I. Introduction and Context

Country Context

1. The Republic of Nicaragua in Central America remains the second poorest country in Latin America after Haiti with a GDP per capita of about US$ 1,100 in 2009. Although Nicaragua has experienced steady but moderate economic growth over the past decade - 3.2 percent per year on average since 2001- over half of the population still lives below the poverty line, and one out of every five Nicaraguans lives in extreme poverty. The Nicaragua Poverty Map indicates poverty is more severe in rural areas and the Caribbean coast where 62 percent of the population lives in poverty. The distribution of poverty between urban areas and rural areas is also relatively skewed. The rural areas have 42 percent of the population, but account for 62 percent of the population living in poverty.

2. Within this context, the Nicaraguan government defined its plans for economic development and poverty reduction in its National Plan for Human Development (Plan Nacional de Desarrollo Humano) in 2007. As part of this plan, the government set a pro-poor strategy and agenda that emphasizes the delivery of both infrastructure and social services. The country has made positive progress on human capital indicators, particularly several of the Millennium Development Goals (MDGs). For instance, in the education sector, net primary enrollment increased from 83 percent to 92 percent between 2001 and 2008. In the health sector, infant mortality fell from 38 per thousand live births in 2001 to 28 in 2008.

Sectoral and Institutional Context

3. The Ministry of Education (MINED) has made universal completion of six grades of primary education a key priority for the improvement of human capital in Nicaragua. In 2007, MINED prepared its own plan called: Institutional Development Plan (ISP) for education# for the period 2008-2011. Among the different priorities laid out in the ISP, MINED has focused most of its efforts on one critical initiative: #the Battle for Sixth Grade# (Battalla por el Sexto grado) to ensure that all children complete at least six grades of primary education in all the schools across the country. In the last three years, the Government and donors have channeled resources to support: (i) teacher professional development; (ii) the development, printing and distribution of learning and teaching materials in primary schools; (iii) the distribution of school supplies (Paquetes Solidarios) including uniforms and shoes to children in the poorest households and those not enrolled in schools; and (iv) the gradual extension of school feeding to all primary school children.

4. Primary school enrollment increased significantly during the last decade, but high drop-out and repetition rates as well as age-grade distortion remain significant problems negatively affecting sixth grade completion rate, particularly in rural areas. Nicaragua has approximately 8,000 public primary schools, 90 percent of which are in rural areas. Nicaragua#s population between 15 and 64 years of age has, on average 5.8 years of schooling; this figure reaches 8.1 years in urban areas, but only 4.4
years in rural areas. Population from the lowest income quintile has less than 5 years of education, while the highest income quintile has more than 9.5 years of education. While Nicaragua has achieved universal enrollment in first grade, less than 75 percent of the children completed sixth grade in 2010. Although this indicator is better than some neighboring countries, such as Guatemala, it again reveals large regional disparities. For instance, in the South Atlantic Autonomous Region (Region Autónoma Atlántico Sur -- RAAS), the municipality of El Tortuguero registered only a 12 percent sixth grade completion rate. The dropout rate in primary is 15 percent and 17 percent in the North Atlantic Autonomous Region (Region Autónoma Atlántico Norte # RAAN) and in RAAS, respectively, compared to 7 percent and 9 percent in Leon and Managua. Moreover, in 2009, the percentage of students who were officially too old for their grade was 53 percent at the primary level, 62 percent in lower secondary, and 41 percent in upper-secondary. Among 300,000 families with children living in extreme poverty, about a third of these families have at least one child (aged 7-12) working and/or not going to school.

5. Many rural schools in the country do not have the necessary infrastructure (classrooms) for students to complete all six grades. These schools that do not provide the full primary cycle (grades 1-6) are categorized as #incomplete# schools. The most common model of schools in rural areas is a school with no more than three classrooms functioning only in the morning. The 2010 census of school facilities indicated that 70 percent of primary schools nationwide are multigrade schools, where teachers teach two, three and sometimes all six grades in the same classroom. Despite the widespread use of the multigrade modality, not all of the schools offer the six grades, which leads to dropout. Analysis of survival rates by cohort in primary education shows that only five percent of those students attending #incomplete# schools have the possibility to actually complete primary education, versus 52 percent of those attending #complete# schools. In the most recent household survey (2009), parents indicated that the lack of schools and the cost of schooling were the two most common reasons mentioned for not attending primary schools.

