Document of

The Bank

FOR OFFICIAL USE ONLY

Report No: 67386-NI

Project appraisal document

ON A

PROPOSED Global partnership for education FUND ii

TRUST FUND GRANT

(US$16.7 MILLION EQUIVALENT)

and a

proposed european union trust fund grant

in the amount of EURO 26.9 million

(US$35.2 MILLION EQUIVALENT)

TO THE

Republic of nicaragua

FOR THE

EDUCATION SECTOR STRATEGY SUPPORT PROJECT

APRIL 11, 2013

**Human Development Department**

**Central America Country Management Unit**

**Latin American and Caribbean Region**

CURRENCY EQUIVALENTS

(Exchange Rate Effective April 23, 2012)

|  |  |  |
| --- | --- | --- |
| Currency Unit | = | NIC |
| NIC 23.05 | = | US$1 |
| US$1.31 | = | Euro 1 |

FISCAL YEAR

|  |  |  |
| --- | --- | --- |
| January 1 | – | December 31 |

ABBREVIATIONS AND ACRONYMS

|  |  |
| --- | --- |
|  |  |
| AFGD | Administrative and Financial General Division (*Division General Administrativa Financiera)* |
| CPS | Country Partnership Strategy |
| DA | Designated Account |
| ECD | Early Childhood Education |
| EFA | Education For All |
| EGRA  EMF | Early Grade Reading Assessment  Environmental Management Framework |
| ESS | Education Sector Strategy |
| EU | European Union |
| FM | Financial Management |
| GDP | Gross Domestic Product |
| GDPE | General Directorate of Preschool Education (*Dirección General de la Educación Preescolar*) |
| GDSE | General Directorate of Secondary Education (*Dirección General de Educación Secundaria*) |
| GDSI | General Directorate of School Infrastructure (*Dirección General de Infraestructuras Escolares*) |
| GDTT | General Directorate of Teacher Training (*Dirección General de Formación Docente*) |
| GIS | Geographic Information System |
| GPE | Global Partnership for Education |
| GoN | Government of Nicaragua |
| IBE  ICB | Intercultural Bilingual Education  International Competitive Bidding |
| IDA | International Development Association |
| IDP  INSS  IFRs  IPP | Institutional Development Plan  Social Security Institute  Interim Financial Reports  Indigenous Peoples Plan |
| JSDF | Japanese Social Development Fund |
| JSR | Joint Sector Review |
| LAC | Latin America & the Caribbean |
| MDGs | Millennium Development Goals |
| M&E | Monitoring and Evaluation |
| MINFAM | Ministry of Family |
| MINED | Ministry of Education |
| MIS | Management Information System |
| NCB | National Competitive Bidding |
| OM | Operational Manual |
| ORAF | Operational Risk Assessment Framework |
| PAMOR  PASEN | Love for the Smallest Children Program (*Programa Amor para los Mas Chiquitos)*  Support to Education Sector Project |
| PC | Project Coordinator |
| PDO | Project Development Objective |
| PIPs | Project Implementation Plans |
| PEQM | Preschool Education Quality Model |
| RAAN | North Atlantic Autonmous Region (*Region Autónoma Atlántico Norte*) |
| RAAS  RPF | South Atlantic Autonomous Region (*Region Autónoma Atlántico Sur*)  Resettlement Policy Framework |
| REDCAP | Network of Trainers (*Red de Capacitación*) |
| SEAR  SEIDI | Autonomous Regions Educational System (*Oficina de Enlace con el Sistema Educativo de las Regiones Autónomas)*  Integrated Early Childhood Development Monitoring and Evaluation System |
| SIGFAPRO  SISGA | Integrated Financial Management System (*Sistema Integrado de Gestión Financiera*)  *Sistema de Gestión de Adquisiciones* |
| SNIGI | Integrated National Information Management System (*Sistema Nacional de Información Gerencial Integrado)* |
| SNIP  SOE | National Investment Public System  Statement of Expenses |
| SPSFF | Planning and Financial Monitoring *System (Sistema de Planificación y Seguimiento Físico Financiero)* |
| TEPCEs | Evaluation, Programming and Educational Training Workshops *(Talleres de Evaluación, Programación y Capacitación Educativa)* |
| TTI | Teacher Training Institutes (*Escuela Normal*) |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNICEF  UNPA | United Nations Children’s Fund  United Nations Parliamentary Assembly |

|  |  |  |
| --- | --- | --- |
| Regional Vice President: |  | Hasan Tuluy |
| Country Director: |  | Carlos Felipe Jaramillo |
| Sector Director:  Sector Manager: |  | Keith Hansen  Reema Nayar |
| Task Team Leader: |  | Michael Drabble |

