

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

Report No.: PIDA934

Project Name	Argentina Second Rural Education Improvement Project - PROMER-II (P133195)
Region	LATIN AMERICA AND CARIBBEAN
Country	Argentina
Sector(s)	Secondary education (40%), Pre-primary education (10%), General education sector (30%), Public administration- Education (20%)
Theme(s)	Education for the knowledge economy (20%), Rural services and infrastructure (35%), Education for all (20%), Administrative and civi l service reform (10%), Indigenous peoples (15%)
Lending Instrument	Investment Project Financing
Project ID	P133195
Borrower(s)	Government of Argentina
Implementing Agency	National Ministry of Education
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	13-Nov-2013
Date PID Approved/Disclosed	14-Nov-2013
Estimated Date of Appraisal Completion	18-Nov-2013
Estimated Date of Board Approval	20-Mar-2014
Decision	

I. Project Context

Country Context

Over the past decade, Argentina has achieved important gains in reducing poverty and improving the lives of its citizens, benefiting from favorable external and internal environments. Following the 2001 crisis, Argentina achieved strong economic growth rates averaging 7.7 percent annually during 2003-2011, with growth slowing to 1.9 percent in 2012. As a result of high economic growth and proactive social inclusion public policies, the country achieved marked reductions in poverty and in unemployment. Impressive gains were also achieved in reducing inequality and expanding the relative size of the middle class.

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

also show deficits in social and basic infrastructure services relative to national averages.

The Government remains committed to promoting growth with equity and inclusion. Following her reelection on October 23, 2011, President Cristina Fernández de Kirchner has set the goal of continued economic growth with social inclusion and improved competitiveness. In an increasingly challenging economic environment, the difficulty is not only to sustain the social policies established in recent years, but also to create space to take these policies to the next step—ensuring that families who have escaped poverty can sustain better livelihoods, benefit from shared prosperity, and build better opportunities for their children. This will require sustained growth, and a continuing focus on the efficient deployment of public resources, building on the experience of flagship programs. The proposed education operation in Argentina’s rural areas is at the heart of this effort, bringing quality services to the poorest populations, thereby reducing the existing inequalities of opportunity, and boosting the chances of prosperity for the bottom 40 percent.

Sectoral and institutional Context

The Government of Argentina 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 2011, the Education Finance Law (2006) resulted in a budget increase from 4.5 to 6.4 percent of GDP. This increase, coupled with a rapid expansion of the economy, made investment per student in Argentina the highest in Latin America in 2010 (CEPAL 2010). However, the gap between urban and rural areas persists, hence this project’s focus on providing more and better services to those at the bottom of the income distribution, as per the Bank’s twin goals of reducing poverty and increasing shared prosperity.

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

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

However, very important challenges regarding equity and quality of the education system remain. The education system has not yet become an instrument to achieve equality of opportunities providing adequate services to the most vulnerable groups (who need them the most) in poor urban and rural areas. Furthermore, Argentina is the only country in the region showing a decline in learning outcomes between 2000 and 2009 according to the Organization for Economic Co-operation and Development's (OECD) international standardized test, PISA. Perhaps even more challenging, Argentina shows the highest between-student variance in learning outcomes among all countries participating in PISA in 2009.

The rural/urban gap in education performance begins in the first grades of primary education. With an average annual rate of 9 percent, repetition in rural areas is 50 percent higher than in urban centers (6 percent per year). The divide is even starker in grade 1, where 15 percent of rural students repeat, compared to only 9 percent in urban areas. This high repetition in rural primary schools accounts for the fact that half of the students found at the secondary level are overage compared to just a third in urban centers. As shown in UNESCO's associated factors analysis using data from SERCE, a standardized test, failure in early grades is also highly correlated with poor learning outcomes in Argentina (UNESCO/OREALC, 2010). Students that repeat one or more grades are also much more likely to decide to abandon school.

Secondary school coverage and efficiency rates are lower in rural areas. Coverage at the secondary level has a large gap, whereby the urban rate is about 83 percent, 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 individuals in remote rural areas. According to the National Ministry of Education (MEN for its acronym in Spanish), 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. The secondary school dropout rate among students in rural areas is 17 percent versus 10 percent for students in urban areas. The binding constraints on low supply of 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.

The learning gap between urban and rural students is also prevalent. According to UNESCO's standardized test, SERCE (2008), 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.

Rural areas are disproportionately poor, and particularly underserved by the education sector (World Bank 2010). Accounting for 8 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 children in rural 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 being excluded from the development process. This, in turn, will further marginalize vulnerable groups in rural areas and exacerbate existing inequalities.

An education system with such high average coverage rates and availability of resources as Argentina's should concentrate on enhancing the quality and equity of the education system. That is, fostering learning outcomes of students while increasing enrollment in rural areas. There are

several elements that would contribute to achieve this goal: (i) improve the methods of instruction and teaching practices; (ii) expand the supply of secondary education services in remote rural areas; (iii) incentivize parents' participation in the design and monitoring of schools' improvement plans; and (iv) strengthen the monitoring (e.g. teacher absenteeism, attendance, repetition, etc.) and evaluation system.

Priorities for the MEN are clearly defined in the National Education Plan (Plan Nacional de Educación Obligatoria y Formación Docente 2012 - 2016) which, broadly speaking, follow two lines of action: (i) improve quality of education services and (ii) universalize education services with a special focus on the inclusion of marginalized groups. This national education strategy is the framework within which the interventions of this Second Rural Education Improvement Project (Proyecto de Mejoramiento de la Educación Rural, Fase II, PROMER II) are designed, ensuring, that the Project is fully aligned with the Nation's goals.

Contributions of PROMER to rural education in Argentina have been substantial. Since 2005, the Bank has supported the Government of Argentina (GoA) in the implementation of its rural education policy through the First Rural Education Quality Improvement Project – PROMER (P070963, Loan 7353-AR). 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. The Bank has also supported strengthening the provincial education systems through sub-national multisectoral SWAp 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, La Rioja and Salta).

II. Proposed Development Objectives

The proposed Project Development Objective is to support national Government policy to i) reduce repetition in primary education; and ii) increase enrollment and completion in secondary education, in Argentina's rural areas.

III. Project Description

Component Name

Component 1: Reducing Repetition Rates in Rural Classrooms

Comments (optional)

Component 1.1: Improving teaching and school management.

Component 1.2 Strengthening the link between schools and families.

Component Name

Component 2: Increasing Enrollment & Completion of Rural Secondary School

Comments (optional)

Component Name

Component 3: Strengthening Project Management, Monitoring, & Evaluation

Comments (optional)

Component 3.1: Project management.
Component 3.2: Monitoring and evaluation.

IV. Financing (in USD Million)

Total Project Cost:	275.00	Total Bank Financing:	250.50
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			24.50
International Bank for Reconstruction and Development			250.50
Total			275.00

V. Implementation

VI. Safeguard Policies (including public consultation)

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

Comments (optional)

VII. Contact point

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