6. Another critical problem is the lack of well trained and certified teachers, particularly in rural areas. MINED employs approximately 25,000 primary school teachers. Two thirds of these teachers work in rural primary schools. Over the years MINED has contracted many thousands of teachers without teaching certification. 35 percent of third grade teachers and 15 percent of sixth grade teachers have only completed lower secondary education. Those teachers are predominantly concentrated in the poorest departments and regions of the country. In Jinotega, a department with high levels of poverty, and in the RAAS and RAAN, contract-teachers represent nearly 60, 55 and 51 percent of all teachers, respectively. Nicaragua is one of the few countries in LAC that still offers pre-service teacher training at the secondary level through seven Normal Schools (teacher education institution) around the country. The curriculum at Normal Schools is oriented around theory with only limited practical instruction, which largely ignores the pedagogical approaches required to meet the needs of multi-grade classrooms and/or of mother tongue instruction for indigenous populations. Around 350 certified teachers graduate from Normal School each year. Considering the slow decline of the school-aged population, this should be sufficient to replace the yearly teacher attrition due to regular retirements, the gradual replacement of untrained teachers by certified teachers and the elimination of the worst multi-grade situations in which one teacher is responsible for more than four grade levels. However, less than half of new teacher graduates find an appointment in public primary schools. This is primarily due to poor financial planning and the lack of accurate teacher deployment data at MINED as well as due to graduates who wish to enter university instead of seeking an appointment as primary school teachers. A study on the factors associated with the 2009 national standardized student evaluation and confirmed by the 2009 early grade reading assessment (EGRA) found that teacher education had no bearing on student learning outcomes, which is not a reflection of its importance, but rather its very poor quality.

7. The quality of learning as measured by international and national standardized evaluations is low. Nicaragua ranked below the regional average on UNESCO#s SERCE in 2006, and poor performance was largely independent of students# socio-economic status and place of residence. However, on MINED#s own 2009 national standardized test a large proportion of students achieved the intermediate level in mathematics for their grade (4th grade - 47%, 6th grade - 44% and 9th grade # 52%), while a slightly lower proportion of students achieved the national learning standards in Spanish. Analysis of national evaluation results showed that learning outcomes in fourth and sixth grades are strongly correlated with poverty levels and rurality. The EGRA administered in 2008 and 2009 showed that students in both regions of the Atlantic Coast are performing much lower than students of Caribbean Coast in reading fluency and understanding.

8. Administrative capacity across the system is weak. MINED, has identified critical weaknesses in planning, statistics, learning assessment, monitoring and evaluation -- both at central and regional levels. Data availability and the capacity to effectively make decisions with data constrain MINED#s planning process (MINED has not released an official education statistical report since 2009). One manifestation of this challenge is reflected in the fact that half of all public schools do not own the land on which they are located. MINED is gradually addressing this problem through donations, registering and transferring land titles to the central government. Additional systems and capacity to increase efficiency however is clearly needed.

Relationship to CAS

9. The proposed operation is fully aligned with the Bank#s current Country Partnership Strategy (CPS) 2008-2012, and consistent with Pillar II, Pro-poor investment in delivery of basic services. The CPS emphasizes the need to ensure continued expansion of education access and improvement in the quality of teaching and learning as well as strengthening of institutional capacity and efficiency in the sector, all of which are key foci of the proposed Project.

10. The proposed Project builds on the World Bank#s long-standing engagement with the GoN in the education sector, including analytical work and previous operations such as: (i) APRENDE I and II, (ii) Support to the Education Sector Project (PASEN I); (iii) the first Education for All Fast Track Initiative (EFA-FTI); and (iv) the implementation of a school feeding program
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III. Preliminary Description

11. MINED is currently finalizing the preparation of a new Education Sector Plan (ESP) for the period 2011-2015. The ESP will be submitted to the local donor group for revision and approval in September 2011. This new Plan will prioritize three key educational policies for the sector from early-childhood to secondary education, including: (i) coverage and equity; (ii) quality; and (iii) institutional strengthening. The proposed Bank-financed Project will contribute to achieving these ESP objectives through increasing primary education completion rate in the poorest municipalities of Nicaragua.

