schools.

acquisition is necessary, it would be carried out in a fully voluntary nature.<sup>15</sup> No sub-projects involving involuntary resettlement would be eligible for financing. In this sense, the Environmental and Social Management Framework (ESMF) developed for the Project includes land acquisition screening criteria in order to ensure that any potential involuntary resettlement impacts would be avoided. The screening covers not only land acquisition, but also any other potential impacts caused by involuntary resettlement (i.e. involuntary taking of land resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood in order to ensure that they also would be avoided.

## **F. Environment (including Safeguards)**

45. **Environmental Categorization and Bank Safeguards Policies triggered.** The Project has been assessed as Category B following the guidelines of OP/BP 4.01 (Environmental Assessment). The proposed Project's physical interventions are foreseen under Component 2, whereby the construction, rehabilitation and refurbishment of schools would be financed. The potential adverse impacts are mostly associated with the construction stage of civil works of small to medium scale (e.g. construction staging, debris generation, dust emission, noise, and other standard impacts of construction). Therefore, the environmental impacts are not expected to be significant or irreversible. Sub-project specific locations would be selected during Project implementation. However, given that rural areas would be targeted and the Project would prioritize locations in the hardest dispersed or remote rural areas, it is possible for works to be located in natural habitat zones or areas with cultural values (outstanding landscapes, indigenous territories, historic or archeological heritage sites, etc.). Thus, OP/BP 4.01, OP/BP 4.04 (Natural Habitats) and OP/BP 4.11 (Physical Cultural Resources) are triggered.

46. **Safeguard Instruments.** An ESMF was developed by the MEN for the management of safeguards. The draft ESMF was disclosed on the MEN's website on November 4, 2013. The MEN conducted a focus consultation on this instrument with education community representatives (school infrastructure areas of all the MEPs), national environmental authorities/agencies (Directorate of Forest of the Secretariat of Environment and Sustainable Development and the Environmental Unit of the Roads National Directorate), and a relevant NGO (Rural Community Network, *Red de Comunidades Rurales*). The views of consultation participants were incorporated into the final ESMF document, which was disclosed on the MEN's website on November 8, 2013 and on the Bank's website on November 11, 2013. After incorporating an updated version of the IPPF (Annex E of the ESMF), a revised version of the document was disclosed on both sites on October 15, 2014.

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<sup>15</sup> Voluntary resettlement has two operative principles: (i) informed consent and (ii) power of choice. The latter is only possible if the Project location is not fixed. Given that the Project is financing construction/rehabilitation of schools, even in the case that land acquisition is necessary, Project location wouldn't be fixed and therefore land owners would retain power of choice, since land will not be eligible otherwise. The ESMF describes the instances of consultation and communication with the community stakeholders for each sub-project, including Grievance and Redress Mechanisms. These processes would allow the Bank to ensure that sellers are not coerced or unduly pressured into making the sale.

## Annex 1: Results Framework and Monitoring

**Country: Argentina**

**Project Name: Argentina Second Rural Education Improvement Project - PROMER-II (P133195)**

### Results Framework

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#### Project Development Objectives

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PDO Statement

The proposed Project Development Objective is to support the national Government to reduce repetition rates in Primary Education and increase enrollment in, and completion rates of, Secondary Education, all in Argentina's rural areas.

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**These results are at** | Project Level

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#### Project Development Objective Indicators

Indicator Name	Baseline (2012)	Cumulative Target Values				
		2014	2015	2016	2017	End Target (2018)
Average repetition rate in primary schools in rural areas (Percentage)	6.70	6.1	5.5	4.9	4.4	4.00
Number of students entering the first year of secondary school in rural areas as a proportion of students who finished primary school in rural areas (Percentage)	72.10	74.6	77.2	79.9	82.7	85.60
Number of students in rural areas enrolled in 10th grade	92.10	92.9	93.7	94.4	95.2	96.00

as a proportion of students that completed 9th grade in rural areas (Percentage)						
Proportion of the total number of students enrolled in the 1st grade of upper secondary completing the last year of upper secondary education (12th grade) in rural areas, including students that repeat a grade (Percentage)	63.40	66.2	67.6	69.0	70.5	72.00

### Intermediate Results Indicators

Indicator Name	Baseline (2012)	Cumulative Target Values				
		2014	2015	2016	2017	End Target (2018)
Direct project beneficiaries (Number) - (Core)	1,072,700	1,086,654	1,100,608	1,114,562	1,128,516	1,142,470
Female beneficiaries (Percentage - Sub-Type: Supplemental) - (Core)	536,350	543,327	550,304	557,281	564,258	571,235

### Component 1: Reducing Repetition Rates in Rural Classrooms

Percentage of rural schools with a principal and at least one teacher completing the newly designed professional training course (Percentage)	--	0	10	30	50	70
Proportion of rural schools with a PEI developed by the	20	20	40	60	80	100.00

school management committee (Percentage)						
<b>Component 2: Increasing Enrollment and Completion of Rural Secondary School</b>						
Number of new schools or schools to be refurbished per province defined and agreed upon (Number)	0	36	144	252	360	360
Completion of civil works in secondary education (Number)	0	0	47	155	263	360
Number of upper secondary schools as a proportion of number of lower secondary schools (Percentage)	52	65	68	71	74	75
<b>Component 3: Strengthening Project Management, Monitoring, and Evaluation</b>						
Studies that will inform the design of components of the National Plan for Teacher Training ( <i>Plan Nacional de Formación Docente</i> , PNFD) (Yes/No)	No	No	Yes	Yes	Yes	Yes
Development and maintenance of a website to monitor PROMER II (Yes/No)	No	No	No	Yes	Yes	Yes



### Indicator Description

<b>Project Development Objective Indicators</b>				
<b>Indicator Name</b>	<b>Description (indicator definition etc.)</b>	<b>Frequency</b>	<b>Data Source / Methodology</b>	<b>Responsibility for Data Collection</b>
Average repetition rate in primary schools in rural areas	Percentage of students who repeat the grade as a share of the total number of students enrolled in rural primary schools.	Annual	Annual school census	MEN (DiNIECE)
Number of students entering the first year of secondary school in rural areas as proportion of students who finished primary school in rural areas	Number of students enrolled in the first year of secondary school divided by the total number of students finishing primary school the previous academic year. (Note that the indicator is taking 7 <sup>th</sup> grade as the first year of secondary school).	Annual	Annual school census	MEN (DiNIECE)
Number of students in rural areas enrolled in 10th grade as a proportion of students that completed 9th grade in rural areas	Number of students enrolled in 10th grade divided by the total number of students finishing 9th grade the previous academic year.	Annual	Annual school census	MEN (DiNIECE)
Proportion of the total number of students enrolled in the 1st grade of upper secondary completing the last year of upper secondary education (12th grade) in rural areas, including students that repeat a grade	Number of students who succeed in completing the last year of upper secondary school (including repeaters) in year “t,” as a proportion of students having enrolled in the first year of upper secondary school in year “t-2.” It is the upper secondary graduation rate in rural areas (including repeaters) for a given cohort.	Annual	Annual school census	MEN (DiNIECE)

<b>Intermediate Results Indicators</b>				
<b>Indicator Name</b>	<b>Description (indicator definition etc.)</b>	<b>Frequency</b>	<b>Data Source / Methodology</b>	<b>Responsibility for Data Collection</b>
Direct project beneficiaries	Direct beneficiaries are people or groups who directly derive benefits from an intervention (i.e., children who benefit from an immunization program; families that have a new piped water connection). Please note that this indicator requires supplemental information. Supplemental Value: Female beneficiaries (percentage). Based on the assessment and definition of direct project beneficiaries, specify what proportion of the direct project beneficiaries are female. This indicator is calculated as a percentage.	Annual	Annual school census. The direct beneficiaries would be estimated based on the enrollments in participating schools.	MEN (DGUFI and DiNIECE)
Female beneficiaries	Based on the assessment and definition of direct project beneficiaries, specify what percentage of the beneficiaries are female.	Annual	Annual school census. The direct female beneficiaries would be estimated based on the enrollments in participating schools.	MEN (DiNIECE)
Percentage of rural schools with a principal and at least one teacher completing the newly designed professional training course	Completion of training includes follow-up of training activities in the classroom by directors/supervisors.	Annual	School survey developed by the Bank and MEN	MEN (INFD <i>Modalidad de Ruralidad</i> )
Proportion of rural schools with a PEI developed by the school management committee	PEI registered with PROMER authorities, and therefore subject to monitoring	Annual	Administrative data from DGI	MEN (DGUFI)
Number of new schools or schools to be refurbished per province defined and	Agreement of works to be undertaken to be reflected in Participation Agreements with each province	Annual	Administrative data from DGI	MEN (DGUFI)

agreed upon				
Completion of civil works in secondary education	Completion of civil works as per MEN processes.	Annual	Administrative data from DGI	MEN (DGI)
Number of upper secondary schools as a proportion of number of lower secondary schools in rural areas	Total number of operating upper secondary schools as a proportion of the total number of lower secondary schools.	Annual	Annual school census.	MEN (DiNIECE)
Studies that will inform the design of components of the National Plan for Teacher Training ( <i>Plan Nacional de Formación Docente, PNFD</i> )	Completed studies. Two studies: (1) best international practices in the design of a training strategy; and (2) a map of underserved areas to locate demand for secondary education services.	Annual	Literature review, data analysis and workshop with the National Ministry of Education	The World Bank with inputs from the National Ministry of Education
Development and maintenance of a website to monitor PROMER II	Web-based system to track the implementation of activities and basic education indicators for provinces and other relevant education authorities to track progress of PROMER II.	Annual	National Ministry of Education	MEN (DiNIECE)

## Annex 2: Detailed Project Description

### ARGENTINA: Second Rural Education Improvement Project

#### A. Additional Project Background

1. **The impact of the Bank’s financial services is amplified by a larger program that also uses knowledge and convening services.** In addition to PROMER I, the Bank has had a long and deep engagement in the education sector in Argentina that has consisted of knowledge, financial, and convening services, including at the subnational level, and focusing on supporting reforms to improve quality and efficiency and rigorous impact evaluations (Figure A2.1). At the same time, the Bank has also used its convening services to facilitate dialogue with multiple stakeholders and learning of good practices of other countries in the region and globally. These activities are not only relevant to their immediate contexts, where they serve to inform ongoing and future education policy, but also elsewhere in Argentina and further afield. During the period of the recently discussed CPS, the Bank will focus its resources on the lagging Provinces in the North East and the North West by supporting institutional capacity building, monitoring and evaluation.

**Figure A2.1: Stages of Engagement in Education in Argentina**

	Improving Access and Quality of Education [2005-2013]	Supporting System-Wide Efforts Toward Learning for All [2014-beyond]
Knowledge Services	<ul style="list-style-type: none"> <li>• NLTA: Broadening the Dialogue with the Argentina Ministry of Education (P133218)</li> <li>• Examining service delivery models for secondary education in rural areas</li> <li>• Understanding the Decline in Learning Outcomes</li> <li>• Estimating the Effects of Student Assessments on Learning Outcomes</li> <li>• City of Buenos Aires: Technical cooperation, Ministry of Education</li> </ul>	<ul style="list-style-type: none"> <li>• NLTA: Promoting Evidenced-Based Policymaking Through Impact Evaluations (P147562)</li> <li>• Estimating the Effects of Student Assessments on Learning Outcomes (continued - RSB)</li> <li>• City of Buenos Aires: Evaluating Education Policies (RAS)</li> </ul>
Financial Services	<ul style="list-style-type: none"> <li>• Argentina Rural Education Improvement Project (P070963, US\$150 million, 2005)</li> <li>• San Juan SWAp (P113896, US\$30 million, 2010)</li> </ul>	<p><b>Second Argentina Rural Education Improvement Project (P133195, US\$250.5 million)</b></p>
Convening Services	<ul style="list-style-type: none"> <li>• Brown Bag Lunch series</li> <li>• Seminar on Cooperative Federalism in Education (May 2012)</li> <li>• South-south exchanges with Dominican Republic – Full-Time Schools</li> </ul>	<ul style="list-style-type: none"> <li>• Brown Bag Lunch series (continued)</li> <li>• Dissemination of Impact Evaluation findings to northern provinces</li> </ul>

## B. Project Components

2. The Project would be comprised of three components. The first, covering pre-primary, primary and secondary education, would aim to reduce repetition rates, increase transition and completion rates in rural classrooms through improvements in teaching (leading to better learning) and in school directors' management practices (leading to better identification and management of poorly performing students) and strengthening the school-family linkages. The second component would focus on increasing enrollment, transition and completion of secondary education, through expanding coverage of services, the primary binding constraint to access in rural Argentina. The third component would consist of activities related to Project management, monitoring, and evaluation. Given Argentina's federalist nature, the precise implementation arrangements for components would need to be adapted to the specific conditions of each province, given that similar programs may already be underway in certain areas, in which case the Project could support those interventions subject to fulfilling certain criteria defined by the MEN.

### **Component 1: Reducing Repetition Rates in Rural Classrooms (US\$59 million)**

a. Provision of support to the National Plan for Teacher Training, through the carrying out of activities aimed at improving teaching and school management, including, *inter alia*, the design and implementation of a training strategy for teachers, school directors, and supervisors of Pre-Primary Education, Primary Education, and Secondary Education in rural schools.

b. Strengthening the link among the Eligible Schools, students' families and local communities through the carrying out of selected annual school improvement activities, which consists of, *inter alia*: (i) support the sharing of school management and teachers' performance experiences among rural schools at the level of School Clusters; (ii) the carrying out of minor preventive maintenance activities; and (iii) the acquisition of needed school equipment.

