

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

Report No.: PIDA26963

Project Name	Supporting Education Reform in Targeted Circuits (P152096)
Region	LATIN AMERICA AND CARIBBEAN
Country	Ecuador
Sector(s)	General education sector (100%)
Theme(s)	Education for all (50%), Education for the knowledge economy (50%)
Lending Instrument	Investment Project Financing
Project ID	P152096
Borrower(s)	Republic of Ecuador
Implementing Agency	MINISTRY OF EDUCATION
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	24-Aug-2015
Date PID Approved/Disclosed	24-Aug-2015
Estimated Date of Appraisal Completion	14-Aug-2015
Estimated Date of Board Approval	30-Oct-2015
Appraisal Review Decision (from Decision Note)	The review authorized the Team to carry out appraisal upon completion and disclosure of EMSF, IPPF and RPF.

I. Project Context

Country Context

Ecuador has experienced a period of political stability during the past decade, and the Government has invested important resources to reduce overall inequality and promote social inclusion, focusing investments in infrastructure and social sector projects. Between 2006 and 2014, poverty fell from 37.6 percent to 24.5 percent (measured by the national poverty line) and extreme poverty fell from 16.9 percent to 8 percent (living on less than \$1.25 per day, Purchasing Power Parity (PPP). Income of the poorest 40 percent increased a total of 8.8 percent over the last 14 years while the national average increase was of 5.8 percent. However, the current price of oil and overall unfavorable conditions of the external sector have stunted the flow of national revenue and results achieved in the social sphere over the past decade might be affected.

The Government of Ecuador (GoE) is advancing in the implementation of a wide reform in the education sector. In order to increase the efficiency and agility of public entities, the GoE's is committed to promote long-term, comprehensive, and sustainable investments in Ecuador's human capital. Namely, the government has prioritized key issues related to education, health and social well-being. At the cornerstone of these structural reforms, the GoE has emphasized the education

sector, setting ambitious goals to universalize access and improve quality as a catalyzer for positive effects throughout the sector.

Sectoral and institutional Context

In an aim to strengthen the Education system, the GoE has conducted multiple institutional changes over the last 8 years, relying on: the Ecuadorian Constitution of 2008; the Fundamental Law of Intercultural Education of 2011 (*Ley Orgánica de Educación Intercultural – LOEI*); the Ten-year Education Sector Plan 2006-2015 (*Plan Decenal de Educación - PDE*); and the National Development Plan 2013-2017 (“*Plan del Buen Vivir*”). The GoE increased the allocation of resources to support the education sector: expenditure rose from 2.6 percent of GDP in 2006 to 5.2 percent in 2014, reaffirming its decisive and strong political commitment.

The pillars of the educational reform include, among others: (i) the reorganization of the education supply through the creation of “hubs” or groups of pre-tertiary academic levels; (ii) improvements in infrastructure and equipment; (iii) the implementation of a national system of evaluation for students, teachers, and institutional performance assessments; and (iv) a new system of teachers’ professional development.

The 2007 *Ley Orgánica de Educación Intercultural (LOEI)* has led to important changes in the education system’s structure. Based on the LOEI, the pre-tertiary education system is structured as follows: (i) four years of early education (0 to 4 years old), divided into two cycles: “Inicial I” (0 to 2 years old) and “Inicial II” (3 and 4 years old); (ii) ten years of compulsory general basic education (*Educación General Básica, EGB*), divided into one year of preschool (5 years old), six years of primary level (6 to 11 years old) and three years of lower secondary (*EGB III*, from 12 to 14 years old); and (iii) three years of upper secondary (15 to 17 years old), which includes an academic track (e.g. science, math, language) or a technical track. The system also provides for an intercultural bilingual education model (*Modelo de Educación Intercultural Bilingüe, MOSEIB*), which incorporates cultural and linguistic relevance to the national educational curriculum in targeted areas. The Ministry of Education (*MINEDUC*) management system also went through a significant reform, establishing four levels of management: (i) the National Ministry (*planta central*); (ii) the nine (9) Zones established to cover all of Ecuador; (iii) the District level (140), and (iv) the Circuit level (1,134).