REPUBLIC OF NICARAGUA

**EDUCATION SECTOR STRATEGY SUPPORT PROJECT**

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| **PAD DATA SHEEET** | | | | | | | |
| *Republic of Nicaragua*  Education Sector Strategy Support Project  **PROJECT APPRAISAL DOCUMENT** | | | | | | | |
| *Latin America & the Caribbean Region* | | | | | | | |
| *LCSHE* | | | | | | | |
|
| . | | | | | | | |
| **Basic Information** | | | | | | | |
| Date: | | April 11, 2013 | | Sectors: | | Early Childhood Education  (30%), Secondary Education (70%) | |
| Country Director: | | Carlos Felipe Jaramillo | | Themes: | | Education for all (100%) | |
| Sector Manager/Director: | | Reema Nayar/  Keith E. Hansen | |
| Project ID: | | P133557 | | EA Category: | | B | |
| Lending Instrument: | | Investment Project Financing | |  | | | |
| Team Leader(s): | | Michael Drabble | |
| Does the Project include any CDD component? No | | | | | | | |
| Joint IFC: No | | | | | | | |
| . | | | | | | | |
| Recipient: Government of Nicaragua | | | | | | | |
| Responsible Agency: Ministry of Education (MINED) | | | | | | | |
| Contact: | Sra. Miriam Raudez | | | | Title: | Minister | |
| Telephone No.: | 505-2265-1451 | | | | Email: | [raudezm@mined.gob.ni](mailto:raudezm@mined.gob.ni) | |
| . | | | | | | | |
| Project Implementation Period: | | Start Date: | May 15, 2013 | | End Date: | | April 30, 2016 |
| Expected Effectiveness Date: | | May 15, 2013 | | | | | |
| Expected Closing Date: | | April 30, 2016 | | | | | |
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| **Project Financing Data(US$M)** | | | | | | | | | | | | |
| [ ] | Loan | [X] | | Grant | | | [ | ] Other | | | | |
| [ ] | Credit | [ ] | | Guarantee | | |
| **For Loans/Credits/Others:** | | | | | | | | | | | | |
| Total Project Cost (US$M): | | | | | 51.9 | | | | | | | |
| Total Bank Financing (US$M): | | | | | 0.00 | | | | | | | |
| . | | | | | | | | | | | | |
| **Financing Source** | | | | | | | | | | **Amount (US$M)** | | |
| BORROWER/RECIPIENT: | | | | | | | | | | 0 | | |
| International Development Association (IDA)  European Union (EU)  Global Partnership for Education Fund II (GPE) | | | | | | | | | | 0  35.2  16.7 | | |
| Total | | | | | | | | | | 51.9 | | |
| . | | | | | | | | | | | | |
| **Expected Disbursements (in USD Million)** | | | | | | | | | | | | |
| Fiscal Year | | | **2013** | | | **2014** | | | **2015** | | | **2016** |
| Annual | | | 5.00 | | | 20.00 | | | 20.00 | | | 6.90 |
| Cumulative | | | 5.00 | | | 25.00 | | | 45.00 | | | 51.90 |
| Project Development Objective(s) | | | | | | | | | | | | |
| The objectives of the Project are to: (a) increase access to preschool education in selected municipalities, and to improve preschool education learning conditions nationwide; and (b) increase access to lower secondary education in selected municipalities, and improve lower secondary education quality and completion rates nationwide. | | | | | | | | | | | | |
| . | | | | | | | | | | | | |
| **Components** | | | | | | | | | | | | |
| **Component Name** | | | | | | | | | | | **Cost (US$M)** | |
| 1. Component 1: Increasing Access and Improving Learning Conditions of Preschool Education | | | | | | | | | | | 15.9 | |
| 2. Component 2: Improving Access, Quality and Completion of Lower Secondary Education | | | | | | | | | | | 33.5 | |
| 3. Component 3: Strengthening of the Ministry of Education’s Institutional Capacity for Preschool Education | | | | | | | | | | | 0.8 | |
| 4. Component 4: Strengthening of the Ministry of Education’s Institutional Capacity for Lower Secondary Education | | | | | | | | | | | 1.5 | |
| . | | | | | | | | | | | | |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Compliance** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Policy** | | | | | | | | | | | | | | | | | | | | | | | | |
| Does the Project depart from the CAS in content or in other significant respects? | | | | | | | | | | | Yes | | | | [ ] | | No | | | | | [X] | | |
| . | | | | | | | | | | | | | | | | | | | | | | | | |
| Does the Project require any exceptions from Bank policies? | | | | | | | | | | | Yes | | | [ ] | | | | | No | | | | [X] | |
| Have these been approved by Bank management? | | | | | | | | | | | Yes | | | [ ] | | | | | No | | | | [ ] | |
| Is approval for any policy exception sought from the Board? | | | | | | | | | | | Yes | | | [ ] | | | | | No | | | | [X] | |
| Does the Project meet the Regional criteria for readiness for implementation? | | | | | | | | | | | Yes | | | [X] | | | | No | | | | | [ ] | |
| . | | | | | | | | | | | | | | | | | | | | | | | | |
| **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 Waters OP/BP 7.50 | | | | | | | | | | |  | | | | X | | | | | | | | | |
| Projects in Disputed Areas OP/BP 7.60 | | | | | | | | | | |  | | | | X | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | |
| **Legal Covenants** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | | | **Recurrent** | | | | **Due Date** | | | | | | | | | | | **Frequency** | | | |
| Effectiveness. Article V. Sections 5.01 and 5.02 | | | | | | No | | | | Ninety (90) days after the date of the Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date. | | | | | | | | | | | N/A | | | |
| **Description of Covenant**  5.01. The Grant Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the execution and delivery of the Grant Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate action.  5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel satisfactory to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matter: on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms. | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | | | **Recurrent** | | | | **Due Date** | | | | | | | | | | | **Frequency** | | | |
| Institutional Arrangements. Schedule 2. Section I.A.1 | | | | | | yes | | | | Ongoing | | | | | | | | | | | Annual | | | |
| **Description of Covenant**  The Recipient, through MINED, shall maintain at all times during the implementation of the Project, a Project coordinator, with functions and responsibilities acceptable to the World Bank, including, inter alia, the responsibility to coordinate and assist MINED, and MINED’s divisions and education secretariats, in the implementation, administration, monitoring and supervision of the Project. | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | | | **Recurrent** | | | **Due Date** | | | | | | | | | | | | **Frequency** | | | |
| Institutional Arrangements. Schedule 2. Section I.A.2 | | | | | | yes | | | No later than 120 days after the Effectiveness Date | | | | | | | | | | | | Annual | | | |
