



Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 23-Nov-2022 | Report No: PIDA272151

**BASIC INFORMATION****A. Basic Program Data**

Country Argentina	Project ID P179668	Program Name Improving Inclusion in Basic and Higher Education Additional Financing	Parent Project ID (if any) P168911
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 12-Dec-2022	Estimated Board Date 17-Feb-2023	Practice Area (Lead) Education
Financing Instrument Program-for-Results Financing	Borrower(s) Argentine Republic	Implementing Agency Ministerio de Educación	

Program Development Objective(s)

The objectives of the Operation are to (i) reduce dropout rates in basic and higher education among the most vulnerable; and (ii) strengthen the Borrower's education evaluation systems.

COST & FINANCING**SUMMARY (USD Millions)**

Government program Cost	4,777.10
Total Operation Cost	3,827.70
Total Program Cost	3,826.95
Other Costs	0.75
Total Financing	3,827.70
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	600.00
World Bank Lending	600.00
Total Government Contribution	3,227.70



B. Introduction and Context

Country Context

- 1. In 2021, Argentina was the third-largest economy in Latin America, with social indicators historically above the regional average; but persistent social inequalities, economic volatility, and underinvestment have limited the country's development.** The rate of urban poverty reached 37.3 percent in the second semester of 2021, and 8.2 percent of Argentines live in extreme poverty. The poverty rate for children under 15 years old is of 51.4 percent. The high frequency of economic crises in recent decades—the economy has been in recessions during 21 of the past 50 years—has resulted in an average annual growth rate of 1.8 percent, well below the world average of 3.6 percent and the region's average of 3.2 percent. Decades of chronic underinvestment have also led to sizeable gaps in capital stock relative to comparable countries, with public capital expenditures as a share of Gross Domestic Product (GDP) stagnating at historically low records.
- 2. The economy recovered from the COVID-19 crisis at a fast pace; however, since the end of 2021, increasing macro imbalances started to slow the pace of GDP growth.** The Government of Argentina (GoA) has concluded the process of restructuring its debt in foreign currency with private creditors by end-2020, significantly improving the maturity profile until 2027-2028, when debt service obligations are projected to be equivalent to those that triggered the debt swap. Following a sharp contraction in 2020, Argentina's economy grew by 10.4 percent in 2021. Higher commodity prices and trading partners' growth, notably Brazil's, combined with public investment, led to a robust growth recovery. However, the cyclical recovery started to slow down since end-2021, for a much more uncertain economic outlook. By March 2022, Argentine authorities reached an agreement with the International Monetary Fund (IMF), on an Extended Fund Facility program to improve public finances, reduce inflation, strengthen the balance of payments, and improve growth sustainability. However, risks are still high due to persistent large macro imbalances and increasing political uncertainty.
- 3. The pandemic and the macroeconomic context are posing more pressure on the education system, especially for the youth.** Economic contraction and inflation rates above 50 percent have been pressing the GoA to adjust its priorities, programs, and interventions to protect the most vulnerable students, as the negative effects of the crisis on households forced many students to choose between working or attending school. For example, a survey on pedagogical continuity carried out by the Ministry of Education (*Ministerio de Educación*, ME) estimated that by June 2020, 1.1 million students were disengaged from school, almost 10 percent of the enrolled students at the time. Macroeconomic imbalances and the uncertain economic outlook are likely to continue affecting education outcomes, especially increasing student dropouts. These circumstances exacerbate the already high dropout rates in secondary and higher education in the country, especially for the poorest students.
- 4. Climate change places additional pressures on Argentina's human capital and economic growth, and exacerbates the vulnerability of already poor populations.** The country's combined vulnerability and readiness ranking, according to the Notre Dame Global Adaptation Initiative Index, is 69 out of 181 ranked