Ecuador has seen dramatic improvement in school attendance at all levels between 2007 and 2013: (i) almost universal access in pre-school; (ii) net enrollment in basic education increased from 91% to 95%; (iii) net enrollment rate in upper-secondary increased 52% to 66%. In 2013 around 76 percent of enrolled students attended public schools. In terms of quality, Ecuador was the country in the Latin America with the highest improvement in UNESCO’s Third Regional Comparative and Explanatory Study - *TERCE* - (2013), when compared to its performance in UNESCO’s Second Regional Comparative and Explanatory Study -*SERCE* - (2006).

Important challenges remain both in terms of attendance, equity and quality. Only 23 percent of the children ages 3 and 4 were enrolled in early education in 2013. Given the robust body of evidence showing early childhood education (*ECE*) services can contribute to reduce the socioeconomic gradient in child development (e.g. Heckman and Cuna, 2006), differences in *ECE* coverage can partially explain the differences in learning outcomes and school growth trajectories in Ecuador across different socioeconomic levels. Results for the *Test de Vocabulario en Imágenes Peabody*

(TVIP) among children ages 36-71 months in the poorest quartile differ by 1.21 standard deviations (sd) compared to those in the richest quartile and even more in rural areas (1.64 sd) (Schady 2014). While the gross enrollment rate in upper secondary was 83.3 percent in rural areas (2013), 96.5 percent were enrolled in urban locations for the same year. Starting in 8th grade of basic education through the end of upper secondary, dropouts are still significant and far from the national goal of increasing the net attendance rate for upper secondary education to 75 percent by 2018. Gender gaps are almost closed in basic education (gross enrollment rates for basic education (96.5 % for girls and 95.8% for boys), though a small difference still persists in upper secondary (93.7% for boys versus 90% for girls). Significant differences across geographic areas and income levels persist in early education, third cycle of EGB and upper secondary. Finally, learning outcomes show significant differences within the country: the first national assessment for students in 4th and 7th EGB in 2013 (measured by an index from 0 to 1000), shows that while some provinces perform at a level above 800, others achieve less than 500 (as an example Math and Language), that is well below the sufficiency level (700).

Factors contributing to persistent inequality in education outcomes concern both the supply and the demand side. On the supply side, infrastructure and teacher quality display dramatic differences across the country. Ecuador—together with Paraguay, Honduras, Nicaragua, and El Salvador—displays the highest within country inequality of education infrastructure (Duarte et al., 2011). The teacher assessment “Quiero ser Maestro” shows that in some provinces like Los Rios, teacher s performance is considerably below the national average. On the demand side, liquidity constraints and lack of information can further explain differences in enrollment in lower and upper secondary completion. According to a sample of 5-17 year-old Ecuadorians not enrolled in school in 2013, 31 percent reported a lack of resources as their main reason for not attending school and 16 percent mentioned a lack of interest. The latter is commonly associated with a poor quality of education or, when quality is reasonable, with lack of information regarding returns to education.

In an attempt to address quality issues, the GoE launched the Educational Opportunity Reorganization Model (el Modelo de Reordenamiento de la Oferta Educativa – MROE) in 2012, also called the “Millennium School” initiative (Unidades Educativas del Milenio, UEM). This ambitious program is based on determining “hub” schools that absorb or consolidate existing institutions from preschool to upper secondary (grades 11, 12, and 13). In a context where the school age population is expected to start declining after 2020, these “integrated schools” can improve the quality of educational opportunities by guaranteeing more efficient allocation of existing resources both physical and in human resources. The long-term target of the GoE is to reduce the current 18,400 institutions to about 5,000 “hubs” or “integrated schools”, including new “hubs”, expansions and renovations.