3. This Component would consist of two parts: 1.1 Improving teaching and school management; and 1.2 Strengthening the link between schools and families. Under PROMER I, much progress was made in reaching out of school preschool-aged children, helping to reduce the number of six year olds in grade 1 that had never attended preschool by almost two thirds.<sup>16</sup> Still, the school readiness of children entering grade 1 can be improved upon, as evidenced by the persistently high repetition rate in rural areas throughout primary. Although the teacher training financed under PROMER I helped this effort in part, the chosen training model was to provide intense, long-term training to a select few teachers (*postítulo*). The in-service training provided under PROMER I did not include school directors and supervisors, hence excluding, among other things, school-level tools for identifying students at risk of repetition and interventions to remediate the problem. Under Subcomponent 1.1, a new training strategy for in-service teachers, principals and supervisors would be designed and implemented, in accordance with the *Plan Nacional de Formación Docente* (National Plan for Teacher Training). PROMER I also fostered greater links between schools and communities and established the mechanisms for transferring small resources for schools to manage independently. Subcomponent 1.2 of the

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<sup>16</sup> From 15,681 in 2004 to 5,292 in 2012.

Project seeks to support the further development of this approach, with a view toward fostering greater participation from parents and communities, so as to better engage them in their children's learning, thereby enhancing their children's schooling performance (including reducing repetition and dropouts).

*Subcomponent 1.1: Improving teaching and school management*

4. This Subcomponent would support Argentina's National Plan for Teacher Training through efforts to improve teaching and school management, including designing and implementing an in-service training strategy for all pre-primary, primary and secondary rural schools for teachers, school directors and supervisors. Among the activities to be financed would be the design of the training's rollout strategy to prioritize among those most in need, stipends for trainers, transportation costs, training costs, the development of new teaching and training materials, and the printing and distribution of existing materials. Training courses would be provided by trainers from the *institutos de formación docente*, as selected by provincial education authorities. Efforts would be made to have school-based selection of trainees, including directors and supervisors, in order to foster a harmonized approach and improve the school-level follow-up. Each selected trainee would be expected to participate in a minimum of 80 percent of training sessions and pass a final examination (covering both face-to-face and distance activities) in order to receive accreditation. This accreditation could count toward the professional development for teachers as established by each province.

5. Special consideration would also be given to designing training/teacher support systems that work with indigenous schools, working to address challenges identified in the diagnostics and corresponding PEIs (see Subcomponent 1.2). As identified in the Social Evaluation section of the IPPF, there are persistent gaps in learning between indigenous schools and non-indigenous rural schools. It is expected that the school-level pedagogical plans (*propuestas pedagógicas*) will propose corrective measures to close the gap, including accompaniment to teachers, to be provided under this Subcomponent.

6. Training courses for teachers would be organized per level of education, focusing on both the particular needs of that level and the linkages with previous and subsequent levels of education. For example, training at the preschool level would focus on themes such as play-based learning and oral communication (in Spanish and other mother tongues); for the first cycle (grades 1, 2 and 3) themes would focus on early grade reading and math; and for the second cycle (grades 4 and 5), the focus would be on topics such as supporting overage students, advanced reading for study, and problem solving. Training would include multi-grade teaching approaches common to all rural teachers, awareness training in social and family dynamics, and tools for contextual diagnostics, to be undertaken with other teachers. In order to foster peer exchanges and to try to foster improvement strategies tailored to specific schools, the selection for participation in training would be at the school level, allowing for school teams to respond to identified challenges.

7. For school directors and supervisors, training activities would be developed in order to better ensure institutional support for the improved teaching practices, implementation of the learned pedagogic approaches/tools for rural schools, and the development of tools for

identifying students at risk of repetition. Training would also include strengthening the outreach activities with families and communities (Subcomponent 1.2).

*Subcomponent 1.2: Strengthening the link between schools and families*

8. This Subcomponent would build on the activities fostering local and social participation under PROMER I. With the view of fostering greater participation of parents and other community members in the learning of children, the Subcomponent would strengthen the links between schools and the local community. Wherever possible, the Subcomponent would seek to support existing provincial level efforts that intend to achieve the same end. As part of the decision-making process around some school activities, and with some control over resources, community members and parents have a more structural role in the functioning of schools, with the view of getting parents to be more engaged in their children's learning. As is the current practice under PROMER I, the MEN would transfer about ARS\$10,000 (approximately US\$1,100) to each participating school. Methods for school management would progressively incorporate parents, former students, local technical experts, and neighbors, among others. Small funds would finance activities including: i) sharing of experiences at the level of the *agrupamiento*; ii) simple preventive maintenance of schools, such as fixing broken windows; or iii) purchasing specific needed equipment.

9. Access to the small funds would be subject to a PEI<sup>17</sup> developed by the school management committee and the fulfillment of the teacher, director, and supervisor training plan for selected schools as described in Subcomponent 1.1. The PEI must include a diagnostic of the school with basic performance indicators like repetition, dropout and efficiency rates. The PEI should make explicit how the additional funds would be used in any of the three activities listed above (or a combination of them). PEIs would be followed by an end-of-year report, developed by the school management committee, describing how the funds were used.

10. This Subcomponent would address two issues identified by the literature as causes of low levels of enrollment and high dropouts: (i) low incentives for involvement of the local community in educational activities and scarce involvement of parents in the educational trajectories of their children; and (ii) lack of clear, systematic and transparent information for enhancing stakeholders' participation in the management of local schools. Research and previous experience in the field suggest that interaction between teachers and students' parents has a positive impact on the decision making processes, bringing policies closer to policy beneficiaries to ensure that their preferences are adequately reflected in the plans and improvement projects (Besley and Coate, 2003, Besley and Ghatak, 2003, Bruns, Filmer and Patrinos 2011).

11. Participatory mechanisms are aimed at creating parents/teachers associations that are able to diagnose the school's main challenges, decide on priorities for spending the grants, and supervise the management of the funds during the school year. The main objective would be to provide incentives for parents to spend more time in the school and thus interact more regularly

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<sup>17</sup> In the case of EIB/indigenous schools, activities under the IPPF to develop *Propuestas Pedagógicas* would substitute school improvement plans. The design, scope and execution of the different lines of activity would be periodically consulted with CEAPI as part of a continuous dialogue during project implementation.

with the school director and teachers. As a result, they should be able to observe and monitor school activities and have more opportunities to share their views and cooperate with school authorities to reach solutions. The Subcomponent is therefore expected to contribute to initiating an open dialogue between the MEN, school directors, teachers, and civil society on how to improve the quality of public education services. The same dialogue should strengthen the link between the education services provided and the needs of local labor markets, increasing the employability and productivity of local communities.

## **Component 2: Increasing Enrollment and Completion of Rural Secondary School (US\$180 million)**

a. Carrying out of activities aimed at expanding the supply of Secondary Education services in rural areas, including, *inter alia*: (i) the construction and/or rehabilitation of schools to expand their facilities' capacity; (ii) the provision of school maintenance activities; (iii) the acquisition of learning materials and provision of training; and (iv) the provision of transportation and *per diems* for teachers to expand the supply of qualified teachers in rural areas.

12. This Component would consist of expanding the supply of secondary education services in rural areas, including infrastructure for new schools, increasing capacity for existing schools, school maintenance, learning material, and the supply of qualified teachers. The focus under PROMER I was at the lower secondary level, since that is where demand was highest. As discussed in the sectoral background, the remaining coverage gap is mainly in upper secondary, hence this Component would focus on expanding supply at that level while still contributing to the expansion of lower secondary, as well as investments in other levels of education as needed, which serve as important pull factors for increasing coverage at higher levels.

13. This Component would strive to increase enrollment in secondary education in rural areas through the expansion of education supply at upper and, to a lesser extent, lower secondary levels. Among the activities to be financed would be infrastructure and equipment and didactic materials.

14. To address the infrastructure shortage, which is primarily in upper secondary education, a map of underserved areas would be developed to locate demand and help determine the best service delivery models for each selected area (to be financed under Component 3). Wherever possible, the unit of analysis for the maps, and the subsequent areas for prioritization, would be the *agrupamientos*. Although much of the policies around upper secondary education have yet to be defined, the MEN has developed three guiding principles that would help shape the future service delivery models:

- i. The curriculum is the responsibility of each school, based on the province-wide curriculum. Working from the provincial curriculum design, it should be organized around the social needs of students and communities, emphasizing the importance of a curriculum that is of immediate relevance to students, and thereby fostering a more formative process for students, with greater linkages to their contexts and realities;
- ii. Schools should offer a diversity of thematic specializations (e.g. tourism) over time, to avoid generating an oversupply of specific skills among graduates; and



- iii. Teachers' workforce should have the range of skills required to respond to this diversity of themes, and working conditions that allow them to intensively dedicate the required time to students.

15. Taking these principles into account, the service delivery models for upper secondary education would represent a mix of new models and adaptations of traditional models. Generally speaking, service delivery models would be of two types: classic school day models, where students are present in schools on a daily basis, and the "alternating" models, whereby students engage in learning activities both in school and in their residences. With the classic school day, in many cases the model would also include teacher visits to families. In the case of the "alternating" models, time spent in school and in the home would be adapted to the particular contexts of each province, following the guiding principles outlined above.

16. The pedagogic and institutional approaches to be supported under this Component would strive to address the two main bottlenecks to expanding secondary education supply: the dearth of qualified teachers and insufficient infrastructure. To address the shortage of qualified teachers, the expansion of the *Horizontes* program would be among the main activities for increasing supply in lower secondary, since it offers a sustainable alternative that relies less on subject area teachers. Launched in 2006, the program organizes teaching around six areas: Spanish, math, social sciences, natural sciences, art, and English. The backbone of the program is specially-designed resource manuals featuring concepts for each area, containing individual and group work activities, organized by self-standing units that have parameters for evaluation and allow students to advance through the material progressively once the previous unit has been passed. This allows students to move at their own pace while protecting a certain group dynamic. It also allows schools to tap the knowledge that resides in various sources: teachers, books, the community, nature, information and communication technology, and that must be acquired by student-led learning, with teachers playing a supportive and facilitating role.

17. The *Horizontes* institutional approach requires two classroom instructor profiles: i) a tutor, who generally serves as teacher for one of the grades of primary school and knows the students and their families; and ii) a teacher specialized in one of the areas. The model builds on the comparative strengths of each; the tutor provides daily accompaniment and should serve as an early warning system, flagging when students are struggling. The specialized teachers bring the more focused knowledge, guide the tutors, and evaluate the progress of each individual student. In support of both instructors is a series of materials: a library, a video library containing specially-designed videos that are part of the *Horizontes* program, and internet access to seek out other sources of related information. The program should be adapted to each provincial context, given that each province varies in terms of school organization, teacher workload, in-service training, and the level of accompaniment provided by supervisors.

### **Component 3: Strengthening Project Management, Monitoring, and Evaluation (US\$11.5 million)**

a. Implementation of Project management activities, through, *inter alia*: (i) the carrying out of technical coordination within MEN's technical departments; (ii) the planning, monitoring and evaluation of provincial level activities; (iii) the carrying out of fiduciary oversight of all Project

activities; and (iv) the development of, *inter alia*, a map of underserved areas to identify demand for Secondary Education and determine the best service delivery models for rural areas.

b. Carrying out of monitoring and evaluation activities under the Project in coordination with DiNIECE.

### *Subcomponent 3.1: Project management*

18. As per the first phase of PROMER, Project management would entail: (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, including safeguards. The Project Management structure is based on existing structures within the national and provincial education ministries. To ensure quality implementation of Project activities, the Project would support technical departments through financing just-in-time consultancies and other technical support as required, including, for instance, best international practices and other inputs needed for the implementation design of the training strategy for teachers, directors and supervisors.

### *Subcomponent 3.2: Monitoring and evaluation*

19. The Project management team, together with the *Dirección Nacional de Información y Evaluación de la Calidad Educativa* (National Directorate of Information and Evaluation of Educational Quality, DiNIECE), would be responsible for the monitoring and evaluation of Project activities. The Project would finance the monitoring of indicators in the results framework presented in Annex 1 and the development of a system to track the implementation of activities and trends in basic education indicators.

20. Under the guidance and implementation of DiNIECE, studies would be financed using quasi-experimental designs that would allow for a close monitoring of Project activities. Tailor-made quantitative and qualitative instruments would be specially designed to provide a deeper analysis of key aspects. These activities would serve to shed light on issues pertaining to the rural education agenda, as well as the broader policy priorities outlined in the National Education Plan.

21. Monitoring activities by DiNIECE would be complemented by rigorous evaluations identifying the effect of the interventions supported by the Project and described under Components 1 and 2. An academic committee, as described in the Project's Operational Manual, would oversee the evaluation agenda, including the relevance of topics, and the methodological validity of proposed evaluation activities. The design, scope and identification strategy of the proposed evaluations would also be determined by PROMER's academic committee. The evaluation design would allow the causal effect between the interventions supported by the Project and education outcomes, paying special attention to indigenous people and other vulnerable groups. The Project's monitoring and evaluation support would ensure a platform for a comprehensive evidence-based policy dialogue, as described in the CPS. Furthermore, the

activities would provide support to lower-income provinces to strengthen management of education systems, in collaboration with other relevant actors within the MEN.