| **Description of Covenant**  No later than 120 days after the Effectiveness Date, the Recipient, through MINED, shall hire and thereafter maintain, at all times during the implementation of the Project, the following staff: (a) three procurement analysts; (b) a senior financial management specialist; (c) two accountants; and (d) six controllers, all with experience, qualifications and terms of reference acceptable to the World Bank. | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | | **Recurrent** | | | | | **Due Date** | | | | | | | | | | | **Frequency** | | | |
| Institutional Arrangements. Schedule 2. Section I.B.1 | | | | | yes | | | | | Ongoing | | | | | | | | | | | Annual | | | |
| **Description of Covenant**  The Recipient shall carry out the Project, in accordance with the provisions of a manual satisfactory to the World Bank (the Operational Manual). | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | | **Recurrent** | | | | | **Due Date** | | | | | | | | | | | **Frequency** | | | |
| Environmental and Social Safeguards. Schedule 2. Section I.E.1 | | | | | yes | | | | | Ongoing | | | | | | | | | | | Annual | | | |
| **Description of Covenant**  The Recipient shall: (a) carry out the Project in accordance with the Safeguard Instruments, including the guidelines, rules and procedures defined in said Safeguard Instruments; and (b) not assign, amend, repeal, waive or fail to enforce any provision in any of the Safeguard Instruments, without the prior written approval of the World Bank. | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | | **Recurrent** | | | | | **Due Date** | | | | | | | | | | | **Frequency** | | | |
| Environmental and Social Safeguards. Schedule 2. Section I.E.2 | | | | | yes | | | | | Ongoing | | | | | | | | | | | Annual | | | |
| **Description of Covenant**  To this end, the Recipient shall ensure that:   1. an EMP, consistent with the provision of the EMF, and acceptable to the World Bank have been duly prepared and disclosed prior to the carrying out of any works under Part 1 (a), Part 2(a)(i) and Part 4(c)(iv) of the Project requiring such EMP; and 2. if applicable, a RAP, consistent with the RPF, and acceptable to the World Bank have been duly prepared and disclosed prior to the carrying out of any works under the Project requiring such RAP. | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | | **Recurrent** | | | | | **Due Date** | | | | | | | | | | | **Frequency** | | | |
| Environmental and Social Safeguards. Schedule 2. Section I.E.3 | | | | | yes | | | | | Ongoing | | | | | | | | | | | Annual | | | |
| **Description of Covenant**   1. The Recipient, through MINED, shall ensure that the terms of reference for any consultancy in respect to Parts 2(a)(iii) and 4(c)(i) and (ii) of the Project shall be satisfactory to the World Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the World Bank Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance. | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | | | **Recurrent** | | | | | **Due Date** | | | | | | | | | | | **Frequency** | | | |
| Procurement. Schedule 2. Section III.E. | | | | | yes | | | | | Ongoing | | | | | | | | | | | Annual | | | |
| **Description of Covenant**  The Special Provisions for the procurement of goods, works, non-consulting services or consultant’s services. | | | | | | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | |
| **Team Composition** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Bank Staff** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | **Title** | | | | | **Specialization** | | | | | | | | | **Unit** | | | | | | | | **UPI** |
| Michael Drabble | | Senior Education Specialist | | | | | Task Team Leader (TTL) | | | | | | | | | LCSHE | | | | | | | | 107657 |
| Miriam Montenegro | | Country Operations Officer | | | | | Operation Specialist | | | | | | | | | LCSHS | | | | | | | | 255713 |
| Patricia de la Fuente Hoyes | | Senior Finance Officer | | | | | Disbursement | | | | | | | | | CTRLD | | | | | | | | 140449 |
| Enrique Antonio Roman | | Financial Management Specialist | | | | | Financial Management | | | | | | | | | LCSFM | | | | | | | | 286993 |
| Francisco Rodriguez | | Procurement Specialist | | | | | Procurement | | | | | | | | | LCSPT | | | | | | | | 180433 |
| Ignacio Jauregi | | Counsel | | | | | Lawyer | | | | | | | | | LEGLE | | | | | | | | 374324 |
| Mirtha Escobar | | Paralegal | | | | | Paralegal | | | | | | | | | LEGLE | | | | | | | | 363941 |
| Mary Lisbeth Gonzalez | | Senior Social Development Specialist | | | | | Social Development/ Social Safeguards | | | | | | | | | LCSSO | | | | | | | | 52369 |
| Abdelaziz Lagnaoui | | Senior Environmental | | | | | Environment/Safeguards | | | | | | | | | LCSEN | | | | | | | | 240969 |
| Janet Entwistle | | Senior Operations Officer | | | | | Operations Specialist | | | | | | | | | LCSHE | | | | | | | | 13739 |
| Mary Dowling | | Program Assistant | | | | | Team Assistant | | | | | | | | | LCSHE | | | | | | | | 175385 |
| **Non Bank Staff** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Name** | | | **Title** | | | | | | | | | **City** | | | | | | | | | | | | |
| Enrique Alasino | | | Consultant, Education Specialist | | | | | | | | | Managua, Nicaragua | | | | | | | | | | | | |
| Carlos Perez-Brito | | | Consultant, Education Specialist | | | | | | | | | Washington, DC | | | | | | | | | | | | |
| Sam Carlson | | | Consultant, Education Economist | | | | | | | | | Burlington, VT | | | | | | | | | | | | |
| Alfonzo Guzman | | | Consultant, Textbook and Learning Materials Specialist | | | | | | | | | Fairfax, VA | | | | | | | | | | | | |
| Carla Paredes Drouet | | | Consultant, Early Childhood Development Specialist | | | | | | | | | Washington, DC | | | | | | | | | | | | |
| Blanca Hermosilla | | | Consultant, Early Childhood Development Specialist | | | | | | | | | Santiago, Chile | | | | | | | | | | | | |
| Irayda Ruiz Bode | | | Consultant, Civil Works Specialist/Architect | | | | | | | | | New Orleans, LA | | | | | | | | | | | | |
| Vanessa de Castro | | | Consultant, Teacher Training Spec. | | | | | | | | | Managua, Nicaragua | | | | | | | | | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | |
| **Locations** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Country** | **First Administrative Division** | | | **Location** | | | | **Planned** | | | | | **Actual** | | | | | | | **Comments** | | | | |
| Nicaragua |  | | |  | | | |  | | | | |  | | | | | | |  | | | | |
|  | | | | | | | | | | | | | | | | | | | | | | | | |