countries.¹ Natural hazards are a concern, as every year, the Argentinian economy can expect to lose about 0.15 percent of its GDP due to flood-related events.² Such hazards have increased and will continue to increase as a consequence of climate change, inducing stronger El Niño Oscillation events.³ Floods are expected to cause at least US\$700 million in economic losses every year and approximately 14.2 million people or about a third of the population live in flood-prone areas.⁴ Furthermore, low-income households are especially vulnerable to price spikes and are at the highest risk of suffering food insecurity. As households face losses in income, food security, and livelihoods because of climate impacts, students may see their schooling interrupted and some may have difficulty returning to their studies. Students excluded from education or discriminated against – especially girls and those who are most disadvantaged – are often the same students who are most affected by climate change and disasters. Children, especially girls, may also be more likely to engage in day labor after a disaster or in situations of chronic environmental degradation even when schools remain open.⁵ Slow onset impacts of climate change are also a concern for the accumulation of human capital in Argentina through the effects on nutrition, health, migration, and structural employment shifts.⁶

Sectoral and Institutional Context

5. **Before the pandemic, Argentina was already experiencing human capital challenges, mainly due to high dropouts and poor learning outcomes.** Pre-pandemic results of the Human Capital Index (HCI), which measures the potential productivity of the next generation of workers, estimated that a child born in Argentina would be 60 percent as productive when she grows up as she could be if she enjoyed complete education and full health. These results are driven largely by the education outcomes: despite an expected schooling attainment of 12.9 years, children in Argentina were expected to attain only 8.4 learning-adjusted years of schooling—a learning gap of 4.5 years. Data from regional learning assessments⁷ show that by 2019, around 46 percent of grade 3 students in Argentina did not reach minimum levels of proficiency in reading and 68 percent of them underachieved in math. Moreover, Argentina was the only country in the region that had learning losses between 2013 and 2019 for all grades and subjects assessed. Although access to secondary was almost universal, enrollment started to fall significantly after 15 years of age, especially for boys and low-income students. By that age, learning deficits were deep, with more than two-thirds of youth not being able to solve simple math problems, and half unable to interpret basic texts.⁸ Finally, around half of students that began secondary school did not complete it on time, and only one-third of the poorest did so.

6. **A large share of the students who managed to complete secondary education had access to**

¹ The ND-GAIN Country Index summarizes a country's vulnerability to climate change and other global challenges, in combination with its readiness to improve resilience. It aims to help governments, businesses, and communities better prioritize investments for a more efficient response to the immediate global challenges ahead.

² Swiss-Re (2016), "Staying Afloat: Flood Risk in Argentina."

³ Capriolo, A.D. and O.E. Scarpati (2010), "Extreme Hydrologic Events in North Area of Buenos Aires Province (Argentina)," (<http://dx.doi.org/10.5402/2012/145081>)

⁴ World Bank Group (2021). Climate Risk Profile: Argentina.

⁵ UNICEF, (2016), Climate Change Adaptation and Disaster Risk Reduction in the Education Sector, Working Papers, Social Sciences

⁶ [World Meteorological Organization \(2014\). The Impact of Climate Change: Migration and Cities in South America.](#)

⁷ UNESCO (2021). Los aprendizajes fundamentales en América Latina y el Caribe ERCE 2019.

⁸ By age 15, according to the Programme for International Student Assessment (PISA), the median Argentine performs in math an equivalent of 2.5 years below the average of OECD countries. Within Argentina, low-income students are 2 years behind high-income ones.



higher education, with modest efficiency indicators, particularly for the most vulnerable. A large expansion of higher education during the last decades boosted access, reaching an enrollment of 32 percent (of which 70 percent corresponded to university education). This expansion of coverage in higher education disproportionately benefited students from the poorest quintiles; currently, around 40 percent of higher education students come from the poorest 50 percent of the population. However, the dropout rates are particularly high in the first years, and the system has one of the lowest completion rates in the region (just 29 graduates out of 100 new entrants), as well as one of the largest time-to-degree ratios.⁹ These indicators are also highly correlated with socioeconomic background; for instance, completion rates for students coming from the richest quintile almost triple those from the poorest quintile.¹⁰

7. Vulnerable students face both financial and non-financial barriers to complete higher education, including limited economic resources, inadequate support to make informed career decisions, and critical skills deficits. Students from low-income backgrounds also face important economic challenges to study in this level, as they often need to work to make a living and are more vulnerable to climate shocks.¹¹ Furthermore, the opportunity costs of being out of the market grows at the fastest rate at this age. More than 20 percent of those who manage to keep studying have full or part-time jobs, and work on average more than 24 hours per week.¹² Furthermore, many of these students are the first generation in their family to reach higher education, and hence have limited help to make informed career decisions.¹³ Finally, a large share of these students is academically unprepared and lacks key skills needed to succeed in this level.