22. The Project's academic committee, in collaboration with selected Provinces and under the Bank's technical support, would estimate and quantify the effect of interventions supported by the Project, such as:

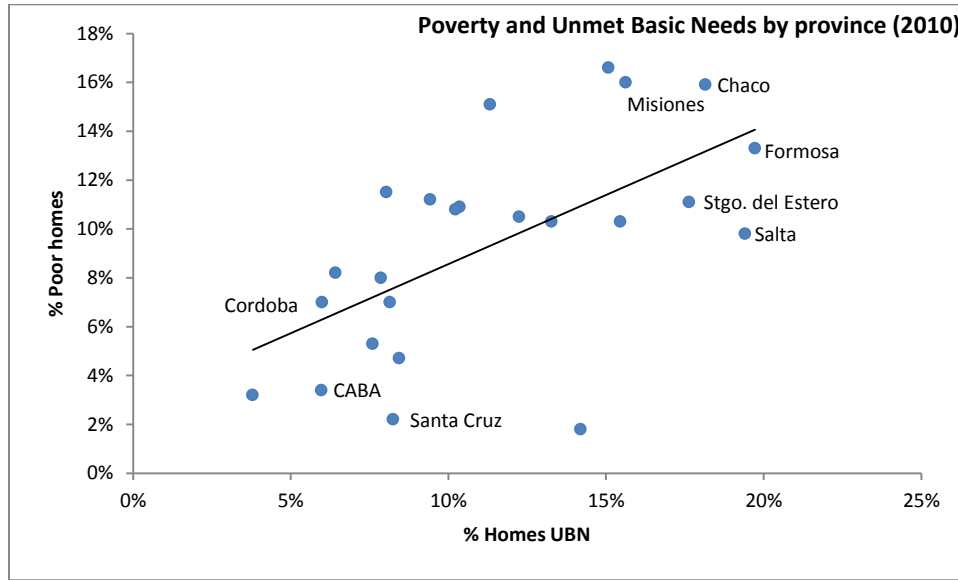
- i. The effects of the teacher training in a selected province. The evaluation would include classroom observations and the development and application of all other necessary instruments to measure the impact of interventions of the quality of education services.
- ii. Measuring management practices. To measure the impact of training to principals and supervisors, an instrument measuring management practices would be developed and implemented in the Province.
- iii. The effects of strengthening the link between schools and families on dropout and repetition rates in Salta. In an ongoing evaluation, a small fund or grant like the one described in Subcomponent 1.2 has been assigned randomly to schools in Salta. The baseline information has been collected and the results from the first follow up will be ready by the end of 2014. These results would inform the impact of Subcomponent 1.2 of the Project.

### **C. Targeting**

23. The Project would be highly targeted toward those provinces with the highest proportion of poor populations. Within those provinces, it would target the rural areas, which are typically disproportionately poor. Through training activities, Component 1 would help teachers better serve students at risk of repetition and dropout, representing a further level of targeting. For Component 2, resources would be allocated to provinces according to a resource-allocation formula including the following criteria: i) total rural school-aged children; ii) percentage of children out of school; iii) percentage of rural population with unsatisfied basic needs; and iv) average per capita income.

24. While the unmet basic needs (UBN) indicator better reflects multidimensional, structural, or assets-based poverty, there is a positive correlation to income poverty (Figure A2.2). The Figure below shows the percentage of households under a monetary poverty line and the percentage of households with UBN plotted by province. Data for the UBN is from the 2010 Census, while the income poverty data is from the household survey. The poorest provinces, those in the north of the country, are situated to the upper right side of the graph, while the richest provinces and the city of Buenos Aires are on the bottom left part. The figure shows a positive correlation between poverty rates and UBNs.

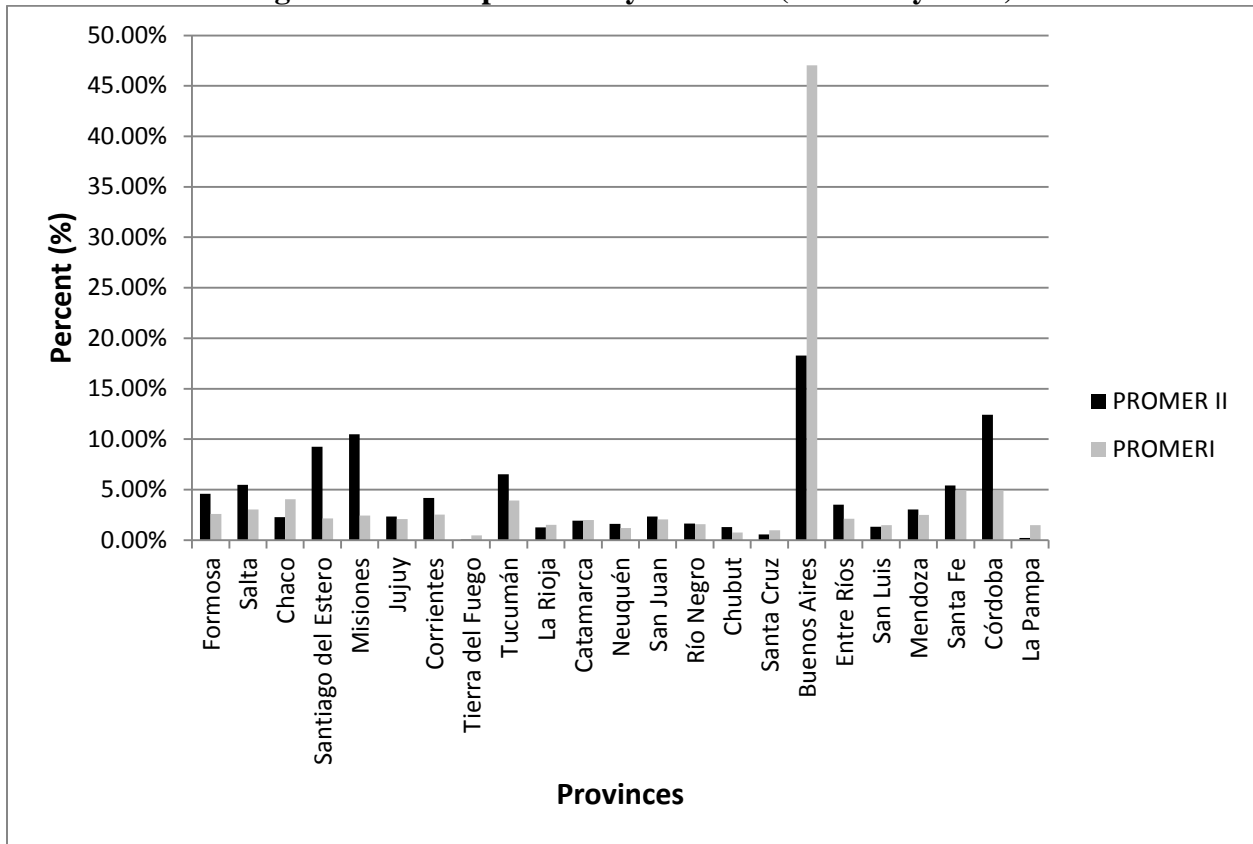
**Figure A2.2: Correlation between Poverty and UBNs**



Source: World Bank computations using data from Population Census 2010 and “Encuesta Permanente de Hogares,” 2010

25. The proposed resource-allocation formula under the Project would result in a much larger share of resources allocated to relatively poorer provinces of the North West and the North East than in the previous phase of PROMER. Figure A2.3 shows how the new distribution of resources would compare to the previous phase. For instance, the highly urban and relatively rich province of Buenos Aires would experience a decrease in the proportion of resources to support rural education, benefiting more rural and relatively poor provinces like Salta, Santiago del Estero, Formosa, and Misiones.

**Figure A2.3 Component 2 by Province (ranked by UBN)**



Source: World Bank computations using data from MEN on actual budget allocations and projections under the new formula.

### **Annex 3: Implementation Arrangements**

#### **ARGENTINA: Second Rural Education Improvement Project**

##### **Project Institutional and Implementation Arrangements**

1. The Project's institutional and implementation arrangements would build on the arrangements currently in place for the implementation of the Rural Education Improvement Project (PROMER I). The implementing agency is the *Ministerio de Educación de la Nación* (National Ministry of Education, MEN), through its *Dirección General Unidad de Financiamiento Internacional* (Directorate General Unit of International Finance, DGUFI). At the national level, the DGUFI would be responsible for coordinating the various activities of the Project (*Unidad Ejecutora Central*, UEC), including overseeing execution of activities within each of the participating provinces. Among the key participating entities at the national level are the *Dirección Nacional de Información y Evaluación de la Calidad Educativa* (National Directorate of Information and Evaluation of Educational Quality, DiNIECE), and the *Dirección General de Infraestructura* (Infrastructure General Directorate, DGI).

2. At the provincial level, each province has a coordinator responsible for overseeing the implementation of activities. Since education is a provincial jurisdiction in Argentina, many activities are carried out at the provincial level, with provinces responsible for procurement and financial management of these activities, for which substantial technical assistance has been required in the past.

##### *Project administration mechanisms*

3. Participation Agreements would be signed for the duration of the Project. These Agreements would define the goals of the Project, the different components to achieve them, and the criteria that would be followed to allocate the Project's resources among the Provinces. The Agreements would be the mechanisms through which the Project would be institutionalized in the education system and would include the transparent rules of allocation of resources from the MEN to the Provinces, as well as all fiduciary responsibilities of the provinces, such as those related to procurement, financial management, safeguards, and anti-corruption guidelines.

##### **Financial Management, Disbursements and Procurement**

4. A Financial Management (FM) Assessment of the arrangements for PROMER II was performed in accordance with OP/BP 10.00 (Investment Project Financing) and in line with Bank specific guidelines.<sup>18</sup> The objective of the assessment was to determine if the FM arrangements for the proposed operation are acceptable to the Bank. The entity's arrangements are considered acceptable if its budgeting, accounting, internal control, funds flow, financial reporting, and auditing arrangements: (i) are capable of correctly and completely recording all transactions and balances relating to the Project; (ii) facilitate the preparation of regular, timely

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<sup>18</sup> "Financial Management Practices in the Financial Management Manual for World Bank-Financed Investment Operations" document issued by the FM Board on March 1, 2010.

and reliable financial statements; (iii) safeguard the Project's assets; and (iv) are subject to auditing arrangements acceptable to the Bank. As a result of the assessment, the proposed FM and audit arrangements and mitigation measures were found acceptable to the Bank.

5. FM Risk: From a FM point of view, the Project is considered a substantial risk operation as a standard approach to program-like interventions, such as PROMER II, with a high level of decentralization and subnational execution. Experience from PROMER I showed substantial risk and moderately satisfactory FM performance. The proposed FM and auditing arrangements and mitigating measures are intended to adequately mitigate the assessed risk.

#### *Implementing Entity*

6. As established for PROMER I, the overall project coordination and administration would be the responsibility of the DGUFI through the Implementation and Control Unit (*Unidad Ejecutora Central*, UEC) that would be directly in charge of FM tasks. These would basically include: (i) budget formulation and monitoring; (ii) cash flow management (including management and control of the designated account (DA) and processing payments and submitting loan withdrawal applications to the Bank); (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 audit. Since the bulk of the activities are carried out at the provincial level, provinces will be responsible for most of the procurement and financial management activities and will process payments as well.

#### *Internal Control and Internal Auditing*

7. The MEN is subject to internal audit of the *Sindicatura General de la Nación* (General Syndicate of the Nation, SIGEN), which is the internal audit agency under the jurisdiction of the executive branch. SIGEN supervises and coordinates the actions of the Internal Audit Units in all agencies, approves their audit plans, conducts research and independent audits, and systematizes the information from its own reports and those produced by the Internal Audit Units. If deemed necessary, the internal audit reports on the Project's performance would be reviewed during project supervision.

8. The joint efforts of SIGEN working with the provincial court of accounts – the Federal Network of Public Control – helped the Project improve its control environment, perception of control, and address common control weakness challenges.

9. Agreements have been signed between the MEN and the participating provinces under the PROMER I Project, applicable to the period 2013-16 (four years). The extent and timing of the intervention of the Provincial Court of Accounts would be ex post and only limited intervention would take place within the processes during implementation, with an intervention scheme to be agreed with the Project and provided that such interventions do not substantially affect the pace of implementation. Similar agreements would be required under this second phase. Before any transfer of funds takes place between the Nation and any Province, Provinces would be required to coordinate with the Provincial Court of Accounts to audit Project operations ex-post. Such agreements should be evidenced and documented to the DGUFI through the UEC.

### *Accounting and Financial Reporting*

10. The UEC would be responsible for preparing the annual financial statements of the Project. These financial statements, once audited, would be submitted to the Bank no later than six months after the end of the GoA's fiscal year (which equals the calendar year).

11. A GoA initiative aims at using standard information and accounting software (UEPEX) for the FM of multilateral-financed projects at the national level. This software would continue to be used within the UEC and Provinces to maintain the accounting records on a cash basis accounting. UEPEX features allow, inter alia: (i) on-line recording and monitoring of transactions; and (ii) reconciliation of advances to provinces or other agencies.

12. The Public Sector Accounting Standards of Argentina would be followed to prepare the annual financial statements. These rules are comprehensive and consistent with International Public Sector Accounting Standards #1. The UEC would also be in charge of the preparation of semiannual Interim Financial Reports (IFRs), which would be part of the Project progress reports, with the following description:

13. Sources and Uses of Funds: sources of funds by financing source and uses of funds by disbursement category for each calendar semester and cumulatively; uses of funds by project component and beginning and ending cash balances; and a reconciliation of the DA accompanied by copy of the bank statement.