# Strategic Context

## A. Country Context

1. **Nicaragua’s economic performance and macroeconomic policy management has improved in recent years.** Nicaragua recovered quickly from the global crisis and experienced robust growth in 2010 and 2011; after contracting 1.5 percent in the 2009 recession, GDP grew 4.5 percent in 2010 and 4 percent in 2011. Economic expansion led to higher inflation (9 percent in 2010 and 8 percent in 2011), but overall macroeconomic policy management remains adequate. The Government of Nicaragua (GoN) continues to pursue a fiscal consolidation strategy.
2. **The Republic of Nicaragua in Central America remains the second poorest country in Latin America (after Haiti) with a GDP per capita of US$1,239 in 2011.** Approximately 42 percent of the population still lives below the poverty line, and one out of every five Nicaraguans lives in extreme poverty. Among the 300,000 families with children living in extreme poverty, about a third of them have at least one child (aged 7-12) working and/or not going to school[[1]](#footnote-1).
3. **Within this context, the GoN defined its plans for economic development and poverty reduction in its National Plan for Human Development (*Plan Nacional de Desarrollo Humano, Gobierno de Reconciliación y Unidad Nacional, 2007-2011)*.** As part of this plan, the GoN 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 on several of the Millennium Development Goals (MDGs). For instance, in the education sector, net enrollment of children between 6 and 11 years of age increased from 83 percent to 92 percent between 2001 and 2008[[2]](#footnote-2).

## B. Sectoral and Institutional Context

1. **In its Education Sector Strategy, 2011-15 (ESS), the Ministry of Education (MINED) articulated three key priorities: (i) expanded access to preschool education, (ii) universal completion of six grades of primary education, and (iii) universal access to lower secondary education (grades 7-9)**. Average education attainment reached 5.8 years in 2010 for the population 25 years and older. With preschool 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, the ESS’s priorities make sense. The ESS was carefully reviewed and endorsed by Nicaragua’s external education partners.
2. **Weaknesses in the supply and quality of preschool education, particularly among disadvantaged rural households, are correlated with low retention and completion rates at the primary level**.Currently, both formal preschool education in primary schools and community-based preschool programs[[3]](#footnote-3) are offered, reaching about 231,000 children aged 3-5. Enrollment rates increase steadily from 3 years of age (less than 40 percent) to 4 years of age (more than 50 percent) up to 5 years of age (more than 80 percent). Rural enrollment (47 percent) is considerably lower than urban enrollment (70 percent) and 80 percent of rural preschool children are in community-based programs, which are generally of lower quality. Low rural enrolment and poor quality are reflected at the primary level with much lower transition, retention and completion rates in rural areas compared to urban areas.
3. **The poor quality of preschool education overall limits its effectiveness**. Community-based preschool non-formal teachers have little training in early-age learning processes. They are paid poorly (about US$60 per month compared with around US$160 per month for a formal preschool and/or beginner primary school teacher). Few educational materials are available and distances to community centers offering preschool can be prohibitive for very young children. Community-based programs function more as day-care centers than as preschools. Formal preschools – usually located within the facility of a public primary school - offer better infrastructure, but lack basic learning materials as well. In addition, the pre-service training curriculum for preschool teachers is outdated, while in-service training is very limited in both scale and duration. More than 20 percent of preschool children drop out during their first year, a reflection of low perceived quality among parents and/or the difficulties of access.
4. **In November 2011, the Early Childhood Policy was approved by the GoN**.The Bank with the support of the GoN carried out an assessment of Early Childhood Education (ECD) based on the “System Assessment and Benchmarking for Education Results.” The assessment showed that the ECD legal framework is “established,” while ECD financial arrangements for program implementation, quality assurance mechanisms, and monitoring and evaluation systems are still “emerging.”In 2010, the GoN established the Early Childhood Commission in an attempt to better integrate and coordinate ECD among the Education, Health and Family line ministries, the Social Security Institute (INSS) and the *Promotoria Solidaria* supported by the President’s office. At the departmental and municipal levels the Early Childhood Commission is represented by the commissions of the Love for the Little One (*Programa Amor para los Mas Chiquitos*, *PAMOR)*. The commission led the preparation of the Early Childhood Policy.
5. **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[[4]](#footnote-4), 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 “empirical teachers” lacking teaching certification. In addition, not all schools offer all six grades[[5]](#footnote-5) 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.