8. Furthermore, there is limited variety in the selection of degrees and fields, reflecting some extent of uninformed decision-making by students. Only one third of higher education students choose a non-university degree, one of the lowest rates among regional peers, despite the larger completion rates for this degree, and the often higher economics returns, particularly for women and the poor.¹⁴ Among those who chose a university degree, traditional careers predominate: 46 percent of higher education students graduate from Humanities, Arts, Social Sciences, Business and Law programs, while only around 14 percent graduate from Science, Technology, Engineering, and Mathematics (STEM) fields, limiting the transition to the labor market. The skew towards humanities and law degrees also generates shortages for certain skills in the labor market, especially for technicians, skilled tradespeople, and engineers.¹⁵ While women outperform men in terms of access (by 12 percentage points) and graduation rates (by 15 percentage points), they are much less likely to enroll in and graduate from STEM programs.

⁹ Ferreyra, Avitabile, Botero, Haimovich & Urzúa (2017). *At a Crossroads: Higher Education in Latin America and the Caribbean*. Directions in Development—Human Development; World Bank, Washington, DC.

¹⁰ Own estimations based on *Encuesta Permanente de Hogares 2022* (EPH). The calculations ignore the potential “sorting” income effects associated with completing the level, but similar patterns are observed when taking this potential into account.

¹¹ According to World Bank (2016), climate change affects food security for the poor in LAC by affecting their food prices by 3-12 percent. Before enrolling in the Program, about 67,448 student families are below the extreme poverty line (defined as a set of minimum food expenditures) and face major nutritional challenges. Their food consumption and nutrition outcomes are affected by climate change impacts such as droughts and uncertain rain patterns.

¹² Own estimations based on EPH. Back of the envelope calculations suggest that access to scholarships reduces part-time work and hours worked by 25 percent.

¹³ World Bank (2016)

¹⁴ Non-university graduation rates more than double that of university degrees for students in the bottom 40 percent, and the average returns for completing a non-university degree are (at least) 50 percent larger than those corresponding to an incomplete university degree for women and the poorest students.

¹⁵ INET (2016)



9. **The COVID-19 pandemic deepened Argentina’s learning crisis and significantly worsened education outcomes, especially for the most vulnerable.** The public health emergency declared in March 2020 led to school closures and stay-at-home orders that affected 10.5 million school-aged children and 3.3 million higher education students. After one year of school closures and an uneven school reopening process, the results of the 2021 APRENDER national learning assessment show that between 2018 and 2021, the share of students in the last year of primary school that did not reach minimum proficiency levels in reading triplicated. Moreover, students with the lowest Socioeconomic Status (SES) experienced the highest losses, widening the gap with the richest. The expected effects of the pandemic go further and many students, especially from the most vulnerable backgrounds, will likely see a decline in their level of content knowledge and socioemotional well-being due to the prolonged school closings and the adverse economic impacts of COVID-19.

10. **Official data on dropout are not available, but evidence from household surveys suggest that there has not been a dramatic spike in dropout.** Aiming to mitigate the potential increase in dropout, automatic enrolment and promotion were established for the 2021 academic year, limiting the use of traditional dropout estimations to monitor students’ enrollment. Administrative data shows that rather than an increase in dropout, there has been a steeper age profile, with an increase share of children aged 18 out of school, compared to previous years. Similar tendencies are experienced in higher education, with attendance rates increasing during 2020. However, it is expected that the learning losses and macroeconomic context can put more pressure on the cost of staying in the education system, and the overall impact of student engagement and education outcomes is yet to be seen.