14. The Interim Financial Reports would be submitted no later than 45 days after the end of each calendar semester. The format of Annual and Interim Financial Statements would remain the same as for PROMER I, with minor adjustments. The review of Interim Financial Reports would be conducted by the assigned FM Specialist during project supervision missions.

### *Budgeting*

15. Budget execution in Argentina is recorded in the national Government's integrated budget and accounting system (*Sistema Integrado de Información Financiera*) and subject to control over the budgetary execution process. It is required that a separate budgetary line in the MEN's annual budget be set to allocate budgetary resources and keep track of project implementation, specifying the sources of funds.

16. Provincial executing units would also include a budget line in its provincial jurisdiction.

17. On the basis of the approved budget, the MEN would adjust its Annual Operating Plan and Procurement Plan as needed, which would be reviewed by the Bank.



*Flow of Funds and Disbursement Arrangements*

18. The following Disbursement Methods may be used under the Loan:

- Reimbursement
- Advance
- Direct Payment

19. The proposed Loan would be disbursed over a period of five years from Effectiveness, which is expected on January 1, 2015, through the end of the third quarter of FY19, with the Project Completion Date expected on October 31, 2019 and a Closing Date of December 31, 2019.

20. The Loan proceeds would be disbursed against the following expenditure categories:

**Table A3.1 Expenditure Categories**

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Works under the Project	153,000,000	100%
(2) Goods under the Project	65,250,000	100%
(3) Non-consulting services and Training under the Project	14,123,750	100%
(4) Consultants' services under the Project	10,294,578	100%
(5) Operating Costs under the Project	7,205,422	100%
(6) Front-end Fee	626,250	Amount payable pursuant to Section 2.03 of the Loan Agreement in accordance with Section 2.07 (b) of the General Conditions
(7) Interest Rate Cap or Interest Rate Collar premium	0	Amount due pursuant to Section 2.08(c) of the Loan Agreement
<b>TOTAL AMOUNT</b>	<b>250,500,000</b>	

21. The MEN already has access to the Bank's Client Connection webpage to perform the periodic reconciliation between its own registries and the Bank disbursement records.

22. Loan proceeds withdrawn by the DGUFI using the advance method would be deposited into a Segregated Designated Account (DA) in US dollars. The DA would be held at the National Bank of Argentina (*Banco de la Nación Argentina*, BNA), as is usual for Bank operations with the national Government. Funds deposited in the DA would follow the Bank's disbursement operating policies and procedures described in the Disbursement Letter (DL). The proposed ceiling for advances to the DA would be set at US\$25,000,000. Supporting

documentation for documenting project expenditures under the advance and reimbursement methods would be defined by the DL:

**Table A3.1 Disbursement Arrangements**

Retroactive Financing	Eligible payments Are paid up to one year before the date of Loan signing; Do not exceed 20 percent of the Loan amount; and for items procured in accordance with applicable Bank procurement procedures.
Reimbursement of eligible expenditures and pre financed by the GoA after the date of signing	Reimbursement of eligible expenditures into a bank account controlled by Ministry of Education. The minimum application size for reimbursement requests would be US\$3,000,000.
Other Disbursement Methods	Direct payments to suppliers. The minimum application size for direct payment requests would be as defined in the DL. Advance to a segregated designated account in US\$ managed by DGUFI, in BNA, with a ceiling of US\$25 million for outstanding advances.
Supporting documentation	Statement of Expenditures (SOE) <sup>19</sup> ; and Records (supplier contracts, invoices and receipts).

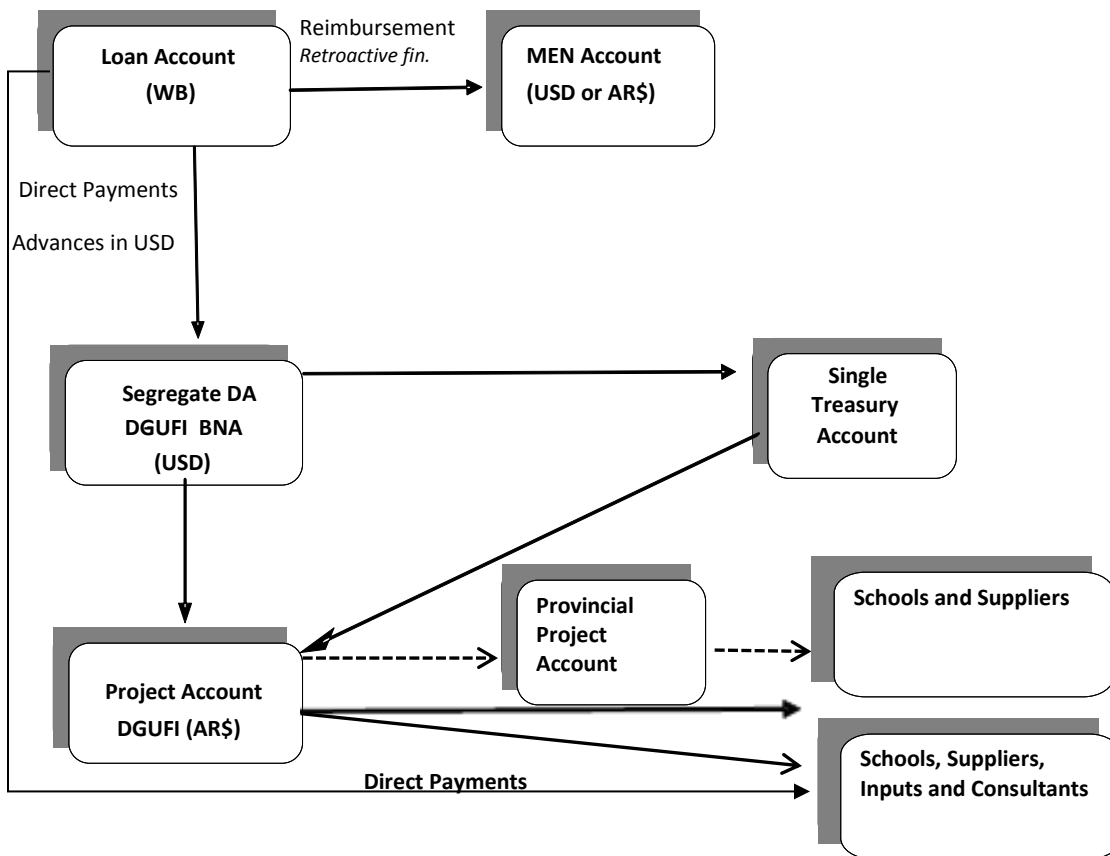
*Flow of Funds*

23. Funds would be transferred from the DA to an operative bank account from which payments for eligible expenditures in local currency would be made by the UEC.

24. As in PROMER I, advances would be made to the provinces as well. The UEC's control over advances to provinces and decentralized entities would continue to be recorded on-line and monitored through the UEPEX system.

25. The flow of funds would be as follows:

<sup>19</sup>The Borrower shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Project until at least the later of: (i) two years after the Bank has received the audited Financial Statements covering the period during which the last withdrawal from the Loan Account was made; and (ii) three years after the closing date. The Borrower shall enable the Bank's representatives to examine such records.



### External Audit Arrangements

26. The Project's annual financial statements would be audited under Terms of Reference prepared in line with Bank Guidelines and would be conducted by independent auditors following auditing standards acceptable to the Bank. The external audit will be conducted by the Argentine Supreme Audit Institution (*Auditoría General de la Nación*) or by a private sector audit firm acceptable to the Bank. For audit purposes, the fiscal year would be the calendar year.

27. The audit reports would be required to be submitted according to the following schedule:

Audit Report	Due Date
1. Project Specific Financial Statements	June 30
2. Special Opinions	June 30
SOE	June 30
DA	June 30

*Financial Management Action Plan*

28. The FM action plan is detailed in the table below.

<b>Action</b>	<b>Responsible Entity</b>	<b>Completion Date</b>
1. Request a specific budgetary line in MEN's annual budget to follow project implementation as well as participating Provincial Jurisdictions (EPAFs).	DGUF/UEC	To be included in 2015 annual budget – Dated Covenant
2. Update Administrative Section of OM which will include inter alia: Chart of accounts Interim Financial Report format agreed with the Bank Format of the Annual Financial Statements Specific Funds flow procedures for subprojects Job descriptions	DGUF/UEC	Prior to/by Negotiations

*Supervision Plan*

29. The initial supervision planning is presented in the table below. The supervision scope would be adjusted by the assigned FM Specialist according to the fiduciary performance and updated risk.

<b>Type</b>	<b>Timing</b>	<b>Mechanism</b>	<b>Objective</b>
On-site Visit	General supervision twice a year	Integrating supervision missions at least once each semester	Review FM Controls Review DA reconciliation Update assigned risk Follow up on External Audit findings Review IUFs information consistency Raise issues disclosed in IUFs Visit to provinces if deemed necessary Transactions review as needed Sample review of Federal Control Network/Provinces SAIs reports on project transaction and on-site supervision to a province at least once a year.
Audit Review	Once a year	Over the Audit Report submitted to the Bank	Raise issues disclosed in Audit Report

## *Procurement*

30. Procurement would be conducted according to the World Bank's 2011 "Guidelines: Procurement of Goods, Works and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" issued in January 2011 and revised in July 2014, for the supply of goods, civil works and non-consulting services, and the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" issued in January 2011 and revised in July 2014, for technical assistance and other consultant assignments.

31. The procurement activities under the Project seek to further the CPS objectives of supporting open procurement. First, all calls for proposals and expressions of interest would be published on the *Oficina Nacional de Contratacion* (Office of National Procurement, ONC) portal. Resulting contract decisions are also published on the portal. Second, the procurement plan, including implementation updates, is managed through the *Sistema de Ejecución del Plan de Adquisiciones* (Implementation of Procurement Plans System), which is also a public domain, once the plan is approved by the Bank.

32. For each contract which would be financed by the Loan, the applicable procurement methods or consultant selection methods, the need for pre-qualification, when necessary, estimated costs, prior review requirements and time frame are agreed between the Borrower and the Bank in the Procurement Plan.

33. Procurement activities would be carried out at the national level by the Ministry of Education (MEN) through its Directorate General for the Unit of International Finance (DGUFI). The DGUFI will also monitor and supervise directly all the procurement carried out at the Provincial level, making sure that the applicable procedures of the aforementioned Guidelines are properly applied.

34. The structures responsible for carrying out procurement activities, monitoring and supervising the fiduciary arrangements, as well as the final procurement risk rating, was defined as a result of the capacity assessment carried out by the Bank in November 2013. The assessments reviewed the organizational structure, the staff responsible for procurement, the relationship between the procurement, technical, administrative and financial offices, the operating manuals and the systems used for supervising and controlling.

35. The analysis concluded that the DGUFI has an overall installed capacity suitable to successfully carry out the procurement function. The Unit is solid enough to carry out processes with Bank' financing and has an experienced procurement specialist. The main risk identified is the interaction with the subnational governments to coordinate their requests with the actual procurement and to strengthen the Unit's staff. The overall project risk for procurement is Substantial.

36. The implementing agency developed a detailed Procurement Plan for the first 18 months for each of the Project components' implementation; said Plan would provide the basis for the use of different procurement methods and for the Bank's review process. This plan was agreed

between the Borrower and the Project team before negotiation of the Loan Agreement. As soon as the Project is declared effective, all of the aforementioned Procurement Plans would be available in the SEPA portal; the Plans would also be available in the Project's database and on the Bank's external website. The Procurement Plan would be updated at least annually or as required to reflect the actual Project's implementation needs and improvements in institutional capacity.

37. The Bank's Standard Bidding Documents (SBD) and Standard Request for Proposals would govern the procurement of Bank-financed International Competitive Bidding (ICB) goods and civil works and consultant services respectively. The same rules would apply to ICB procurement and to contracts with consultant firms as identified in the procurement plan of the participating Provinces. For National Competitive Bidding (NCB) and Shopping procurement of goods, civil works and non/-consulting services, the DGUFI would use National SBD and Shopping simplified formats agreed with or satisfactory to the Bank. All SBDs would be used for each procurement method, as well as model contracts for works, goods and consultants procured, and should be included in the Operational Manual (OM).

I. Goods and works and non-consulting services

38. **Procurement of Goods:** Goods to be procured would include: equipment provision for rural schools, textbooks, didactic materials, printouts, furniture, videotapes, computer and audiovisual equipment.

39. **Procurement of Works:** Civil works procured under this Project would include infrastructure for new schools, increasing capacity for existing schools, and maintenance. This may imply construction of new facilities, repairing and expanding existing buildings, or replacement of existing buildings where rehabilitation is not feasible, and only minor maintenance of school buildings.

40. **Procurement of non-consulting services:** Non-consulting services under this Project would include contracts for logistics services to support training.

41. **Advertisement:** All procurement notices shall be advertised in the ONC web page or in at least one local newspaper of national circulation. In addition, ICB procurement notices and contract award information shall be advertised in the UN Development Business online (UNDB online). The ONC shall also be used to publish information on awarded contracts in accordance with provisions of paragraphs 2.60 of the Procurement Guidelines and as mandated by local legislation.

42. **Community Participation in Procurement:** This method would be used exclusively to finance transfers to rural schools under Component 1.2. Procurement details for this method would be included in the OM and in the Guidelines to be distributed to every participating school. The annual implementation plan, prerequisite to receive the corresponding annual amount, would constitute a simplified procurement plan, and the Bank would rely on the monitor and control systems that the ME has in place to review the actual compliance with the

established procedures. If deemed necessary, the Bank would include a sample of contracts awarded by the schools in their semi-annual post review exercise.