1. **Primary education quality indicators in Nicaragua (as measured by test scores) are low by international standards, but they are on par with most other Central American countries**.The relationship between socioeconomic conditions and test scores is weak, that is, the gap in test performance between the wealthy and the poor is very small, indicating that even those more privileged students fare poorly by international standards. Moreover, performance varies considerably between areas of similar poverty levels: for example, in the national grade 4 mathematics assessment, results in Granada, León, and Masaya were very different, suggesting that school factors may play an important role in performance[[6]](#footnote-6). Approximately 40 percent of students scored below what was considered to be “intermediate,” with math learning levels particularly low.
2. **Lower secondary education (grades 7-9) also suffers from inadequate and unequal access and low completion, 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 percent in urban areas), and as low as 20 percent in the two Atlantic Autonomous Regions. The repetition rate is 8.2 percent and the dropout rate is 14 percent overall (22 percent in grade 7). 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 percent in South Atlantic Autonomous Region - RAAS and North Atlantic Autonomous Region - RAAN) relative to urban areas (the urban-rural gap in education attainment for the 20 years-old cohort is the highest among Central America countries). The lower secondary level completion rate is 52 percent, placing Nicaragua behind Costa Rica, Panama, and El Salvador, and at a similar level to Honduras.
3. **Low enrollment at the lower secondary level is a reflection of 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 with an estimated 320,000 students enrolled in grades 7-9. Many of the 3,000 secondary classrooms are in need of significant repair or replacement. Limited road infrastructure and population dispersion in rural areas pose a great challenge for increasing attendance. Forty percent of secondary level teachers lack formal training (so-called “empiricos” or “untrained”), and the vast majority of these work in rural areas. Teacher training at the secondary level is provided exclusively at the University level. Total annual output is around 200 secondary teachers. Per student spending at the lower secondary level is just US$101 per year (versus US$170 per year at the primary level).
4. **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. MINED has identified critical weaknesses in planning, statistics, learning assessment, monitoring and evaluation at both central and regional levels.
5. **A US$25 million IDA-financed Second Support to the Education Sector Project[[7]](#footnote-7) (PASEN II) was approved by the Board of Executive Directors on January 17, 2012 to improve students’ retention in primary education**. PASEN II focuses on 43 municipalities[[8]](#footnote-8) in six Departments and the two Atlantic Autonomous Regions. PASEN II finances demand-side interventions; school refurbishing; educational materials; teacher training, with a special emphasis on multi-grade instruction; national learning assessments; and accelerated primary education programs for over-age students. PASEN II also seeks to strengthen MINED education management capacity, particularly information systems.
6. **PASEN II and the Project are the first two highly complementary “building-blocks” supporting the implementation of the ESS.** The Project would be financed by the European Union (EU) and the Global Partnership for Education (GPE). The Project would be administered by the Bank, to ensure complementarity with PASEN II and harmonize implementation, disbursement, monitoring and reporting procedures.

## C. Relationship to Country Partnership Strategy (CPS)

1. **The Project is fully aligned with the World Bank Group’s Country Partnership Strategy (CPS) 2012-17, Report No. 69231-NI**, discussed by the Board of Executive Directors on November 13, 2012 and it is consistent with the Strategic area 1, “Raise welfare by improving access to quality 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 Project builds on the Bank’s long-standing engagement with the GoN in the education sector, including analytical work and previous operations such as: (i) the Support to the Education Sector Project (PASEN I)[[9]](#footnote-9) and PASEN II; (ii) the First Basic Education Project (APRENDE I) and the Second Basic Education Project (APRENDE II)[[10]](#footnote-10); (iii) the first Education For All Fund (EFA)[[11]](#footnote-11); and (iv) the implementation of a school feeding program[[12]](#footnote-12) (Merienda Escolar) through the Japanese Social Development Fund (JSDF). Finally, the Project is also fully aligned with the ESS.

# Project Development Objective

## A. PDO

1. The objectives of the Project are to: (a) increase access to preschool education in selected municipalities, and to improve preschool education learning conditions nationwide; and (b) increase access to lower secondary education in selected municipalities, and improve lower secondary education quality and completion rates nationwide.

