### PROJECT INFORMATION DOCUMENT (PID)
#### CONCEPT STAGE

<table>
<thead>
<tr>
<th><strong>Project Name</strong></th>
<th>Education Sector Strategy Support Project (P133557)</th>
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<tbody>
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<td><strong>Region</strong></td>
<td>LATIN AMERICA AND CARIBBEAN</td>
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<tr>
<td><strong>Country</strong></td>
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<td><strong>Sector(s)</strong></td>
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<td><strong>Theme(s)</strong></td>
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I. Introduction and Context

#### Country Context

The Republic of Nicaragua in Central America is 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 the population still lives below the poverty line, and one out of every five Nicaraguans lives in extreme poverty. While rural areas have just 42 percent of the population, they account for 62 percent of the population living in poverty, which indicates skewed poverty distribution between urban and rural areas. Among the 300,000 families with children living in extreme poverty, about one-third have at least one child (aged 7-12) working and/or not going to school.

Within this context, the Government of Nicaragua (GoN) 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, the percentage of children aged 6-11 enrolled in school 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. Recent presidential elections resulted in party continuity so economic and social policies are expected to continue for at least another four years.

Sectoral and Institutional Context
In its 2011 Education Sector Strategy Plan (ESP), the Ministry of Education (MINED) articulated three key priorities: (i) expanded access to pre-school education, (ii) universal completion of six grades of primary education, and (iii) universal access to lower secondary education (grades 7-9). With pre-school gross enrollment at just 56 percent, primary net enrollment at 87 percent (of which less than 75 percent finish the primary cycle), and secondary net enrollment at 45 percent, these priorities make sense. Institutional strengthening is another transversal priority of the ESP, cutting across all levels of education. The ESP has been carefully reviewed and is expected to be endorsed by all external education partners as part of the Global Partnership for Education (GPE) in January 2012. Furthermore, the Medium-Term Expenditure Framework (MTEF) for education is expected to be approved in February 2012 when the National Assembly is back in session. The MTEF will increase total education spending from 3.5 to 3.7 percent of GDP, and from 16 to 18 percent of total domestic recurrent spending. This translates into annual increases in total education spending of 3 percent in absolute terms.

Weaknesses in the supply and quality of pre-school education, particularly among disadvantaged rural households, are correlated with low retention and completion rates at the primary level. Currently, both formal pre-school education in primary schools and community-based pre-school programs are offered, reaching slightly about 220,000 children aged 3-5. Enrollment rates increase steadily from 3 years of age (less than 40%) to 4 years of age (more than 50%) up to 5 years of age (more than 80%). Rural enrollment (47%) is considerably lower than urban enrollment (70%), and 80 percent of rural pre-school children are in community-based programs which are generally of lower quality. In other words, less than half of rural children attend any form of pre-school education and the vast majority of those that do receive lower quality services than their urban peers. This, in turn, is reflected at the primary level with much lower transition, retention and completion rates in rural areas compared to urban areas.

The poor quality of pre-school education, particularly in rural areas, limits its effectiveness. Typically, community-based pre-school teachers have little training in early-age learning processes. They are paid poorly (about US$60 per month compare with around US$160 per month for a beginner primary school teacher), which reduces the attractiveness of the position and increases turnover. Few educational materials are available to provide mental stimulation and social/play opportunities, and distances to community centers offering pre-school can be prohibitive for very young children. In sum, community-based programs function more as day-care centers than as preschools. Formal pre-schools – usually located within the facility of a public primary school - offer better infrastructure, but lack basic learning materials (workbooks, paper, crayons, scissors, etc.), particularly those suitable for ethnic minority and indigenous children. In addition, the pre-service training curriculum for pre-school teachers is outdated, while in-service training is very limited in both scale and duration. More than 20 percent of pre-school children dropout during their first year, a reflection of low perceived quality among parents and/or the difficulties of access.
At the primary education level, despite significant expansion of access and enrollment over the last
decade, Nicaragua is still far from achieving universal completion of six grades. The retention rate
in primary education, particularly in the first two grades, is far too low. Only 74 percent of the
children who entered grade 1 in 2010 were enrolled in grade 2 in 2011. This is correlated with low
levels of learning, which in turn are linked to poor preparation of primary school teachers and
insufficient learning materials, particularly for instruction in rural, multi-grade classrooms which
make up the majority of the system at this level. Among MINED’s 25,000 primary school teachers,
two thirds work in rural primary schools, many as “contract teachers” lacking any teaching
certification. For instance, in Jinotega, the North Atlantic Autonomous Region (Region Autónoma
Atlántico Norte) (RAAN) and the South Atlantic Autonomous Region (Region Autónoma Atlántico
Sur) (RAAS) - departments with very high levels of poverty - uncertified contract-teachers represent
more than 50 percent of all teachers. Many of them live far from the communities where they work,
which results in high rates of teacher absenteeism and/or overly short school days. Low salary
levels and limited career promotion opportunities for contract-teachers lead to high turnover,
especially among those appointed to remote rural communities. Finally, 35 percent of third grade
teachers and 15 percent of sixth grade teachers have only completed lower secondary education
(Grade 9) themselves. 70 percent of Nicaragua’s approximately 8,000 public primary schools are
multi-grade, where teachers teach two, three and sometimes all six grades in the same classroom at
the same time. In addition, not all schools offer all six grades because of insufficient numbers of
teachers or classrooms (or both), which leads to dropout and much lower retention rates in rural
schools compared to urban schools.