## II. Selection of consultants

43. **Firms:** The selection of consulting firms would be carried out as stipulated in the Procurement Plan. Short lists of consultants for services estimated to cost less than US\$1,000,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. Regardless of the method used or the estimated cost of the contracts, selection and contracting of consultant firms would be done using the Bank's Standard Request for Proposals (SRfP).

44. **Individual Consultants:** Most of the consulting services to be selected would be related to supervision, training and technical assistance. The consulting services mentioned above may be provided by individual consultants selected by comparison of qualifications of at least three candidates and hired in accordance with the provisions of Section V of the Consultant Guidelines.

45. Individual consultants for services with an expected duration of six months or more would be selected as a result of a request of expressions of interest advertised in a national newspaper and/or ONC, and contracts would be signed for the expected duration of the assignment, subject to annual reviews for performance. Contracts with individuals may only be terminated for poor performance or for non-completion of the work with Bank's prior agreement. The Bank would not agree to the replacement of individual consultants terminated for reasons other than the aforementioned.

46. **Advertisement:** The ONC or a national newspaper shall also be used to advertise a request of expression of interest for consulting firms or individuals, and to publish information on awarded contracts in accordance with provisions of paragraphs 2.31 of the Consultants Guidelines and as mandated by local legislation. Contracts expected to cost more than US\$300,000 shall be advertised in UNDB online.

## III. Operating Costs

47. The loan would finance operating costs that would be procured, when applicable, using Bank Shopping procedures if the conditions of Clause 3.5 of the Procurement Guidelines are met. The operating costs include, inter alia, cost of maintenance of computer, office and audiovisual equipment, transportation fares, travel expenses and per diem, either related to training or supervision activities and other operational costs of the Program.

## IV. Details of the Procurement arrangements involving methods and review

48. Thresholds for the use the different procurement methods and recommended thresholds for Bank prior review are given in Table A3.1.

**Table A3.1: Thresholds for Procurement Methods and for Recommended Bank Review**

<b>Estimated Value Contract Threshold</b>	<b>Procurement Method</b>	<b>Bank Prior Review</b>
<b><u>Works:</u></b> >=US\$15,000,000 <US\$15,000,000 and >=US\$350,000 <US\$350,000 Any Estimated Cost	ICB NCB Shopping Direct Contracting	All First Two First Two All
<b><u>Goods and Non-consulting Services:</u></b> >=US\$500,000 <US\$500,000 and >= US\$100,000 <US\$100,000 Any estimated Cost	ICB NCB Shopping Direct Contracting	All First Two First Two All
<b><u>Consulting Firms:</u></b> Any Estimated Cost >=US\$200,000  <US\$200,000	SS QCBS, QBS, FBS, LCS, CQS QCBS, QBS, FBS, LCS, CQS	All All  First two
<b><u>Individual Consultants:</u></b> Any Estimated Cost >=US\$50,000 <US\$50,000	SS IC IC	All All First Two

ICB = International Competitive Bidding      NCB = National Competitive Bidding  
 SS = Sole Source      QCBS = Quality- and Cost-Based Selection  
 QCS = Quality-Based Selection      FBS = Selection under Fixed Budget  
 LCS = Least-Cost Selection      CQS = Selection Based on the Consultant's Qualifications  
 IC = Individual Consultant

49. The Procurement Plan would define the contracts that are subject to the Bank's prior review based on the recommended thresholds given in Table A8.1. Such recommended thresholds could be revised at every update of the Procurement Plan.

50. Procurement post review arrangements: In addition to prior review, the capacity assessment of the Implementing Agencies has recommended semiannual supervision missions to visit the field to carry out post-review of procurement actions. The DGUFI and the Bank, including procurement and financial management staff, would meet biannually to discuss the classification of Provinces, to review their procurement and action plans, and to carry out the ex-post review. The Bank's Project supervision would review procurement reports and would carry out procurement reviews in the participating Provinces.

51. Procurement records: Detailed procurement records, reflecting the Project's supply of goods, civil works construction/rehabilitation, and consultant services, including records of time taken to complete key steps in the process and procurement activities related to supervision, review, and audits, would be maintained by the DGUFI. These records would be maintained for at least two years after the Project's closing date. The records for civil works and goods would include public notices, bidding documents and addenda, bid opening information, bid evaluation



reports, formal appeals by bidders and outcomes, signed contracts with related addenda and amendments, records on claims and dispute resolutions, and any other useful information. The records for consultant services would include public notices for expression of interest, request for proposals and addenda, technical and financial reports, formal appeals by consultants and outcomes, signed contracts, addenda and amendments, records on claims and dispute resolution, and any other useful information. The participating Provinces would retain all invoices, price comparisons, bids received, bid evaluation reports, and all of the documentation required under the law and ensure that it is readily available. The filing, record keeping, auditing, reporting, post-review, and monitoring of the smaller procurement activities are crucial for the successful application of the funds for ensuring economy, efficiency, and transparency.

### *Special Procurement Conditions*

The following shall apply to procurement under the Project:

#### **General**

- a. procurement of goods, works, Non-consultant Services and consultants' services (in respect of firms) shall be carried out using: (i) (A) standard bidding documents (which bidding documents in respect of works shall include, if applicable, a provision whereby the pertinent contractor must comply with the pertinent provisions of: (I) the Environmental and Social Management Framework; and (II) the corresponding environmental management and/or indigenous peoples' plan (including the provisions of any updated/adjusted version) or similar safeguards instrument referred to in Sections [ ] of Schedule 2 to this Agreement); and (B) standard requests for quotations/proposals (as the case may be), all acceptable to the Bank, which shall all include, *inter alia*, a settlement of dispute provision and the pertinent provisions of the Anti-Corruption Guidelines; (ii) model bid evaluation forms, and model quotations/proposals evaluation forms (as the case may be); and (iii) model contract forms, all acceptable to the Bank;
- b. all contracts for works to be procured under the Project shall contain a methodology, acceptable to the Bank, whereby the price of each said contracts shall be adjusted through the use of price adjustment formulas, in a manner acceptable to the Bank;
- c. a two-envelope bidding procedure shall not be allowed in the procurement of goods, works and Non-consultant Services;
- d. after the public opening of bids for goods, works and Non-consultant Services, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards, shall not be disclosed to bidders or other persons not officially concerned with this process until the publication of contract award. In addition, bidders and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other bidders' bids;
- e. after the public opening of consultants' proposals, information relating to the examination, clarification and evaluation of proposals and recommendations concerning awards, shall not be disclosed to consultants or other persons not officially concerned with this process until the publication of contract award (except as provided in paragraphs 2.23 and 2.30 of the Consultant Guidelines). In addition, consultants and/or other persons not officially concerned with said process shall not be allowed to review or make copies of other consultants' proposals;

- f. foreign bidders or foreign consultants shall not, as a condition for submitting bids or proposals and/or for contract award: (i) be required to be registered in Argentina (except as provided in the standard bidding documents referred to in paragraph 4 (a) (i) (A) above); (ii) be required to have a representative in Argentina; and (iii) be required to be associated or subcontract with Argentine suppliers, contractors or consultants;
- g. the invitations to bid, bidding documents, minutes of bid openings, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, works, Non-consultant Services and consultants' services procured by the Borrower, through MEN, shall be published in the web page of the Borrower's Office of National Procurement (*Oficina Nacional de Contrataciones*), and in a manner acceptable to the Bank. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening;
- h. the provisions set forth in paragraphs 2.49, 2.50, 2.52, 2.53, 2.54 and 2.59 of the Procurement Guidelines shall also be applicable to contracts for goods, works and Non-Consultant Services to be procured under National Competitive Bidding procedures;
- i. references to bidders in one or more specialized magazines shall not be used by the Borrower, through MEN, in determining if the bidder in respect of goods whose bid has been determined to be the lowest evaluated bid has the capability and resources to effectively carry out the contract as offered in the bid, as referred to in the provision set forth in paragraph 2.58 of the Procurement Guidelines. The provision set forth in paragraph 2.58 of the Procurement Guidelines (including the limitation set forth herein) shall also be applicable to contracts for goods to be procured under National Competitive Bidding procedures;
- j. witness prices shall not be used as a parameter for bid evaluation, bid rejection or contract award;
- k. the Borrower, through MEN, shall: (i) supply the SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the Bank; and (ii) update the Procurement Plan at least every three months, or as required by the Bank, to reflect the actual Project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter;
- l. the provisions of paragraphs 2.55 and 2.56 of the Procurement Guidelines providing for domestic preference in the evaluation of bids shall apply to goods manufactured in the territory of the Borrower in respect of contracts for goods to be procured under International Competitive Bidding procedures;
- m. compliance by bidders with the norms issued by ISO with respect to any given good procured under the Project shall not be used as parameter for contract award;
- n. consultants shall not be required to submit bid or performance securities;
- o. contracts of goods, works and Non-consultant Services shall not be awarded to the "most convenient" bid, but rather to the bidder whose bid has been determined: (i) to be substantially responsive; and (ii) to offer the lowest evaluated bid, provided that said bidder has demonstrated to the Borrower, through MEN, to be qualified to perform the contract satisfactorily; and
- p. the types of contracts described in Section IV of the Consultant Guidelines shall be the only types of contracts to be used by the Borrower, through MEN, in connection with the

contracting of consultants' services provided by a firm and to be financed with the proceeds of the Loan.

## **Environmental and Social (including safeguards)**

### *Institutional and Implementation Arrangements*

52. The Project's institutional and implementation arrangements would build on the arrangements used for the implementation of the recently closed Rural Education Improvement Project (PROMER I). The implementing agency would be the MEN, through its DGUFI. At the national level, the DGUFI would be responsible for coordinating the various activities of the Project, including overseeing execution of activities within each of the participating provinces. Among the key participating entities at the national level are the DGI and, regarding Indigenous People, the EIB. At the provincial level, each province has a coordinator responsible for overseeing the implementation of activities.

53. An assessment of the institutional capacity of the implementation agency was carried out during Project preparation. In general, it found that the teams of specialists within the DGI and EIB are competent to manage safeguards issues. However, some activities are carried out at the provincial level and the need for improvement of certain mechanisms was identified. In response, the MEN has developed an ESMF that would allow: (i) the consolidation of socio-environmental management processes, including articulation among the different levels; and (ii) the systematization of monitoring activities and result documentation. In addition, the Project would fund socio-environmental management strengthening activities under Component 3.

### *Anticipated general environmental impacts, environmental categorization and Bank Safeguards Policies triggered.*

54. The physical interventions foreseen in the Project are included in Component 2 and refer to i) construction of new secondary schools and ii) the rehabilitation and refurbishment of schools. The rest of the Project's components essentially involve institutional development, training, and capacity building activities.

55. No major adverse environmental impacts are anticipated with this Project. Expected potential negative impacts are primarily during the construction phase of civil works of small to medium-sized scale (e.g. construction staging, construction activities while school is underway, debris generation, dust emission, noise, safety, and other standard impacts of construction). During the operational stage, potential negative impacts would be related to potential misuse or maintenance problems of the school's infrastructure. Based on the nature of the works, this Project is classified as Category B, requiring a partial environmental assessment in accordance with the Bank's Safeguards Policies. There are no environmental or social risks or issues that go beyond the coverage of the safeguards policies.

56. Sub-project specific locations would be selected during Project implementation. However, since rural zones are targeted, and moreover, the Project would prioritize locations in hardest dispersed or remote rural areas, works could take place in protected areas or ecologically fragile sites, or in areas where existence of cultural resources is known or suspected, or even in

indigenous territories. Therefore, the environmental Bank's policies OP/BP 4.01 (Environmental Assessment), OP/BP 4.04 (Natural Habitats), and OP/BP 4.11 (Physical Cultural Resources) are triggered for the Project, in addition to the Social Safeguard OP/BP 4.10 (Indigenous Peoples).

### *Environmental Safeguard Instrument*

57. Considering that sub-projects would be entirely defined during Project implementation, the MEN developed an ESMF, in accordance with OP/BP 4.01 (Environmental Assessment). All the above mentioned impacts would be mitigated through specific measures included in the ESMF. The ESMF: (i) ensures compliance with pertinent legislation and Bank policies for works of the type considered under the Project; (ii) identifies potential environmental and social impacts based on the scope of physical interventions and site characteristics; (iii) establishes appropriate procedures for sub-project screening as well as mitigation, management, and monitoring measures; and (iv) defines procedures and responsibilities for the environmental and social management of the Project.

58. The ESMF also includes guidelines and procedures to address the potential impacts associated with OP/BP 4.04 and OP/BP 4.11. All school infrastructure sub-projects (works and their proposed location) will be screened in order to preliminarily identify potential risks and impacts, associated mitigation measures and, based on that, to assess sub-project eligibility and conditions. Proposed sub-projects located in recognized environmentally important areas or areas of recognized cultural values would be required, among other things, to include consultations with competent authorities among the "ex-ante" public consultations on the sub-project, to ensure preservation conditions by proper designs, and to incorporate adequate environmental technical specifications for works implementation. The ESMF provides detailed checklists to guide sub-projects designs and particular technical specifications related to the protection of natural habitats and physical cultural resources, including chance find procedures.

59. Preparation of the ESMF also involved the evaluation of the environmental management instruments and procedures that were applied in the recently closed first phase of the PROMER. As the envisioned works are similar to those executed during the previous operation, the proven procedures and measures, as well as specific improvements, have been incorporated into the environmental safeguard instrument (ESMF) of this new Project.