### Project Beneficiaries

1. The main beneficiaries of the Project are: (i) 231,000 preschool and 320,000 lower secondary level students nation-wide (particularly the 51,984 preschool students and the 54,302 lower secondary students in the 43 selected municipalities); (ii) 9,500 preschool educators and 10,200 lower secondary level teachers; and (iii) MINED.

### PDO Level Results Indicators

1. Progress towards meeting these development objectives would be measured by a series of intermediate results and outcome indicators, including the following

Increase Access to Preschool and Lower Secondary Education:

1. Increase in the gross enrollment rate for preschool (aged 3-5 years) in selected municipalities.
2. Increase in the gross enrollment rate for lower secondary (grades 7-9) in selected municipalities.

Improvement of preschool learning conditions and the quality as well as completion of lower secondary education nationwide:

1. Learning conditions improved in preschool.
2. Increase in the grade 9 completion rate.
3. Increase in the percentage of grade 9 students achieving intermediate, advanced or excellent proficiency levels in standardized evaluations for Spanish and Mathematics.

# Project Description

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1. The Project would finance access-related interventions in 43 municipalities (out of 153 nationwide) where: (i) poverty levels are highest; (ii) key education indicators are the worst; and (iii) there is significant unmet demand. Twenty five of these municipalities are also targeted under PASEN II, which would help improve continuity and vertical integration from preschool to primary to secondary education in the neediest municipalities. The Project would also finance quality-related interventions with a nationwide scope, reaching all preschool and secondary level students and teachers.

## A. Project Components

1. The Project finances four Components: (i) increasing access and improving learning conditions of preschool education; (ii) improving access, quality and completion of lower secondary education; (iii) strengthening of the Ministry of Education’s Institutional Capacity for preschool education and (iv) strengthening of the Ministry of Education’s institutional capacity for lower secondary education.

**Component 1: Increasing Access and Improving Learning Conditions of Preschool Education (US$15.9 million) – financed by the GPE**

1. Component 1 would contribute to increasing access to preschool education in 43 selected municipalities and improving preschool learning conditions nationwide. This Component has five sub-components.

1.1 Improving and/or expanding Preschool Education Infrastructure (US$7.0 million)

1. This sub-component would support the construction and/or rehabilitation of classrooms, learning and complementary facilities in selected preschools, including, *inter alia*, the provision of furniture and equipment required therefor.

1.2 Development and Alignment of Curricular Instruments ($1.7 million)

1. The sub-component would support the development and alignment of curricular instruments for preschool education, including, *inter alia*: (i) the development of a unified curriculum covering the three levels of preschool education; (ii) the alignment of preschool instructional materials to the unified curriculum; and (iii) the development of a preschool education training curriculum for teachers.

1.3 Training of Preschool Teachers (US$3.7 million)

1. This sub-component would support the carrying out of training activities for selected preschool education teachers, including, *inter alia:* (i)certification-based training activities; (ii) an in-service training program, including, workshops, demonstration classrooms and intra-school teacher exchanges (*círculos pedagógicos*); (iii) the provision of training materials and supplies to the Ministry of Education’s monthly teachers’ workshops or TEPCEs (*talleres de evaluación, programación y capacitación educativa*).

1.4 Improving Supply of Learning Materials(US$2.9 million)

1. This sub-component would support the provision and distribution of learning materials to selected preschool students.

1.5 Development of an Integrated Early Childhood Development Monitoring and Evaluation system (US$0.6 million)

1. This sub-component would support the development and piloting of an integrated early childhood development monitoring and evaluation system (SEIDI) and implementation of said system in selected municipalities.

**Component 2: Improving Access, Quality and Completion of Lower Secondary Education (US$33.5 million) – financed by the EU**

1. Component 2 would contribute to increasing access to lower-secondary education in the 43 selected municipalities and improving quality and completion of lower secondary education nationwide. This Component has three sub-components.

2.1 Improving and/or Expanding Lower Secondary Education Infrastructure (US$26.5 million)

1. This sub-component would support the improvement and/or expanding of lower secondary education infrastructure, through: (i) the construction and/or rehabilitation of classrooms, learning and complementary facilities in selected lower secondary schools; (ii) the provision of furniture and equipment to selected lower secondary education schools and (iii) the preparation of infrastructure maintenance plans for selected lower secondary education schools, including the provision of technical assistance to local school-based communities for the implementation of said plans.

2.2 Improving Teacher Effectiveness in Secondary Education (US$3.3 million)

1. This sub-component would support the improvement of teacher effectiveness in lower secondary education, through: (i) the carrying out of training activities for selected lower secondary education teachers on the application of the Recipient’s new lower secondary education curriculum, including, *inter alia*: (A) a certification-based training for selected lower secondary education teachers; (B) an in-service training program, focusing on, *inter alia*, mathematics, natural sciences, language and literature for selected lower secondary education teachers; (C) an information and communication technology (ICT) training for selected lower secondary education teachers working in lower secondary education schools with access to ICT equipment; (D) the provision of training materials and supplies to the Ministry of Education’s monthly teachers’ workshops or TEPCEs (*talleres de evaluación, programación y capacitación educativa*); and (E) the preparation and production of reference materials, teaching materials and training of trainers materials; and (ii) the carrying out of a results-focused monitoring and evaluation plan for the learning and training activities under Component 2 of the Project.