The GoN requested Bank’s support to improve students’ retention rate in primary education. A US
$25 million IDA-financed Second Support to the Education Sector Project (PASEN II) is expected
to be approved by the Board on January 17, 2012. This new Project will target interventions where
primary education efficiency rates are the worst (low retention, high dropout and high repetition
rates) and poverty levels are the highest. Specifically, the Project would focus on 40 municipalities
in six departments, and the two Atlantic Autonomous Regions. PASEN II will also seek to
strengthen the Ministry of Education (MINED) education management capacity, focusing
particularly on improving: (i) information, telecommunication and planning systems; and (ii) the
management of the public schools infrastructure.

Lower secondary education (grades 7-9) also suffers from inadequate and unequal access, poor
quality and low internal efficiency, particularly in rural areas. Although the overall net enrollment
rate in lower secondary is 45 percent, it is just 28 percent in rural areas versus 61% in urban areas),
and as low as 20 percent in the two Atlantic Autonomous Regions. Furthermore, there is major
disparity by income; just 21 percent of children from the lowest income quintile attend lower
secondary education compared to more than 75 percent of children from the highest income
quintile. The repetition rate is 8.2 percent and the dropout rate is 14 percent overall (22% in 7th
grade). Only 29 percent of students who begin grade 7 finish grade 11 on time. Not surprisingly,
dropout rates are much higher in rural areas (e.g. around 20% in RAAS and RAAN) relative to
urban areas. In a recent survey, when households were asked why their child dropped out of
secondary school, 28 percent it was too costly, 28 percent it was not interesting (reflecting lack of
quality), 19 percent said there was simply no school to attend and 15 percent said they needed to
work. The lower secondary level completion rate is 66 percent, and the overall secondary level
completion rate (grade 7-11) is just 44 percent. There are few textbooks for any subject at the
secondary level. MINED recently completed the preparation of new secondary textbooks that have
not yet been printed for lack of funding. On the 2009 National Learning Assessment, approximately 40 percent of students scored below what was considered to be “intermediate”, with math learning levels particularly low. Not surprisingly, urban students performed better than rural students, and students in departments with high poverty indices (e.g. Boaco, Madriz and RAAN) performed much worse than those with low poverty indices (e.g. Leon, Rivas and Managua).

Low enrollment at the lower secondary level is a reflection of both low completion rates at the primary level (less than 70 percent) and lack of access (which requires at least classrooms and teachers). At the secondary level, there are only 857 schools nationwide compared to 7,876 primary schools, to serve almost 700,000 youth aged 13-17. Many of the 3,000 secondary classrooms are in need of significant repair or replacement. 40 percent of secondary level teachers lack formal training (so-called “empiricos”), and the vast majority of these work in rural areas. Teacher training at the secondary level is provided exclusively at the University level, but few students want to spend 5 years at University to become teachers, faced with the prospect of low salaries (particularly compared to other University-level careers) and high probability of being sent to rural areas. Total annual output is around 200 secondary teachers, far from sufficient to attain the enrollment goals specified in the ESP. Per student spending at the lower secondary level is just US$101 per year (versus US$170 per year at the primary level). With the number of grade 6 graduates projected to steadily increase over the next five years (linked to la Batalla por el Sexto Grado – the Battle for the Sixth Grade), lower secondary education is clearly the new “bottleneck” in the education system.

Administrative capacity across the system is weak, which reduces MINED’s ability to optimize scarce educational resources to improve education management and student learning opportunities. In general terms, MINED has identified critical weaknesses in planning, statistics, learning assessment, monitoring and evaluation at both central and regional levels. However, capacity to monitor and evaluate implementation of the ESP at all levels of the system remains inadequate, especially at departmental and municipal levels, and the specific MINED departments for pre-school and secondary education lack the training, technical assistance, codification of procedures, and equipment/software necessary to carry out their responsibilities relative to the implementation of the ESP. Compounding these challenges, MINED has very limited capacity to implement its model of “shared responsibility”, which through local education councils, aims to increase participation of local institutions (e.g. mayoral councils) and community organizations in decision-making, implementation of the ESP at the local level, and social audit.