60. Following the ESMF provisions, environmental criteria would be applied along the sub-project cycle. All the works would be designed and implemented in observance of the applicable regulations and specific safety and building standards needed for schools (including structural measures for disaster risk reduction, access for people with disabilities, indoor comfort, etc.). In addition, the Project would support activities linked to providing consistent and sustainable energy (such as stoves in kitchens that do not rely on wood, thereby stalling desertification, especially in arid climates), harvesting and conserving drinking water, and other rural schools' infrastructure needs. Off-grid renewable energy for isolated rural areas systems/devices would also be considered, articulating activities with other programs like the PERMER (Secretariat of Energy of Argentina – IBRD).

61. During works execution, contractors would be required to implement Environmental Technical Specifications (ETS) established in accordance with the applicable regulatory framework and Bank guidelines. Specifications would also cover safety aspects for the school community and construction workers. Monitoring and reporting procedures are also included in the ESMF.

62. The ESMF would be used and implemented by the MEN and the provincial coordination agencies. Activities would be articulated among the different responsible bodies: at the national level, DGUFI through the *Unidad Ejecutora Central* and the DGI, and at the provincial level, the provincial directorates, coordination areas, etc. of the provincial Ministries or its equivalents, designated by the main provincial educational authority. Supervision of works execution would be mainly a responsibility of the provincial level. Specialists of the DGI would provide support to provincial teams and perform field audits in the construction work sites and the operational schools.

63. Upon the completion of works, a Use and Maintenance Manual would be provided to school authorities.

64. The ESMF also establishes consultation processes to ensure participation from the educational community (school authorities and teachers) and the beneficiary local communities (students and their families) along the different sub-projects' phases. Depending on their particular characteristics, ex-ante communication and participation activities may involve: a) site election; b) gathering of information regarding area singularities and cultural values, including consultations with competent authorities as needed (protected areas, cultural heritage, etc); and c) project presentation and feedback. Once the works are finished, communication activities would take place in order to facilitate school operation (preventive maintenance, equipment functioning, etc.). In addition, the ESMF establishes grievance and redress mechanisms (GRM) that need to be in place to ensure fluent communication among the Project, the local governments, and the local community, including direct beneficiaries and potentially affected populations.

65. The draft ESMF was disclosed on the MEN website on November 4, 2013. MEN conducted a focus consultation on this instrument with education community representatives (school infrastructure areas of all the Provincial Ministries of Education), national environmental authorities/agencies (Directorate of Forest of the Secretariat of Environment and Sustainable Development and the Environmental Unit of the Roads National Directorate), and a relevant NGO (Rural Community Network, *Red de Comunidades Rurales*). The views of consultation participants were incorporated into the final ESMF document, which was disclosed on the MEN website on November 8, 2013 and on the Bank's website on November 11, 2013. After incorporating an updated version of the IPPF (Annex E of the ESMF) that includes the main findings and agreements of a public consultation with CEAPI on September 29, 2014, a revised version of the document was disclosed on both sites on October 15, 2014.

## *Anticipated Social Aspects and Corresponding Social Assessment*

66. The targeted Project areas are primarily rural, many of which have indigenous communities. Considering that these communities are among the most marginalized in Argentina, OP/BP 4.10 (Indigenous Peoples) is triggered. Based on the *Encuesta Complementaria de Pueblos Indígenas* (Complementary Indigenous Peoples Survey, ECPI) in 2005, 600,329 people self-identify as being indigenous. In 2010, the census showed this number to be 955,032. The *Registro Nacional de Comunidades Indígenas* (National Indigenous Communities Registry, ReNaCi) shows that 920 Indigenous Peoples communities are officially recognized. There are more than 31 Indigenous Peoples registered by the ECPI, 18 of which still speak and/or understand their native language (the cases are: *aimara, chané, chorote, chulupí, guaraní, avaguaraní, tupíguaraní, kolla, mapuche, mbyáguaraní, mocoví, quechua, rankulche, tapiete, tehuelche, toba, and wichí*). The other 13 do not yet have speakers or people that understand the native language (the cases are: *diaguita/diaguitacalchaquí, huarpe, comechingón, tonocoté, atacama, pampa, omaguaca, lule, querandí, ona, charrúa, sanavirón, and maimara*).

67. The social assessment was prepared by the Project counterpart, including the evaluation of the existing institutional framework and a stakeholder mapping for Indigenous Peoples, existing institutional actors like the EIB and other key actors. The Project's social assessment is based on a desk review of PROMER's experience and relevant documents on Indigenous Peoples, as well as available documents on EIB. Under the first phase, the Project supported specific actions at a national level to support: teacher training; development of intercultural, bilingual education tools; improved information and mapping systems to track demographics; infrastructure and performance of indigenous students; and strengthening of provincial EIB teams. This second phase would report on the performance and achievements under PROMER I, building on this solid foundation for work under the new phase. It is important to mention that the EIB modality has been implemented thus far through a consultative process carried out using regional meetings called *Mesas Regionales*. These activities included debate meetings in order to achieve consensus on strategic educational planning. Institutional pedagogical projects were also implemented with Project support, including for preschool, primary, and secondary education and for a mix of the above-mentioned educational levels, with the active leadership and involvement of Indigenous Peoples.

68. Based on the principle of free, prior, and informed consultation, Project preparation documents (including Project objectives, approach, activities, mechanisms, and a draft of the Indigenous Peoples Planning Framework – IPPF – were presented to organizations representative of indigenous peoples: the *Consejo Educativo Autónomo de Pueblos Indígenas* (Autonomous Educational Indigenous Peoples Council, CEAPI). A process of consultations with the organization in order to receive and incorporate their advice and gauge their level of support has been underway and would continue under implementation. The first consultation took place in September 2013 and the second in September 2014. A version of the IPPF incorporating feedback from CEAPI and the Bank was published on the MEN website and on the Bank's website on November 8, 2013, and a revised version of the document that incorporates main findings of the public consultation held with CEAPI representatives on September 29, 2014 was published on both sites on October 15, 2014.

69. Based on the nature of the Project, it is anticipated that its implementation would achieve mostly positive social development outcomes and impacts. These include increased access to educational opportunities for Indigenous Peoples<sup>20</sup> (teachers and students); greater visibility of Indigenous Peoples in Project schools; increased access to development opportunities through the local development works; increased access to learning materials for Indigenous Peoples in their main language; and strengthened social integration through training for indigenous and non-indigenous teachers working in rural schools that have indigenous students.

70. Regarding involuntary resettlement, activities under the Project would avoid any potential involuntary resettlement impacts and would ensure that if land acquisition is necessary, it would be carried out in a fully voluntary nature. Given that the risk of involuntary resettlement is low, the ESMF includes land acquisition screening criteria in order to ensure that any potential involuntary resettlement impacts would be avoided.

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<sup>20</sup> At the secondary level, main barriers of access to educational opportunities for indigenous peoples are, *inter alia*: (i) high incomplete primary school rates; (ii) overage; (iii) teenage pregnancy; (iii) distance to school; and (iv) high levels of school dropout linked mainly to economic problems and the need to work (other causes are low performance and lack of interest).

**Annex 4: Operational Risk Assessment Framework (ORAF)**

**ARGENTINA: Second Rural Education Improvement Project**

<b>Risks</b>						
<b>Project Stakeholder Risks</b>						
<b>Stakeholder Risk</b>	Rating	Moderate				
<p><b>Risk Description:</b></p> <p>Provinces may have slightly different priorities for rural education in their jurisdictions.</p> <p>Teachers and school principals might be resistant to the implementation. Pedagogies based on the development of competencies, the linkage with the context, and a new model for secondary could generate resistance.</p>	<b>Risk Management:</b>					
	Project endeavors to support provincial efforts, subject to meeting minimum national criteria.					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent:	Due Date: 01-Dec-2014	Frequency:
	<b>Risk Management:</b>					
	Ensure relevant design of the system to schools and provide training to teachers and school principals on the use and benefits of the system. Involve teachers, principals, supervisors, and other official actors from the system in the definition of minimum standards for teaching. Work with close group of provinces that are ahead in terms of quality teacher preparation, for demonstration effect.					
	Resp: Both	Status: Completed	Stage: Preparation	Recurrent:	Due Date: 12-Nov-2013	Frequency:
<b>Implementing Agency (IA) Risks (including Fiduciary Risks)</b>						
<b>Capacity</b>	Rating	Substantial				
<p><b>Risk Description:</b></p> <p>Slow administrative processes in procurement could delay Project Implementation.</p> <p>Financial Management: Insufficient capacity to handle the new volume of work</p>	<b>Risk Management:</b>					
	<p>Specific implementation arrangements are being considered during Project Preparation in order to detect potential bottlenecks and define ways to resolve them. A procurement plan has been developed and was reviewed during Appraisal to improve preparation and planning.</p> <p>Existing arrangements for PROMER I are, in general, adequate and in compliance with the Bank's requirements. Those arrangements provide reasonable assurance that Loan funds are used for the</p>					



<p>could delay Project implementation.</p>	<p>intended purpose. However, since audit reports issued by AGN for fiscal years 2011 and 2012 had qualified audit opinions and internal control observations on subnational administration of Project funds, it was agreed that a new staff to strengthen the capacity of the Project Unit's financial management team will be incorporated to ensure close supervision and monitoring over flow of funds to provinces.</p>					
	Resp: Both	Status: Completed	Stage: Preparation	Recurrent:	Due Date: 17-Oct-2014	Frequency:
<p><b>Governance</b></p>	Rating	Moderate				
<p><b>Risk Description:</b> Institutions directly or indirectly involved in the Project might have different agendas and priorities or demand ownership or decision-making over Project activities.</p> <p>Participation Agreements between the national and provincial levels of government may take a long time to be signed or may not be implemented as expected.</p>	<p><b>Risk Management:</b> The Operational Manual will clearly define the roles of institutions involved in Project Implementation. Still, the team would maintain a diverse network of contacts to stay abreast of shifting political economy.</p> <p>Under Implementation Support, the team would closely monitor compliance with the Agreements. In the case of non-compliance, an effort would be made to identify and showcase provinces where successful partnerships have been developed, and understand what the binding constraints are in the case of non-compliance.</p>					
	Resp: Both	Status: Not Yet Due	Stage: Implementation	Recurrent:	Due Date: 15-Dec-2014	Frequency:
<p><b>Project Risks</b></p>						
<p><b>Design</b></p>	Rating	Moderate				
<p><b>Risk Description:</b> The design of PROMER II is based on the experience of PROMER I, taking into account achieved and pending results, and on the challenges presented by the scaling up of compulsory schooling until the final level of secondary. Infrastructure expansion should be quite straightforward, and focused particularly on upper secondary education, which means that</p>	<p><b>Risk Management:</b> The MEN will lead the implementation of pilot service delivery approaches and the Project would encourage the organization of seminars, studies, and various forms of dissemination of the technical foundations that support them. For teacher training, the Bank would aim to accompany one of the provincial programs with an impact evaluation to estimate the effects of the intervention.</p> <p>(i) Institutional models will be designed to provide for current cost constraints to allow sustainability. (ii) MEN's cost study team will design simulation programs to determine costs for each institutional model to facilitate the balancing of needs. (iii) Although costs per student may be higher than in urban schools, the total number of students and schools will be low, which implies lower total costs in</p>					

<p>there is relatively little risk, with the exception of the pilot service delivery approaches. With regards to Component 1, the evidence base underpinning the effectiveness of some teacher training activities is still incomplete. Taken together, the Design risks are therefore Moderate.</p> <p>Budgetary constraints for the financing of fixed costs that could be higher than for urban schools due to teacher workload, transportation, and food.</p>	absolute values, which will only occupy a portion of the education budget's growth envisaged by the National Education Law.					
	Resp: Bank	Status: In Progress	Stage: Both	Recurrent:	Due Date:	Frequency:
<b>Social and Environmental</b>	Rating	Moderate				
<p>Risk Description:</p> <p>Civil works could have unintended adverse environmental impacts.</p> <p>Indigenous Peoples might not benefit optimally from Project interventions.</p>	<b>Risk Management:</b>					
	Preparation and implementation of an Environmental and Social Management Framework to properly implement school infrastructure sub-projects.					
	Resp: Bank	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:
	<b>Risk Management:</b>					
Preparation and implementation of an Indigenous Peoples Planning Framework (IPPF) to support ongoing programs that aim to improve the education conditions for indigenous students in rural schools. In addition, continuous dialogue with Indigenous representatives in the education sector would ensure ongoing relevance of proposed activities for indigenous and intercultural and bilingual schools.						
	Resp: Client	Status: In Progress	Stage: Both	Recurrent: <input checked="" type="checkbox"/>	Due Date:	Frequency:
<b>Program and Donor</b>	Rating	Low				
<p>Risk Description:</p> <p>There are no Program and Donor risks.</p>	<b>Risk Management:</b>					
	Resp:	Status:	Stage:	Recurrent:	Due Date:	Frequency:

<b>Delivery Monitoring and Sustainability</b>	Rating	Moderate				
<p>Risk Description: The Government's monitoring and evaluation tools would not provide system-wide information in a timely manner to inform policymaking.</p>	<p><b>Risk Management:</b> Under the Project, resources would be made available to MEN to improve and scale-up monitoring and evaluation tools as needed.</p>					
	Resp: Client	Status: Not Yet Due	Stage: Implementation	Recurrent:	Due Date:	Frequency:
<b>Overall Risk</b>						
<b>Implementation Risk Rating: Moderate</b>						
<p>Risk Description: The Overall Implementation Risk was assessed as Moderate.</p>						