2.3 Improving the Supply of Textbooks and Learning Materials in Secondary Education (US$3.7 million)

1. This sub-component would support the improvement of textbooks and learning materials for lower secondary education through: (i) the development, revision, printing and distribution of textbooks and learning materials to selected lower secondary education students; (ii) the preparation of teacher guidelines and training activities for the use of the textbooks and learning materials; and (iii) the adaptation of the textbooks and learning materials to integrate cultural and linguistic aspect of local communities.

**Component 3**: **Strengthening of the Ministry of Education’s Institutional Capacity for Preschool Education (US$0.8 million) – financed by GPE**

1. Component 3 would contribute to strengthening the institutional capacity of MINED to provide preschool education. This Component has two sub-components.

3.1 Strengthening of MINED’s Technical Capacity for Preschool Education (US$0.15 million)

1. This sub-component would finance strengthening of the capacity of the MINED’s General Directorate of Preschool Education (*Dirección General de la Educación Prescolar*), through: (i) the provision of training and professional development to MINED’s preschool education technical specialists; (ii) the provision of basic office and information and communication technology equipment; (iii) the provision of technical assistance for the development of training materials; and (iv) the provision of technical assistance for the carrying out of results-based management, monitoring and evaluation activities.

3.2 Project Management, Fiduciary Controls and Audits for the Activities Financed under the GPE (US$0.65 Million)

1. This sub-component would finance the provision of support to MINED in the administration, financial management, auditing and procurement aspects of Component 1 and Component 3 of the Project, including, *inter alia*: (i) the provision of technical assistance and training to MINED’s staff on said aspects; (ii) the acquisition of software, information and communication hardware, and small furniture items; and (iii) the carrying out of the required Project audit for the Component 1 and Component 3 of the Project.

**Component 4: Strengthening of the Ministry of Education’s Institutional Capacity for Lower Secondary Education (US$1.5 million) – financed by EU**

1. Component 4 would contribute to strengthening the institutional capacity of MINED to provide lower secondary education. This Component has four sub-components.

4.1 Strengthening of MINED’s Technical Capacity General Directorate of Secondary Education (US$0.1 million)

1. This sub-component would finance strengthening of the capacity of MINED’s General Directorate of Secondary Education (*Dirección General de Educación Secundaria*) to monitor curricula, prepare classroom observation guides and monitor textbook distribution and utilization, through, *inter alia*: (i) the provision of technical assistance; (ii) the carrying out of training activities for staff; and (iii) the provision of basic office and information and communication technology equipment.

4.2 Strengthening of MINED’s Directorate of Training (US$0.1 million)

1. This sub-component would finance sstrengthening of MINED’s Directorate of Training (*Dirección General de Formación Docente*) to deliver teacher training activities, through, *inter alia*: (i) the provision of technical assistance for the preparation of training; (ii) the provision of office and information and communications technology equipment; and (iii) the provision of training to staff in educational research.

4.3 Strengthening of MINED’s General Directorate of School Infrastructure (US$1.1 million)

1. This sub-component would finance sstrengthening of MINED’s General Directorate of School Infrastructure (*Dirección General de Infraestructuras Escolares*, GDSI) through: (i) the provision of technical assistance to prepare feasibility studies, manage and supervise the construction and/or rehabilitation of lower secondary education infrastructure under Component 2 of the Project; (ii) the development of construction and/or rehabilitation maintenance guidelines; (iii) the provision of basic office and information and communication technology equipment; and (iv) the carrying out of minor rehabilitation works.

4.4 Project Management, Fiduciary Controls and Audits for the Activities Financed under the EU (US$0.2 Million)

1. This sub-component would finance the provision of support to MINED in the administration, financial management, auditing and procurement of Component 2 and Component 4 of the Project through, *inter alia*: (i) the provision of technical assistance and training to MINED’s staff on said aspects; (ii) the acquisition of software, information and communication hardware, and small furniture items; and (iii) the carrying out of the required Project audit for the Component 2 and Component 4 of the Project.

## B. Project Financing

### Lending Instrument

1. A Investment Project Financing is proposed for the Project, financed by two Grants in the combined amount of US$51.9 million to be disbursed over a three-year period. One Grant ($16.7 million) would finance Components 1 and 3 of the Project, and would be funded by the GPE. Another Grant ($35.2 million) would finance Components 2 and 4 of the Project and would be funded by the EU out of a trust fund currently being established by the European Commission within the Bank. Eligible Expenditures under the Project will be financed at a 100% exclusive of taxes. For this Project, as it has been the case for other projects financed by the World Bank, the Government will follow internal procedure to obtain a tax exemption.

1. Financing for the GPE was approved by the donors contributing to the GPE on July 31, 2012. Financing for the EU is still pending the signing by the Bank and EU of an Administration Agreement to establish the trust fund within the Bank. Once the Administration Agreement is executed, and after the required funds have been transferred to the Bank by the EU, the Bank and the GoN would enter into a Grant Agreement for Components 2 and 4. If the EU financing does not come through, or the Bank and the GoN do not agree on the terms of the Grant Agreement for Components 2 and 4, the Project will be restructured including a change of the PDO to limit the scope of the Project to Components 1 and 3 financed by the GPE.