As part of the strategy to improve the quality of the education inputs, new criteria for the selection, promotion and training of teachers and school authorities have also been introduced. Some of the GoE’s enacted reforms include: (i) higher standards for admission into the elite group of nationally-recognized teachers (Magisterio Nacional); (ii) better teacher remunerations, partially linked to evaluations; (iii) better teaching career development from a teacher’s initial training to continued training and master-level education programs, and (iv) improved training system that builds on the use of new pedagogical and didactic models of discipline and the use of Information and Communications Technologies (ICTs). In order to improve pre-service training, the National Education University (la Universidad Nacional de Educación), which follows the standards of excellence of the Finnish system, has been created. In terms of school principals and authorities, the

GoE has also implemented a comprehensive new strategy, including: (i) high standards selection criteria and competitive process, through the exam “Quiero Ser Directivo”, including a propaedeutic course to enhance management capacities; (ii) master level education on school management. High level of school management capacities are greatly needed in the case of the schools hubs, which involve the complexity of managing large numbers of students, teachers and other personnel in all education levels, and the maintenance of extensive facilities.

The GoE’s has also made efforts to improve equity and inclusion through a series of demand-side interventions that aim at increasing enrollment, such as: (i) the Conditional Cash Transfer Program “Bono de Desarrollo Humano” which provides a fixed amount of cash to all families in the poorest quintile and whose kids age 5-17 go to school; and (ii) national communication and sensitization radio and TV campaigns to emphasize the importance of education. Moreover, in order to promote greater inclusion within the system, selected “integrated schools” (at least one per district) will absorb students with disabilities in accordance with the Ecuadorian Constitution of 2008. Teachers and students throughout the system will receive sensitivity training and the GoE is in the process of developing kits and educational material that will be distributed to every eligible student.

There is increased emphasis on monitoring and evaluation systems. To combat the dearth of reliable evaluations, MINEDUC created the National Institute of Education Assessment (Instituto Nacional de Evaluación Educativa, INEVAL) as an autonomous office within MINEDUC charged to lead the unbiased collection and analysis of data based on national assessments for students, teachers, and educational institutions. Student evaluation begins with the “Ser Estudiante” assessment, which evaluates skills and learning standards in 4th, 7th and 10th grades, culminating in the “Prueba Ser Bachiller,” which evaluates each student’s level of subject mastery in 12th grade. INEVAL works alongside MINEDUC to administer and assess both the “Quiero Ser Maestro” and “Ser Maestro” exams for teachers. INEVAL is currently in the process of creating a set of indicators to measure and evaluate results on an institutional level (by school).

Despite the efforts and multiples changes in the sector, the MINEDUC information and management processes would benefit from increased integration to provide more reliable and complete data. MINEDUC is currently in the process of developing and determining the structure of a new system-wide approach that includes several complementary sub-systems of information. As a first step, the Ministry has develop "Online Learning Community" (Comunidad Educativa en Línea, CEL), a school level portal where educational management is streamlined through the access and use of system-wide services available to all educational community members.

II. Proposed Development Objectives

The proposed Project Development Objective (PDO) is to improve enrollment in early education (Inicial II) and improve the persistence rate in lower secondary and upper secondary education levels in the targeted circuits.

III. Project Description

Component Name

Component 1. Improving school services in targeted circuits

Comments (optional)

Component Name

Component 2. Strengthening Planning, Management and Evaluation Capacity at MINEDUC
Comments (optional)

IV. Financing (in USD Million)

Total Project Cost:	201.00	Total Bank Financing:	178.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			23.00
International Bank for Reconstruction and Development			178.00
Total			201.00

V. Implementation

MINEDUC would be the designated responsible agency. As part of Undersecretariat for School Administration (Subsecretaría de Administración Escolar, SAE), under the Vice-Ministry of Education Management (Viceministerio de Gestión Educativa, VGE), The Millennium Schools Management Unit (Gerencia del Programa Nacional de Infraestructura para la Universalización de la Educación con Calidad y Equidad, GUEM)GUEM will be responsible for the Project fiduciary management (except for sub-component 1.1) and monitoring and evaluation and will be supported by three main areas: (i) Financial Management; (ii) Procurement; and (iii) Monitoring and Evaluation, each one including a designated member for Project activities.

For management of subcomponent 1.1, a specific arrangement will be made to delegate fiduciary and execution management of civil works to a public executing agency: Servicio de Contratación de Obras (SECOB). A subsidiary agreement will signed between MINEDUC and SECOB to establish duties and responsibilities for both parties, including procurement, financial management, accounting, payments, and civil works supervision.