## **Annex 5: Implementation Support Plan**

### **ARGENTINA: Second Rural Education Improvement Project**

#### **Strategy and Approach for Implementation Support**

1. The Implementation Support strategy was designed based on the Project's main characteristics and its risk profile. This strategy seeks to reduce risks that may prevent progress during Project implementation.
2. Implementation support would feature continued policy dialogue at both National and Provincial levels of Government, on a number of technical areas including teacher training, student assessments, and strategies for fostering parental involvement in their students' learning. The technical cooperation would help ensure smooth communication across actors at all levels, and with the Project team. Better communication would bring more efficient Project implementation, and would make possible potential synergies and opportunities for all actors involved.
3. Procurement implementation support would include off-site and on-site supervision. Procurement supervision would be carried out on a timely basis as required to avoid any delays in Project implementation. The Bank's support would also include the review of technical specifications and Standard Bidding Documents to ensure fair competition. Through such reviews, the team would review the planning and design of works to ensure that technical contractual obligations are met. The Bank would assess implementation progress every year and identify any issues that need to be resolved: (i) the Bank's procurement guidelines would be strictly enforced, and the implementation team, which also has extensive experience in implementing Bank procedures, would be further strengthened; and (ii) the Project Operational Manual would have strict selection guidelines for beneficiaries, including communities and schools for the infrastructure activities, and teachers and directors in the case of training activities.
4. Financial Management supervision would also include on-site and off-site supervision to review Project implementation. The on-site review would include a transaction review to verify the eligibility of expenditures; the off-site supervision would comprise desk reviews of IFRs and audited financial statements. Desk reviews would be completed through virtual communications to assure a correct implementation of observations/recommendations and provide technical assistance during the Project's implementation period. Specific procedures acceptable to the Bank would be included in the Operational Manual to ensure funds are used for the intended purposes.
5. Safeguards-related implementation support includes the evaluation of the implementation of the Environmental and Social Management Framework (ESMF), which was developed by the MEN to guide all works to make sure that civil works financed by the Project won't have unintended adverse environmental or social impacts, as well as the Indigenous Peoples Planning Framework (IPPF). The Bank team will provide guidance to the implementation unit to address any issues. The Bank team would conduct formal supervision of the implementation of these

instruments at least twice a year. Inputs from the environmental and social specialists would be required throughout the Project lifetime.

6. Under the Project, the Bank would strive to strengthen and modernize the Government’s monitoring and evaluation tools, focusing on monitoring systems and the evaluations of specific activities such as teacher training to ensure that these tools provide system-wide information in a timely manner to inform policymaking, including on individual student performance.

### **Implementation Support Plan**

7. The Government of Argentina is committed to improving the quality of rural education and to carrying out institutional improvements throughout the system.

8. MEN’s DiNIECE would be in charge of results evaluation and follow-up. The same division would also be responsible for providing the data needed to build the Project indicators and the Project’s external evaluations. All Project results would be analyzed through the institutional statistics and regular monitoring systems.

9. All the information produced by DiNIECE, and by other specific reports, would be analyzed by the Bank team, as part of the supervision missions.

**Table A5.1: Main focus in terms of support to implementation**

<b>Activity</b>	<b>Frequency</b>	<b>Responsible</b>
Formal Supervision and field visits.	Semi-annual formal supervision missions and field visits.	Project Team
Work closely with MEN to ensure that the Project supervision would focus on the implementation of the IPPF.	Semi-annual formal supervision missions and field visits.	Social Specialist
Ensure that the ESMF’s safeguard measures and arrangements are followed. Provide guidance to the implementation unit to address any issues.	Semi-annual formal supervision missions and field visits.	Environmental Specialist
On-site supervision missions would be carried out to review Project Implementation.	On a semi-annual basis.	Procurement Specialist
On site supervision missions would be carried out to review Project implementation.	On a semi-annual basis.	Financial Management Specialist

**Table A5.2: Skills Mix Required**

<b>Skills Needed</b>	<b>Number of Staff Weeks</b>	<b>Number of Trips</b>	<b>Comments</b>
Task Team Leader	4	Two Supervision Missions per year	Task and team leadership
Education Specialist	6	Two Supervision Missions per year	Technical review of Project Documents and Monitoring and Evaluation
Senior Operations Officer	5	Two Supervision Missions per year	Operations Support and supervision
Procurement Specialist	5	Two Supervision Missions per year	Procurement support and supervision
Financial Management Specialist	4	Two Supervision Missions per year	Financial Management and disbursement support and supervision
Environmental Specialist	2	Two Supervision Missions per year	Environmental support, supervision and reporting
Social Safeguards Specialist	2	Two Supervision Missions per year	Social Safeguards support, supervision and reporting

## Annex 6: Economic and Financial Analysis

### ARGENTINA: Second Rural Education Improvement Project

1. Rural poverty is extensive in Argentina, especially compared to the relatively more prosperous urban areas. International and national evidence continuously shows what is perhaps the most solid empirical result in economics: for individuals and for countries as a whole, more education increases human capital, and results in an increase in productivity. A more productive individual enjoys higher wages, and a more productive society shows higher long-term growth. Therefore, improving education attainment in rural areas through PROMER II has the double benefit of boosting productivity while reducing poverty and inequality.

2. The economic and financial analysis consists of three parts, each answering the following questions: i) what is the Project's development impact?, ii) is public sector provision or financing the appropriate vehicle?, iii) what is the World Bank's value added?

#### Part I: What is the Project's development impact? Economic Benefits for Rural Argentina

3. At the macro level, a society with more human capital—measured, for instance, by years of schooling or learning outcomes in a standardized test—enjoys higher rates of long term economic growth. This can be easily measured by an augmented Solow growth model which is quite conventional in the literature. Conversely, from the micro perspective, more human capital translates into higher personal or household incomes, less poverty, and, if the increases in human capital take place among disadvantaged households (which is the case in this Project), less income inequality.

4. The starting point of our analysis is the Mincer equation relating years of schooling with personal labor remunerations (returns to schooling investments):

$$\ln(Y_i) = \hat{\alpha} + \hat{\beta}_1 S_i + \sum_{j=2}^J \hat{\beta}_j X_{j,i} + \hat{\varepsilon}_i$$

5. Where  $Y_i$  is the personal labor income or wages of individual "i",  $S_i$  is the years of schooling of "i",  $X_j$  are controls,  $\hat{\alpha}$  and  $\hat{\beta}s$  are estimated parameters and  $\hat{\varepsilon}$  are the estimation error terms. This microeconomic relationship between years of schooling and labor remuneration is the foundation of the macroeconomic relationship between education, productivity and GDP growth.

6. The above equation has been estimated in several studies for Argentina and internationally (see Psacharopoulos and Patrinos (2004)). Most of the studies estimating the returns to schooling use nationally-representative micro household survey data and, when possible, a separate set of parameters are estimated for urban and rural areas. A particularity of the Argentine household survey "*Encuesta Permanente de Hogares*" (EPH) is that it only includes households located in urban areas, impeding estimations of the returns to schooling in rural areas. However, a recent study uses a unique survey among rural households collected by the Government of the Province

of Buenos Aires in 2006 to estimate the returns to schooling in rural areas.<sup>21</sup> According to Lema and Casellas (2009), an additional year of formal schooling increases hourly wages by 9 to 12 percent. The estimated returns in rural areas are within the range of returns in urban areas obtained by other studies exploiting the EPH. For instance, Giovagnoli et al (2005) report a return between 8.6 percent and 11.4 percent for 2002; Paz (2007) gets a return of 7.6 percent for the period 2003-06; Di Pietro and Pedace (2008) show a return that goes from 8 percent to 12.1 percent using the EPH of 2003.

7. Given that the estimates reported in Lema and Casellas (2009) are close to the ones reported by the Argentine literature and the international evidence, we will take them as given when computing the economic benefits brought about by the Project. The second step to get the economic benefits of the Project is to project the additional years of schooling that rural workers are getting due to PROMER II. To do so, the time horizon of the analysis is defined as the period between 2018—year when the Project finalizes—and 2035—when a significant proportion of the Project’s targeted population will be participating in the labor market.

8. To estimate the Project’s impact on years of schooling, take the PDO indicator 4: “completion rates in upper secondary education in rural areas” which, according to the results framework, will increase from a baseline of 63.4 percent to 72 percent in 2018. Therefore, by the end of the Project, an additional 8.6 percent of the relevant population will have a school credential worth 3 years of additional schooling. Under simplifying assumptions, this means that the first generation of youth of around 18 years of age (time when, in theory, an individual should be finishing upper secondary) in rural areas after Project completion would have an additional 0.26 ( $=3*0.086$ ) years of schooling vis-à-vis the years of schooling that that same cohort would have had in the absence of the Project.<sup>22</sup>

9. The Mincer equation described above can help us attach a monetary value to the increase in years of schooling brought about by the Project. Notice that the returns to schooling reported above are estimated using observations from a representative sample of the entire labor force in rural areas not only new entrants to the labor market (youth). Therefore the increase in 0.26 years of schooling among the first generation of 18 years old beneficiaries after Project implementation would have just a marginal effect on the overall years of schooling in rural areas. Assuming this first generation of beneficiaries enters the labor market in 2020, their additional years of schooling (0.26) would increase the years of schooling of the rural workforce population by 0.0058 ( $=0.26/45$ ) or 1/45 of the original increase, assuming a labor force with a uniform distribution of individuals between 20 and 65 years of age. As time passes and more Project beneficiaries enter the labor market, the overall effects of PROMER II over years of schooling in rural areas increases until it reaches 0.13 additional years of schooling in rural areas in 2035, as shown in Figure A6.1.

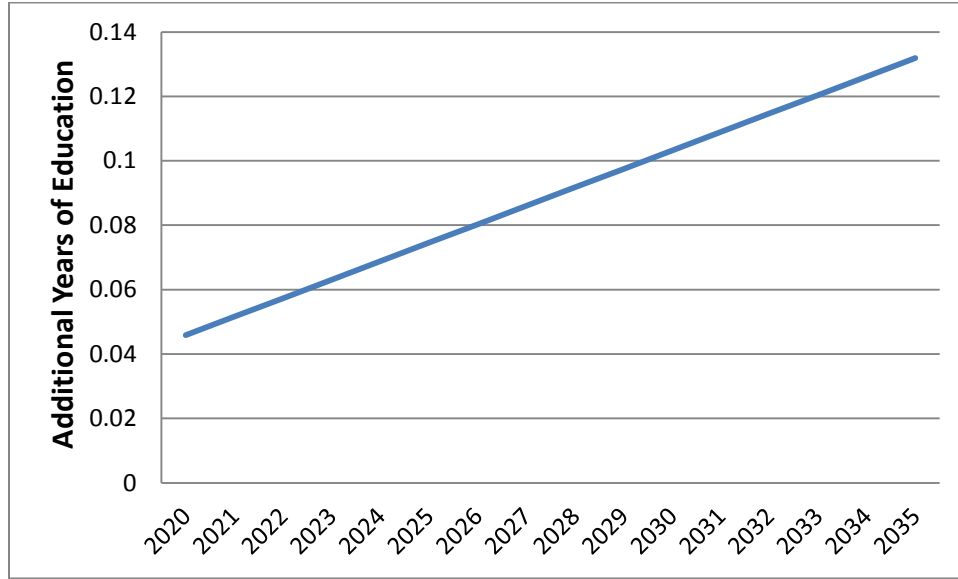
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<sup>21</sup> See Lema, Daniel and Karina Casellas, “Returns to education in Rural Argentina,” *Argentine Agricultural Economics Review*, Volume XI, Number 1, Spring 2009, Available: <http://aaea.org.ar/wp-content/uploads/2009/08/01.-Retornos-a-la-educacion-en-zonas-rurales.pdf>.

<sup>22</sup> Assuming, for simplicity, that an increase in the completion rate among those enrolled in grade 10 (PDO indicator 4) is a good proxy for the overall increase in schooling among the entire population in rural areas as captured by the improvement in transition rates from primary to lower secondary and from this to upper secondary (PDO indicators 2 and 3).



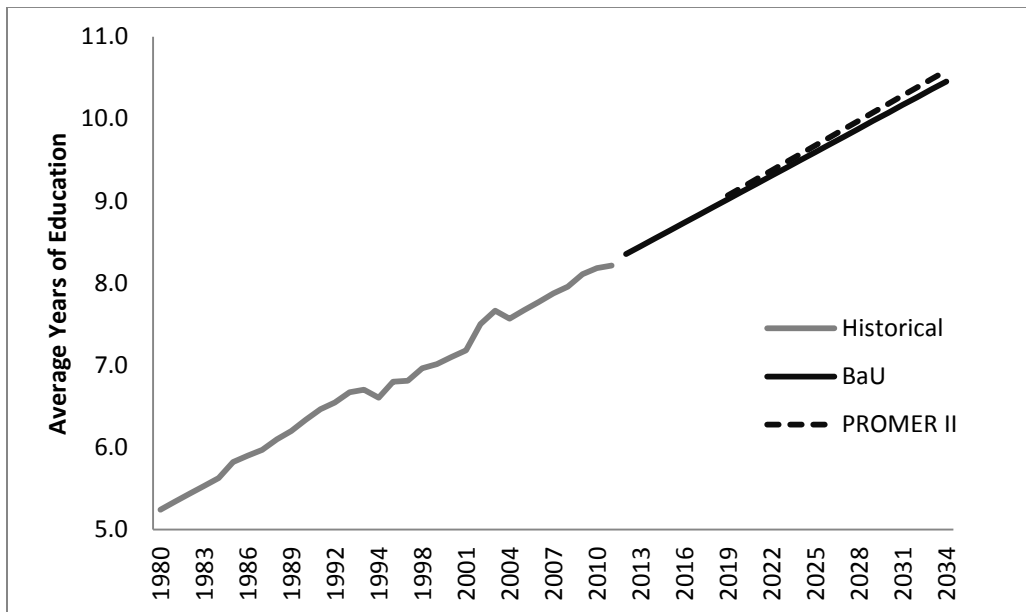
**Figure A6.1: Additional years of schooling in rural areas due to PROMER II**



Source: author’s own computations based on data from Argentine National Census 2001 and 2011

10. According to the census data, the workforce in rural Argentina had, on average, 7 years of schooling in 2001. As is shown in Figure A6.2, the long term trend in years of schooling in rural areas is positive, with no apparent signs of reaching an inflection point in the short to medium term. Projecting this trend in a “business as usual scenario (BaU),” i.e. of years of schooling without PROMER II, by 2035 the workforce in rural areas achieve 10.45 years of schooling versus a level of 10.58 under PROMER II.