12. Moreover, the project will complement other investments proposed for the education sector in support of the ESP. First, at the request of the GoN, the European Union recently completed the identification of a US$40 million grant, which is expected to finance a large school construction program for primary and lower secondary education as well as pre and in-service teacher training. Next, with a new ESP endorsed by the local education donor group, MINED will begin the preparation a new application to the EFA Fund to complement the interventions to be supported by the World Bank and the European Union. Both European Union and EFA Fund grants are expected to be prepared in the next few months and to become effective towards the end of the first semester of 2012. The GoN has requested that the World Bank manage the implementation of both operations to reduce transaction costs for the MINED and to harmonize implementation, supervision and disbursement procedures in line with the Paris Declaration. Due to these forthcoming operations, this operation will be very selective in scope and geographic coverage.

13. The Project will complement the recently approved Social Protection Project, which supports a family and community-based social protection model, including cash transfers to families with children under 13 years of age who comply with the responsibility of regularly attending school and attending workshops/counseling that promote the use of educational and health services. The Social Protection Project is targeting 26 municipalities based on the percentage of households with high levels of poverty and at least one child of school age (7-12) not attending primary school. Many of the municipalities supported by the Project would be the same as those targeted by the Social Protection Project, which offers an excellent opportunity for synergy.

II. Proposed Development Objective(s)

Proposed Development Objective(s)

15. The objective of the Project is to: (a) improve the students' retention rate in the Recipient's Primary Education Schools located in the Participating Municipalities; and (b) strengthen MINED's education management capacity.

Key Results

17. Progress towards meeting these development objectives would be measured by a series of output and impact indicators, including five Key Performance Indicators (KPI):

(i) 4th grade retention rate in the targeted municipalities;
(ii) Student attendance rate during school year in targeted municipalities;
(iii) System for learning assessment at the primary level (rating scale);
(iv) Development and use by the General Directorate of Planning of the new planning, monitoring and statistical system; and,
(v) Active management of national school infrastructure inventory system.

III. Preliminary Description

Concept Description

16. The core concept for this Project is to target interventions where primary education completion rates are lowest and poverty levels are highest. By focusing on the worst municipalities the Project aims to raise overall completion rates in the most cost-effective manner. The Project will focus on approximately 30 municipalities to be finalized during Project preparation. The proposed four-year Project will have three components: (i) the first component will finance primary education infrastructure; student learning materials; and education supplies for the neediest children in the targeted municipalities; (ii) the second component will finance activities to improve teacher effectiveness through professional development and teacher deployment; and, (iii) the third component will support institutional strengthening to improve education management, particularly the measuring of student learning achievements in primary education.

17. Component 1. Improvement of primary school completion rates through infrastructure; provision of learning materials and demand-driven incentives. (Estimated total cost: US$ 9 million). Because the cost and insufficient provision of schooling are cited by households as reasons for not attending primary education, this component will expand coverage of the second cycle of primary education to ensure provision of all six grades in selected municipalities and Atlantic Autonomous regions. The Project will also contemplate the need to accommodate students returning to primary schools whose family will receive a cash transfer from the Social Protection Project. During preparation, the team will explore the feasibility and advisability of financing rehabilitation/ new construction of classrooms (primarily for 4th, 5th and 6th grades) where legal ownership of land is established, in order to address the issue of incomplete schools. While it is expected that the European Union grant will also focus on school infrastructure, Project preparation will determine the extent to which resources would complement EU activities. The Project will also finance the refurbishing of schools, particularly desks, chairs, blackboards, and shelving systems for small classroom libraries. The Project will engage communities through a community-based construction approach identifying local expertise at a much lower cost than national rates. The total number of schools, type of works, cost of interventions and localities will be identified during Project preparation.
18. Under this component, the Project will also finance the distribution of pedagogical materials for primary schools, including textbooks, learning resources and small school libraries with specific collections to help improve reading, writing and mathematics to those municipalities targeted under this Project and Atlantic Autonomous regions. The total number of textbooks, learning resources and libraries will be defined and agreed with MINED during Project preparation.

19. On the demand side, the Project will finance the provision of Paquetes Solidarios (provision of backpacks, uniforms, shoes, notebooks, school materials) for the neediest children in rural communities. At the beginning of each school year, leaders from the community along with the school director identify children from the poorest households who are at risk of not enrolling in primary schools and/or who have dropped out of schools the year before for economic reasons. These children will receive a full set of the Paquete Solidario. This intervention has proven to greatly enhance early enrollment and retention of children.

20. Component 2. Improvement of teacher effectiveness and deployment of teachers in the selected municipalities and Atlantic Autonomous regions. (Estimated total cost: US$ 4 million). This component will finance teacher professional development activities and the cost associated with the training of new cohorts of multigrade primary school teachers that MINED will recruit and deploy in the selected municipalities and Atlantic Autonomous regions.