The ESP adopted a new education administrative organization of “nucleos educativos” that MINED will progressively implement in an attempt to rationalize and streamline the delivery of education services. MINED is currently trying to re-organize its school network under the concept of “nucleos educativos” (education cluster), which consist of groupings of one core school (“escuela base”) offering pre-school through 9th grade surrounded by 8-10 primary “feeder” schools (mostly multi-grade). These “nucleos” will be the organizational units for in-service training, storage and distribution of learning materials as well as school feeding products; supervision, evaluation, and transition from 6th to 7th grade. However, the re-organization by “nucleo educativo” presents some particular challenges, because of the heterogeneity of the education system (many schools do not meet the criteria of nucleos educativos adopted by MINED), the lack of a comprehensive and reliable database on school geo-referencing and school mapping, and the low capacity of MINED’s staff at local level to implement the new model, particularly in poor/remote municipalities.

The ESP is a long-term development plan for the education sector that will require an increased
mobilization of resources by both the GoN and external partners. PASEN II and this proposed Project will be the first two “building-blocks” supporting the implementation of the ESP. The Education Sector Strategy Support Project (ESSSP) would be financed by the European Union (EU) and the GPE. It would strengthen access to pre-school, including capacity building for MINED’s pre-school division, and access to lower secondary education. The ESSSP would be administered by the World Bank, to ensure complementarity with PASEN II, as well as to harmonize implementation, disbursement, monitoring and reporting procedures in line with the Paris Declaration. The EU, in addition to channeling $38 million through this Bank-administered project, will provide approximately $4 million in direct technical assistance to strengthen MINED’s administrative capacity at the departmental and municipal levels as well as secondary education management.

The ESP shows an estimated financing gap of US$167 million for the period 2011-2015, which might leave important programs of the ESP insufficiently funded and/or unfunded. In the medium-term, the financing gap for the ESP will be only partially met through increased domestic spending on education and additional resources that the Government intends to mobilize from other external partners (discussions are underway with the Inter-American Development Bank and Japan International Cooperation Agency - JICA, among others) (see figure 1). A sizeable financing gap will remain nonetheless. The GoN is still looking to secure additional funding for many activities of the ESP. For instance, PASEN II will help preparing a geo-referencing of all public schools and will finance technical assessments to evaluate the conditions of the public school infrastructure located in 40 municipalities. The ESSSP will mostly focus on repairing, building and equipping pre-school classrooms and lower secondary facilities. But there is no identified financing (besides JICA) for repairing and expanding several hundreds of incomplete primary schools to ensure that many out-of-school children can complete the primary education cycle. Because of that, the support provided by the ESSSP for lower secondary might be skewed in favor of municipalities with high level of primary completion rates and high demand for secondary education. Another important area of intervention is teacher education, which needs major investments to support the expansion and quality improvements required for pre-service training of primary and secondary school teachers. This type of reform is beyond the reach of PASEN II and of the proposed ESSSP, which can only support MINED through targeted technical assistances to set the ground for a more ambitious transformation of teacher education.

Relationship to CAS

The proposed operation is fully aligned with the World Bank’s current Country Partnership Strategy (CPS) 2008-12, Report No. 51616, presented to the Board of Executive Directors on December 4, 2009. It is 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.

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 Fund (EFA-Fund); (iv) the implementation of a school feeding program (Merienda Escolar) through the Japanese Social Development Fund (JSDF); and (v) the recent PASEN II expected to be approved by the Board on January 17, 2012. In addition, this new operation represents an opportunity for the Bank to pursue its strategy in close collaboration with important external partners such as the EU.
and the GPE, further leveraging the resources provided by IDA through PASEN II.

The proposed Project is also fully aligned with the ESP which prioritizes three key educational goals for the sector from early-childhood to secondary education, including: (i) coverage and equity; (ii) quality; and (iii) institutional strengthening

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)
The objective of the Project is to: (a) increase access to preschool and lower secondary education in participating municipalities; and (b) improve preschool learning conditions and the quality as well as completion of lower secondary education nationwide.

Key Results (From PCN)
Increase Access to Preschool and Lower Secondary Education:
(1) Increase in the gross enrollment rate for preschool (aged 3-5 years) in participating municipalities.
(2) Increase in the gross enrollment rate for lower secondary (Grades 7-9) in participating municipalities.