**Figure A6.2: Years of Schooling in Rural Argentina with and without the Project**



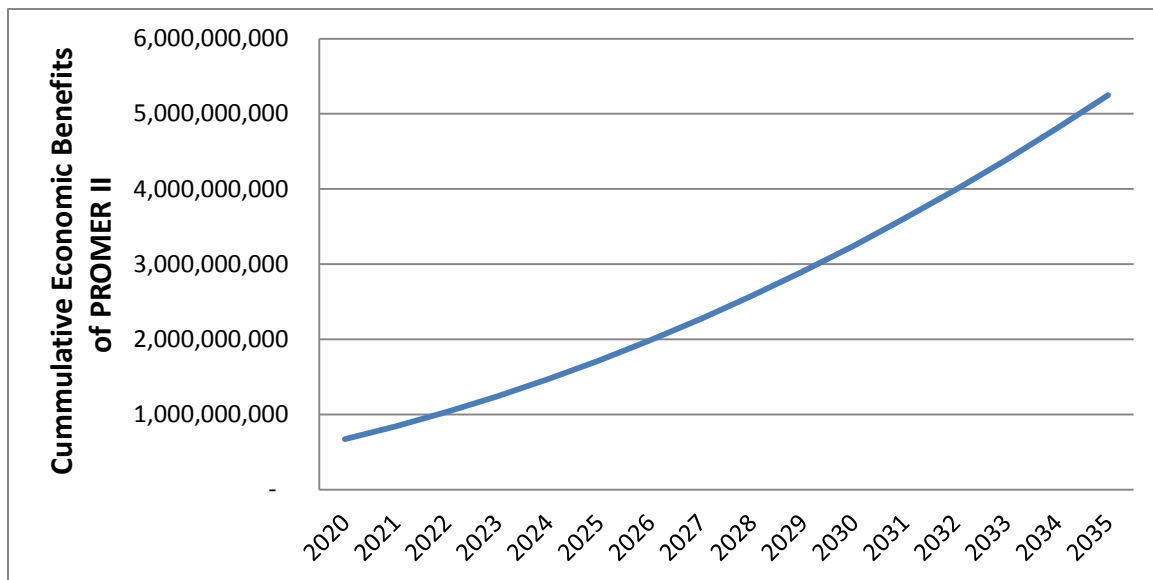
Source: Argentine National Census 2001 and 2011 and projections based on Figure A6.

11. With the implementation of the Project and its potential effects on the upper secondary graduation rate, the average worker in rural areas has an additional 0.13 years of schooling by 2035. Although this seems to be a small change, it is far from being trivial. For instance, according to the household surveys “*Encuesta Nacional de Gastos de los Hogares*” 2005 and the “*Encuesta Nacional Permanente*” 2013, the average annual household per capita income in rural Argentina is \$20,539 Argentine pesos of 2013. Assuming a return to the additional year of schooling in rural areas of 9 percent (a conservative assumption based on Lema and Casellas (2009)), every generation of Project beneficiaries would experience an average increase of AR\$240 (=AR\$20,539\*0.09\*0.13) per year vis-à-vis the labor remuneration that the same generation would have obtained in the absence of the Project. The monetary effects for the entire rural workforce of the increase in access to upper secondary brought about by the Project is defined by the following expression:

$$B_t = Y_t * \hat{\beta} * \Delta S_t * P_t^r$$

where  $B_t$  is the monetary benefits of the Project at time “t”,  $P_t^r$  is the future workforce that would benefit from the Project,  $\Delta$  is a change operator capturing the effects of the Project as depicted in Figure A6.;  $\hat{\beta}$  and  $S_t$  are defined as before. Using the expression and assumptions above, plus a future workforce benefitting from the Project of 1.8 million (about 10 percent of the current active labor force in Argentina), the monetary benefits of the Project two years after Project completion (i.e. year 2020) is equal to AR\$1.9 million (=AR\$20,539\*0.09\*0.0006\*1.8 million), at 2013 prices. As more Project beneficiaries enter the labor market and the years of schooling of the rural workforce increases ( $\Delta S_t$ ) as per Figure A6.1, the economic benefits of the Project also increases, as shown in Figure A6.3. The sum of the flows of economic benefits up to 2035 amount to AR\$5.3 billion or US\$643 million at the official exchange rate of AR\$8.16 per dollar (July 19, 2014).

**Figure A6.3: Economic benefits of PROMER II, AR\$ of 2013**



Source: author’s own computations based on the formulae for monetary benefits of the Project

The benefits of the Project go beyond the increase in access to upper secondary in rural areas—with its positive effects in years of schooling. The interventions supported in Component 1 of the Project, the National Training Strategy and the strengthening of the school-family linkages, aim at improving the quality of service provision. There is growing evidence showing that, for any given years of schooling, an increase in the quality of education improves productivity and hence wages (Hanushek and Woessmann 2012). In terms of the wage equation above, the improvements in education services would translate into an increase in the returns to schooling or  $\hat{\beta}$ , hence increasing the monetary benefits associated with the Project. Other benefits associated with a more educated society go beyond the scope of a relatively simple economic analysis like the one presented here. For instance, as women in rural areas become more educated, their participation in the labor market would increase, hence increasing incomes of households of rural origins. The same can be said about positive externalities associated with a better educated population such as better health, enhanced democratic participation, environmentally conscious, among others. Bearing this in mind, the economic benefits of the Project shown in Figure A6.3 are a lower bound of the Project’s potential returns.

## **Part II: Is public sector provision or financing the appropriate vehicle?**

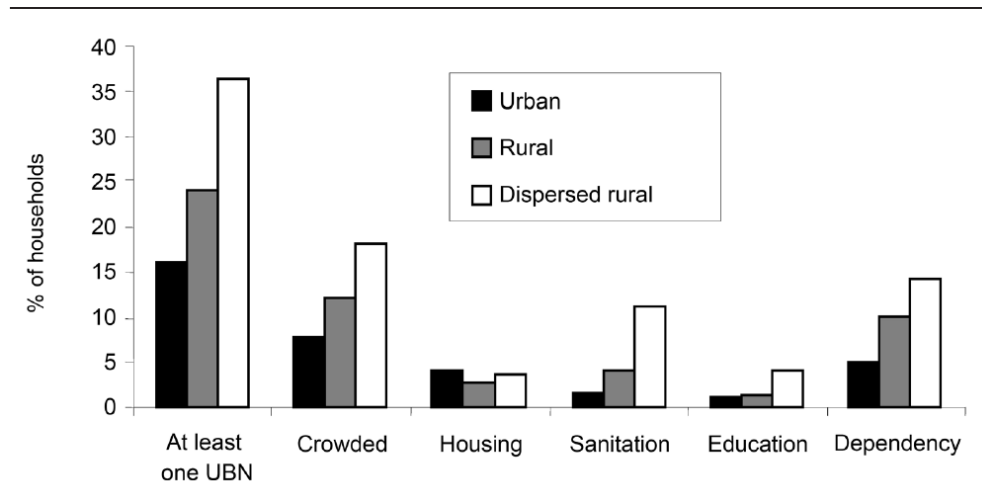
12. The population in remote rural areas only accounts for 8 percent of the total population in Argentina; however, these are the most vulnerable and poorest households in the country. Given the low population densities and remoteness of rural households, the education system has not been able to provide adequate services to promote equality of opportunities. Education inputs are insufficient in rural areas, which results in lower enrollment rates and lower learning outcomes. Without well-designed education policies that explicitly target the population in rural areas, these disadvantaged households would be excluded from the development process, further marginalizing vulnerable groups and exacerbating existing inequalities.

13. According to the latest World Bank estimates, about one third of people living in rural areas in Argentina have at least one unsatisfied basic need.<sup>23</sup> Figure A6.4 shows the proportion of households that does not satisfy basic needs indicators, distinguishing between urban, rural and dispersed or remote rural (our targeted population). The main message from Figure A6.4 is quite clear: a significantly larger proportion of households in rural areas are not satisfying basic needs; moreover, unsatisfied basic needs are much more common among remote rural households.

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<sup>23</sup> “The Invisible Poor: A Portrait of Rural Poverty in Argentina”, 2010, World Bank.

**Figure A6.4: Unsatisfied Basic Needs Indicator by Geographic Area**



Source: World Bank (2010)

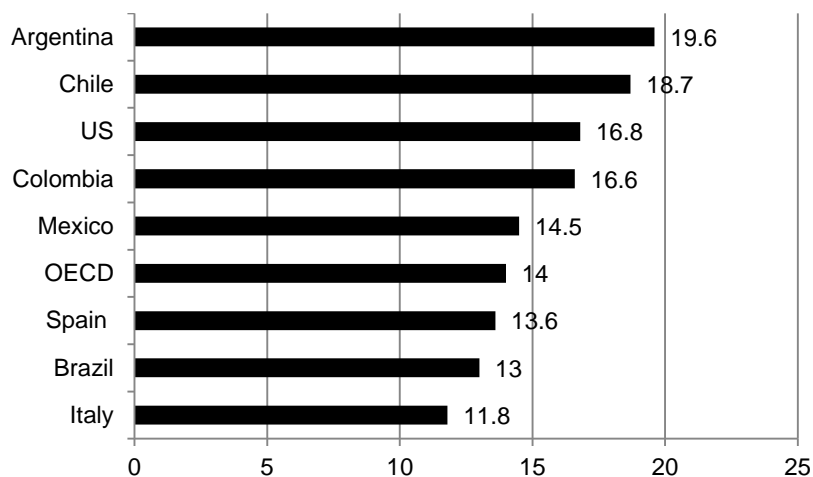
14. Years of schooling among the workforce (captured by the individuals ages 21 to 30) differ substantially between rural and urban areas. Basically, all individuals between 21 and 30 years old in urban centers had completed primary school, as opposed to only 80 percent in remote rural areas. The differences in schooling are much more evident when comparing the proportion of the population that enrolled in secondary school: individuals in urban areas had twice as much chance to be enrolled in secondary school compared to individuals in remote rural areas.

15. Rural schools do not receive adequate provision of education inputs. The latest SERCE survey by UNESCO highlighted that 48 percent of rural schools in the sample did not have access to clean water (compared to 6 percent in urban areas); 41 percent declared the number of toilets to be insufficient (22 percent for urban schools). Finally, 15 percent of rural school had no electricity, while the same was true for only 2 percent of the urban schools in the sample. In terms of teaching, pupils in rural areas benefit from fewer hours of education with respect to their colleagues in urban areas.

16. The lack of adequate education inputs in rural areas has an impact on learning outcomes. The international test SERCE (2008) shows that students in rural areas have lower performance compared to their urban counterparts. For instance, the proportion of students with low math scores in grade six is about twice as high for students in rural areas. For reading, it is about 50 percent higher.

17. The OECD's International Standardized Test, PISA (2009) shows that Argentina is one of the countries with the highest variation in learning outcomes and where socio-economic conditions accounts for the largest proportion of the student-to-student differences in test scores (Figure A6.5). This last result suggests that the Argentine education system is not promoting equality of opportunities.

**Figure A6.5: Percentage of variance in language scores explained by socio-economic factors**



Source: PISA, 2009

18. Given their adverse initial conditions, limited access to the education system, poor conditions for learning, and lower quality of the education services they received, children in remote rural areas need well-designed interventions with enough financial resources to be implemented by the public sector. PROMER II offers this option.

### **Part III: What is the World Bank's value added?**

19. The World Bank would contribute to Argentina's long term development with shared prosperity by ensuring appropriate financial availability to cover non-recurrent costs in rural and remote rural areas, where the resources are needed the most. Supporting the Teacher Training strategy would enable the Bank to contribute to the National Plan to address the quality issue in Argentina, perhaps even beyond the problems faced in rural areas. The contribution to the National Plan for Teacher Training would come in the form of sharing best international practices on teachers, school directors and supervisors training, organizing workshops and South-South collaborations. By developing, together with the MEN, an explicit formula to allocate infrastructure resources across Provinces based on equity and efficiency criteria, the Bank would contribute to the transparency and accountability of the education system. Finally, the design of the three proposed impact evaluations in selected Provinces would strengthen the culture of evidence-based decision making within the MEN. The Bank would bring its expertise on impact evaluation design, implementation, follow-up, interpretation of results and feedback to policy design.