21. In Nicaragua, two of the most important factors associated with improving students’ performance in standardized tests have been teaching techniques and in-service teacher training. With the support of PASEN I, over the past three years, MINED has successfully implemented a new modality of in-service training (TEPCEs - Talleres de Evaluación, Programación y Capacitación Educativa) based on peer to peer learning with groups of 40 teachers gathered one day a month in a hub school (escuela nucleo). Around 7,000 teachers participate in TEPCEs on a yearly basis. Evaluations have shown a high level of teacher satisfaction for this program. This Project will finance the expansion of TEPCEs to those districts and municipalities selected under the Project. In addition, the Project will strengthen the program’s pedagogical content to focus on those areas of mathematics and language in which students and teachers have experienced difficulties (including multi-grade and teaching in mother tongue).

22. In order to cope with the challenges associated with the high number of multi-grade schools and the scarcity of certified teachers willing to be deployed in rural areas, MINED launched last year an accelerated pre-service teacher training program for lower-secondary education graduates. In 2010, 1,600 young graduates were initially trained in Normal Schools during four months to specifically become fifth and sixth multi-grade teachers. These young teachers were selected from the same communities to which they were deployed. They were also given the opportunity to pursue additional training to acquire a full certification by returning to Normal Schools four days a month. The Project will finance the expansion of at least two additional cohorts of young teachers (approximately 3,000) to support multi-grade schools in those municipalities targeted under the Project. The objective is that an equal number of teachers be trained and deployed in the localities where new service provision was added with the reconstruction and/or improvement of classrooms financed under the Project first component. These community-based teachers will also receive training in remedial education (both diagnosis and interventions), so that students most at risk of dropout because of academic failure are identified early and given the help they need. The Project will support their training, the logistics of the program and all materials associated with their professional development, while MINED will finance salaries and other forms of compensation.

23. As part of an on-going quality control process, the Project will finance the revision, alignment and contextualization of all pedagogical materials already developed by MINED in the past years. The objective is to align existing content with the new curriculum, strengthen focus on pedagogical techniques, and enhance activities and resources to improve students’ learning outcomes in language and mathematics. Under this component, the Project will also finance training activities to disseminate to teachers the results of learning outcome measurements financed under the Project third component.

24. Finally, the Project will provide technical assistance to MINED in order to develop the following programs to be implemented on a pilot basis in the targeted municipalities: (i) the remedial teaching program for students in the first three grades of primary education with learning disability and/or children falling behind; (ii) the expansion to rural areas of the primary education accelerated program; or, (iii) the flexible grade promotion program for primary multi-grade schools.

25. Component 3. Strengthen institutional capacity of MINED for better quality of education. (Estimated total cost: US$ 2 million). This component will continue strengthening the educational, operational and administrative capacity of MINED, particularly critical functions such as planning, statistics, learning assessment, monitoring and evaluation # both at central and regional levels. This component will finance the strengthening of MINED’s General Directorate of Planning, which includes the Division of Planning, Statistics, Projects and Programs, and Monitoring and Evaluation. The strengthening of this department will initially focus on modernizing the educational statistics system and integrating data sources, statistical analysis and reporting into a single integrated information platform to be used by different MINED units at the central and local levels. It also includes strengthening the human resources, training, equipment, and connectivity in MINED.

26. The Project will also provide technical assistance to develop a national monitoring and evaluation system that provides the necessary processes, tools and analysis to track a growing number of educational interventions being developed at national and regional levels. With the support of PASEN I, MINED has developed capacity to carry out national student assessments and evaluations, as well as early reading and math assessment in primary education. This Project will continue supporting those efforts
and integrating the results into a more comprehensive curriculum policy that aligns planning, teacher training, textbooks and materials and student evaluations (which, are activities that the Project will support under Components 1 and 2). Concretely, the Project will continue to finance (i) national student assessments and evaluation every two years; (ii) expansion of early grade reading and math assessments every two years; (iii) dissemination efforts of the evaluation results with teachers and parents at national and local level.

Likewise, the Project will support the financial management, procurement and control activities associated with the management and operation of this Project, including staff, training, financial audits and administrative costs. The scope of each activity will be developed and agreed with the Government during Project preparation.

IV. Safeguard Policies that might apply

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V. Tentative financing

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