11. **The Government of Argentina (GoA) developed a comprehensive strategy to tackle dropouts and improve learning trajectories, especially for the most vulnerable students.** This strategy, which was partly supported by the World Bank, was developed to address the learning crisis before the onset of the pandemic, and has since been updated to address the additional challenges caused by the pandemic and macroeconomic context. The strategy is multidimensional and includes:

- i. Financial aid throughout primary to higher education, including the *Asignación Universal por Hijo/a* (AUH)¹⁶ and PROGRESAR scholarships.
- ii. Programs to attract and retain students in the system (e.g., by deploying teams to re-enroll children with *Volvé a la escuela*, or close academic gaps in foundational skills with *Una Hora Más*).
- iii. A dropout prevention program (ACOMPañAR)
- iv. Programs to support vulnerable students in their transition to higher education (e.g., *Sigamos Estudiando*).
- v. Programs for providing equipment and connectivity to students and schools nationwide *Conectar Igualdad*.

12. **Additionally, in 2016, the GoA created the Secretariat of Education Evaluation and Information (*Secretaría de Evaluación e Información Educativa, SEIE*), within the ME, to strengthen evaluation and monitoring in the sector.** In 2016, the SEIE launched APRENDER—a census-based student learning assessment that covers the last grades of primary and secondary education in public and private institutions. In 2020, the ME relaunched the reform to the Integrated Digital Education Information

¹⁶ AUH covers 4.3 million children in the most vulnerable households. Eligibility: (i) both parents unemployed, informal, or not benefitting from other ANSES programs; (ii) proof of compliance with co-responsibilities of health and education.



System (*Sistema Integral de Información Digital Educativa, SINIDE*) to monitor students' trajectories and provide tools to schools, such as early warning systems to prevent school dropout,¹⁷ and started the design and implementation of an online formative assessment platform for teachers.

13. **The Improving Inclusion in Basic and Higher Education (P168911, Loan 8999-AR, “parent Operation”) provides support to the PROGRESAR Scholarships program and to the education evaluation and information system, which have been at the front and center of the GoA’s strategy to protect vulnerable students, in line with best practices in pandemic response.** The GoA’s crisis response and recovery strategy expanded and strengthened PROGRESAR, which included (i) the migration to a fully online application process for Basic Education scholars aged 18-24, (ii) doubling the number of beneficiaries, (iii) adjusting the benefits to compensate for inflation, (iv) revising the prioritized groups to support their access to the program¹⁸ (v) opening new lines of scholarships – including one for secondary school students aged 16-17 – (vi) expanding the duration of the application process, (vii) temporarily waiving the academic requirements for higher education scholars, and (viii) revising the payment incentives for progression to protect the enrollment of scholars.

14. **The PROGRESAR program also includes non-financial support to students to tackle barriers to entry and reenrollment.** Non-financial support to scholars is provided in *Puntos Progresar*, offices that support applicants and scholars with their enrollment and provide overall orientation on the scholarship program. This support was especially relevant during the pandemic as it offered connectivity to students that did not have access to devices. The 800 offices located across all Provinces were a fundamental face-to-face opportunity to support the most vulnerable students during the pandemic. In 2021, after the education institution reopening process began, the program created *Espacios Progresar*, physical spaces within education institutions to provide scholars with support on their education trajectories through connectivity, provision of transversal skills courses, academic support (mentoring and tutoring), and psychosocial support. The program reached over 1.4 million students after the pandemic hit, and over 380,000 vulnerable youth aged 16-17 enrolled and progressing in their basic education are benefitting from the program. This program is in line with the World Bank’s strategy for learning recovery, summarized in the RAPID framework, and aims to re-enroll and retain students in the system. Estimations using household surveys show that the potential beneficiaries of PROGRESAR increased by 15 percent between 2019 and 2021, given the decrease in household income during this period caused by the pandemic and the macroeconomic context in the country. Among them, poverty rates have increased by 13 percent, indicating the critical need for PROGRESAR scholarships.