The local authorities of Zones 2, 5 and 9, through their respective units support units (planning, infrastructure, pedagogical, etc.), will have key supervision responsibilities in all components/ subcomponents, according to their respective mandate in the new management model established in the LOEI, which decentralize administrative and pedagogical management to 9 Zones, 140 districts and 1140 circuits, each one with different level of responsibilities.

In terms of specific technical responsibilities, GUEM will coordinate with the respective technical units, each of the Zones, based on attributions established in the LOE and with SECOB regarding sub-component 1.1. Moreover, 2 civil works technical specialist at GUEM will support implementation of sub-component 1.1. The following units will be responsible for each sub-component as follows:

Sub-Component 1.1:

Responsible Technical Unit

The Under-secretariat for School Administration (SAE) will be responsible for oversight, specifically in the development and implementation of a “National Monitoring and Management for

Civil Works.” The CGP will be responsible for the elaboration of consolidation proposals (“micro-planning”), including transportation arrangements. GUEM will be responsible for: (i) the review and approval of technical designs, implementation plans, and environmental management and social plans related to the construction of new schools (new UEMs); (ii) purchase of furniture and equipment for all schools. The Zones will be responsible, through its delegates for: (i) carrying out the “second level” supervision of design and implementation of Project works. SECOB will be responsible for: (i) hiring consultants to design technical specifications for civil works, carry out topographic studies and obtain environmental licenses for both new schools and “Repotenciones”; (ii) the procurement processes required for civil works; (iii) hiring of supervisors (“Fiscalizadores”); (iv) hiring of “contract administrator”.

Sub-Component 1.2:
Responsible Technical Unit
“Undersecretariat for Professional Development” (SDP)

Sub-Component 1.3:
Responsible Technical Unit
“Bureau of Strategic Management” (CNGE)

Sub-Component 1.4:
Responsible Technical Unit
“Directorate for Special and Inclusive Education”

Sub-Component 2.1:
Responsible Technical Unit
“Bureau of Strategic Management” (CNGE)

Sub-Component 2.2:
Responsible Technical Unit
“Bureau of Strategic Management” (CNGE) for sub-component 1.1 and “INEVAL” for sub-component 2.2.

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)

Whereas this Project will support investments that will significantly increase the access to higher

quality education for poor and Indigenous communities, at the same time the closure and consolidation of community schools present important social risks. Primarily, schools are often the principal and central infrastructure in smaller communities and hold symbolic value for community organization and governance. Concurrently, concerns have been raised by parents and communities around sending their children outside of the community where they feel they may lose control of and access to their children. Another concern is the assurance of safe and reliable transport. Further hesitations have been raised around the teachers as known community figures who could be closely monitored by parents and community leaders in local schools. In terms of gender, social assessments identified security around transport and school spaces (mixing with older boys for example) as the primary gender issues that should inform new hub school and transportation system design. In the case of indigenous communities, there are concerns that sending children away to consolidated schools or hubs will foment cultural assimilation and they could lose the close cultural ties to their communities

40. In light of the above risks, the Project has triggered OP/BP 4.10 and will work through OP/BP 4.01 to establish a robust social assessment and social management process both for Indigenous Peoples, through an Indigenous Peoples Planning Framework (IPPF), as well as for other communities where school closures will take place through a Social Management Chapter to be included in the Environmental and Social Management Framework (ESMF). The Frameworks documents the key risks, impacts and opportunities as well as the procedures to be followed for social assessment, consultation and the preparation of social management or Indigenous Peoples Plans where school closings will take place.

Since land acquisition may be necessary for some hub schools, OP/BP 4.12 has been triggered and a Resettlement Policy Framework (RPF) prepared and disclosed by August 12, 2015, in both Bank and MINEDUC websites. It is estimated that land acquisition will be minimal as the majority of hub schools are located in lands already under MINEDUC's or municipal proprietorship and in the case of school expansion and rehabilitation, currently in use by the existing schools that are operating on those properties. Physical resources was triggered as some schools to be built may require minor excavations in Andean areas of the Bolivar Province where unexpected finds could occur. The ESMF includes the relevant national procedures in the case of chance-finds.

VII. Contact point

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