Improvement of preschool learning conditions and the quality as well as completion of lower secondary education nationwide:
(3) Learning conditions improved in preschool.
(4) Increase in the Grade 9 completion rate.
(5) Increase in the percentage of Grade 9 students achieving intermediate, advanced or excellent proficiency levels in standardized evaluations for Spanish and Mathematics.

III. Preliminary Description

Concept Description
Similar to PASEN II, the concept for this Project would be to target interventions in selected municipalities where: (i) poverty levels are highest; (ii) key education indicators are the worst; and (iii) there is an unmet demand for access to education services. The ESSSP will target 65 municipalities. Specifically, interventions financed by the GPE for pre-school will target 25 municipalities and interventions financed by the EU for lower secondary education will target 52 municipalities. 12 municipalities within the 65 participating municipalities are the same under both GPE and EU financing. Including PASEN II, MINED will reach 95 municipalities, 63 percent of all the municipalities nationwide. The ESSSP and PASEN II will share 10 municipalities.

The targeting criteria discussed with MINED for the selection of participating municipalities under the ESSSP include:

Pre-School (GPE) Lower Secondary Education (EU)
Enrollment rates (3-5 years) Enrollment rates (12-14 years)
Transition rates from pre-school to primary education Transition rates from primary to lower secondary education
Retention rates within for pre-school Retention rates within lower secondary education
Out of school population between 3-5 years of age out of school population between 12-14 years of age
Poverty rates in municipalities

The proposed four-year Project would have three components:

(i) Pre-School Education, including infrastructure, curriculum development, teacher training, student learning materials;
(ii) Lower Secondary Education, including infrastructure, curriculum reform, teacher training, learning materials; and
(iii) Institutional Strengthening of MINED, to improve management of pre-school education and community participation, and ensure smooth project implementation.

Component 1. Pre-School Education: (Estimated total cost: US$13 million). This component would aim to increase pre-school enrollment of 3-5 year olds and improve quality of both formal and community preschool services. Preference would be given to expanding formal pre-school enrollment but where this cannot be justified demographically, opening of new community-based pre-schools would also be supported. The project would finance the construction/rehabilitation and equipping of pre-school classrooms, curriculum development, professional development for both community-based and formal pre-school teachers, and provision of learning materials adapted for the needs of children aged 3-5, including those in ethnic minority and indigenous areas.

Component 2: Lower Secondary Education (estimated cost: US$38 million). This component would aim to increase enrollment and completion rates, and improve the learning environment, at the lower secondary level. It would include a large infrastructure sub-component which would strengthen the “core” schools (“escuela de base”) of 250 “nucleos educativos” in the participating municipalities, with additional classrooms, ICT laboratories, furniture, equipment for initial vocational training, sanitary facilities, recreational areas, administrative offices, etc. These “core” schools would in turn make these facilities available to the surrounding primary schools in the nucleo educativo, particularly for in-service teacher training. Secondly, this component would support education and training of lower secondary teachers, many of whom lack formal teacher certification. Universities would be contracted to provide certification-based training on a part-time basis for up to 4,000 in-service teachers, while Escuelas Normales (Teacher Training Institutions) and the nucleos educativos would be used for upgrading of instructional skills of all lower secondary teachers (up to 6,000). Public universities have demonstrated capacity to handle this task, with a network of 12 regional training centers (in addition to campuses in Managua and Leon) which currently offer part-time certification-based training to over 8,000 pre-school, primary and secondary teachers. The Escuelas Normales would select trainers with extensive secondary level instructional experience, who would then receive additional training in the new curriculum, textbooks and pedagogical techniques. The training at the nucleo educativo level would build off of the successful TEPCEs model, which mobilizes both mentors and peers to provide practical instructional and lesson planning support at monthly meetings. New training curricula, training materials, training of trainers, technical assistance and program logistics would be supported by the project. Thirdly, the project would finance printing and distribution of required textbooks and teacher guides to all secondary schools in the country.

Component 3. Institutional Strengthening of MINED (estimated total cost: US$2 million). This component would strengthen the educational, operational and administrative capacity of MINED, particularly for the management of pre-school education. The project would support training, technical assistance, equipment and software to strengthen the Department of Pre-School Education
at central and regional levels, and activities to implement MINED’s model of “shared responsibility” at the local level. In addition, the component might include technical assistance for MINED to pilot the implementation of the “nucleo educativo” model in some participating municipalities with a view to prepare the re-organization of education service delivery nationwide. As part of Component 3, the Project would also 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, using the same implementation mechanisms as PASEN II.

IV. Safeguard Policies that might apply

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V. Financing (in USD Million)

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VI. Contact point

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