15. **At the same time, the education evaluation system has been instrumental for monitoring education outcomes before and during the pandemic, as well as in strengthening data collection to support students’ education trajectories nationwide.** The launch of APRENDER in 2016 established a foundation for continuous and comparable tracking and monitoring of student learning trajectories nationwide. Coverage of APRENDER has consistently increased and, despite its interruption in 2020 due to the pandemic, it was relaunched in 2021, with the participation of the 24 provinces and the highest

¹⁸ Include students from indigenous populations, with disabilities, female household heads, LGBTI+, and imprisoned students. The addition of afro descendants as a prioritized group is still in progress. The consultations of the addenda to the Environmental and Social Systems Assessment are expected to inform this process.

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historical coverage to date. The publication of the results provided reliable measures of learning losses for primary school students, and the evaluation plan for the next years aims to consolidate the assessment as a regular, periodic source of data for the system, including schools. In addition, the GoA has advanced in the consolidation of information on students' education trajectories to identify and support students at risk of dropping out through the relaunch of SINIDE. This allowed for the collection of data on students who were disengaged from school by the end of 2020. The GoA also advanced in the design and piloting of an Education Management System (*Sistema de Gestión Educativa*, SGE) to provide schools, teachers, and principals with data visualization and management tools to reduce administrative tasks, use early warning systems to prevent school dropout, and produce overall data on students' trajectories. Finally, the GoA is designing and piloting a formative assessment platform to provide teachers with tools to assess and monitor learning in their classrooms. These initiatives align with the Bank's recommendations for schooling and learning recovery by including early warning systems to identify students at risk of dropping out, assessing learning levels, and providing teachers with simple diagnostic classroom assessments.¹⁹

16. **In this context, the proposed AF builds on the parent Operation to prevent dropouts through a strategy that is in line with best regional and global practices in the post-COVID context.** In scaling up and strengthening PROGRESAR Scholarships, the AF will help strengthen the GoA program serving the most vulnerable youth to continue and complete their basic and higher education. By providing support to overcome both financial and non-financial barriers, the program helps ensure that students return to and advance in their education trajectories when faced with both external financial and non-financial pressures, thus reducing their probability of dropping out. The AF also builds on the support for the implementation of APRENDER under the parent Operation's Investment Project Financing (IPF) Component to continue strengthening education evaluation systems (including APRENDER, formative assessments, and information systems) and to ensure that they are used to inform and improve overall service delivery and support students' education trajectories.

PforR Program Scope

17. **The proposed AF will continue supporting the two Results Areas under the parent Operation's PforR Component:** (i) Results Area 1: Improving the Management and Monitoring of PROGRESAR Scholarships; and (ii) Results Area 2: Supporting the National Student Evaluation System. The proposed AF does not include an IPF component. The existing Results Areas will be revised to reflect the progress under the parent PforR and include relevant additional results to achieve the PDO. Table 1 presents the proposed Program financing and boundaries. As mentioned above, both programs supported by the PforR have expanded over the last years and the AF would include a scale-up of some of the original Disbursement-Linked Indicators (DLIs) in an increased time horizon, as well as add new DLIs within the existing Program boundary. Additional loan proceeds would be used towards financing a PforR program boundary with an estimated cost of about US\$2,134.7 million over a three-year period. It is estimated that the AF financing will represent 14 percent of the total PforR Program over the next three years.

Table 1. Program Boundaries (US\$ million)²⁰

Results Area	Government Program			PforR Program Boundary			IBRD contribution		
	2019 -	2023 -	Total (2019	Original	AF	Total	Original	AF	Total

¹⁹ Idem.

²⁰ Data is being updated with the current National Budget for 2023, which is being discussed in the Congress.



	2023 ²¹	2026	– 2026)	(2019 – 2023)	(2023 – 2026)	(2019 – 2026)	(2019 – 2023)	(2023 – 2026)	(2019 – 2026)
Programs to reduce dropout in basic and higher education	2,606.4	5,830.9	8,437.3	1,080.0	2,081.0	3,161.0	290	250	540
Strengthen education evaluation systems				13.0	53.7	66.7	10	50	60
TOTAL	2,606.4	5,830.9	8,437.3	1,093.0	2,134.7	3,227.7	300	300	600

C. Program Development Objective(s)

18. The objectives of the Operation are to (i) reduce dropout rates in basic and higher education among the most vulnerable; and (ii) strengthen the Borrower’s education evaluation systems.

19. **The PDO will remain unchanged and PDO indicators will be revised.** Progress toward achieving the PDO will be measured through five PDO indicators. All PDO indicators from the parent Operation will remain unchanged, and new targets will be defined to reflect the scale-up under the AF. A new PDO indicator that follows dropout rates in secondary education in selected provinces will also be included, in line with the inclusion of the new line of scholarship of PROGRESAR (16-17) and key actions to reduce dropout in basic education through the use of learning and education information.

- i. Persistence in the first two years of higher education for the most vulnerable youth (*to be scaled up*)
- ii. Persistence in the first two years of higher education for the most vulnerable youth (*to be scaled up*)
- iii. Percentage of students assessed through the APRENDER evaluation nationwide (*to be scaled up*)
 - a. Percentage of basic education students assessed through the APRENDER evaluation in the Participating Provinces with the Lowest Coverage (*to be scaled up*)
- iv. Percentage of secondary school students registered in SINIDE (*to be scaled up*)
- v. Average dropout rate in the last three years of secondary education in selected provinces (*new indicator*)

D. Environmental and Social Effects

20. **There are no new environmental or social risks introduced as a result of the expanded scope of this AF.** The proposed AF will only scale up the financing of existing components of the parent Operation, which is classified as having moderate overall environmental and social risk. The Environmental and Social Systems Assessment (ESSA) will be updated to review the potential range of environmental and social effects that may be relevant to the AF and parent Operation’s implementation arrangements; to reflect the actions already taken by the GoA to promote the inclusion of vulnerable groups; and to reflect the remaining challenges. An analysis of available documentation on program results and the environmental and social implications of the proposed scale-up of the Program’s design, including the proposed changes to DLIs, will also be part of this process.

21. **The AF does not raise any different environmental or social risks than those identified for the**

²¹ The Original Government Program was estimated at US\$1,093 during Project preparation but increased due to the expansion of the scholarship program.



parent Operation. The Program still needs to address areas of improvement, including the incorporation of afro descendants as a prioritized group. The Addenda to the Environmental and Social Systems Assessment will be consulted with both governmental institutions and civil society organizations that represent vulnerable groups including indigenous peoples, afro descendants, LGBTI+ populations, and students with disabilities.

E. Financing**Program Financing (US\$ million)**

Financing Source	Original Program	AF Program	Total
Borrower	1,093.0	2,134.7	3,227.7
IBRD	300.0	300.0	600.0
OTHER	0.0	0.0	0.0
TOTAL	1,393.0	2,434.7	3,827.7

CONTACT POINT**World Bank**

Name :	Enrique O. Alasino Massetti		
Designation :	Senior Education Specialist	Role :	Team Leader(ADM Responsible)
Telephone No :	5220+338	Email :	ealasino@worldbank.org

Name :	Maria Jose Vargas Mancera		
Designation :	Economist	Role :	Team Leader
Telephone No :	5220+81759	Email :	mvargasmanquera@worldbank.org

Borrower/Client/Recipient

Borrower :	Argentine Republic		
Contact :	Mauro Conti	Title :	Director Nacional de Priorización Estratégica del Financiamiento
Telephone No :	0000	Email :	mauro.conti@presidencia.gob.ar

Implementing Agencies



Implementing Agency :	Ministerio de Educación		
Contact :	Lidia Laxagueborde	Title :	Subsecretaría de Participación y Democratización Educativa
Telephone No :	01142191000	Email :	lidia.laxagueborde@educacion.gob.ar

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>