### Project Cost and Financing

|  |  |  |  |
| --- | --- | --- | --- |
| **Project Components** | **Project[[13]](#footnote-13) Cost (US$)** | **EU Financing (US$)** | **GPE Financing (US$)** |
| 1. Increasing Access and Improving Learning Conditions of Preschool Education | 15.9 | 0 | 15.9 |
| 2. Improving Access, Quality and Completion of Lower Secondary Education | 33.5 | 33.5 | 0 |
| 3. Institutional Capacity Building for Preschool Education | 0.8 | 0 | 0.8 |
| 4. Institutional Capacity Building for Lower Secondary Education | 1.5 | 1.5 | 0 |
| **Total Project Costs** | **51.7** | **35.0** | **16.7** |
| EU “Visibility” (Recipient-Executed) | 0.1 | 0.1 | 0 |
| Physical Contingencies (Recipient-Executed) | 0.1 | 0.1 | 0 |
| **TOTAL FINANCING REQUIRED** | 51.9 | 35.2 | 16.7 |

## C. Lessons Learned and Reflected in the Project Design

1. The Project design incorporates lessons learned from previous Bank financed operations, analytical work and prior education Projects implemented in Nicaragua, such as (i) PASEN I and PASEN II (ii) APRENDE I and APRENDE II; and (iii) the first EFA-Fund program (TF057311). The experience with PASEN I highlighted the importance of increased institutional analysis and implementation support. A General Directorate-level institutional assessment of MINED led to definition of technical assistance, equipment and training needs which would be financed with the objective of building capacity for implementation of both PASEN II and the Project.
2. The Project also draws on the experience of Bank-financed preschool, primary and secondary education Projects around the world, which highlights the importance of focusing on quality, completion and measurable student learning, as well as expanded access. More specifically, in addition to providing a wide range of high-quality materials designed to boost student learning and completion, the Project would draw on PASEN I’s experience supporting teacher effectiveness, with the expansion and adaptation of the TEPCEs program to emphasize teacher subject matter knowledge and pedagogical strategies. Drawing from new research regarding the impact of accountability reforms[[14]](#footnote-14), the Project would support the dissemination of grade 9 learning assessment results to different stakeholders, enhancing accountability through better information and expanded participation.

# IV. Implementation

## Institutional and Implementation Arrangements

1. MINED would be responsible for implementing the Project through its existing organizational structure, at central or regional levels. To support PASEN II and the Project, a high level Project Coordinator (PC) was appointed in April 2012 to coordinate, facilitate and oversee implementation carried out by the General Directorates of Preschool Education, Secondary Education, Teacher Training, School Infrastructure[[15]](#footnote-15). The PC would ensure that each department delivers key inputs on a timely basis. In addition, the PC would liaise with the representatives of the Secretaries of Education Autonomous Regions Educational System (SEAR), which have been given certain responsibilities for education in indigenous areas under the 2006 Law of Education.

1. The Operation Manual (OM) was adopted by the Recipient and approved by the Bank on March 26, 2013. The OM includes detailed schedule and guidelines for implementation of the Project Components, Terms of Reference for key personnel and studies, procurement procedures, financial management arrangements, safeguards, monitoring and evaluation, etc.

## Results Monitoring and Evaluation

1. The PC and MINED’s Division of Monitoring and Evaluation would be responsible for tracking progress related to Project outcomes and results on a day-to-day basis. MINED would refine and implement an integrated planning, monitoring and evaluation (M&E) and statistical system that would gather information from the municipal, departmental, and national levels, particularly with respect to student enrolment and retention.
2. MINED would continue to organize two Joint Sector Reviews (JSR) per year (education sector round table or *Mesa Sectorial)*. Donors and civil society representatives would be invited to participate. JSR would be preceded by field visits to monitor the main accomplishments of the implementation of the ESS during the period. The Secretariat of the JSR led by the PC and the Directorate of External Cooperation of MINED would prepare technical reports on various Project activities to be discussed during the JSR.

## Sustainability

1. Estimated additional recurrent costs linked to the Project are estimated at US$4.35 million per year, including those for new lower secondary and formal preschool teachers (US$1.4 million per year), salary increases for newly certified teachers (US$0.2 million per year), textbook replacement, operation & maintenance of Information Communication and Technology (ICT), and maintenance of new school infrastructure (calculated at 5 percent of total investment cost). This represents 1.8 percent of MINED’s 2011 total budget of US$248 million. With respect to the new preschool and secondary teachers, the Ministry of Finance and MINED have agreed to absorb the new salary expenditures in its 2014 and 2015 national budgets and onwards (as was done in 2011 when 1,600 community-based multi-grade teachers were hired).

# V. Key Risks and Mitigation Measures

## Risk Ratings Summary

|  |  |
| --- | --- |
| **Stakeholder Risk** | Moderate |
| **Implementing Agency Risk** |  |
| * Capacity | Satisfactory |
| * Governance | Moderate |
| **Project Risk** |  |
| * Design | Satisfactory |
| * Social and Environmental | Low |
| * Program and Donor | Low |
| * Delivery Monitoring and Sustainability | Satisfactory |
| **Overall Implementation Risk** | **S**atisfactory |

## Overall Risk Rating Explanation

1. Based on the risks included in Annex 4, the Overall Implementation Risk is considered “Substantial,” largely driven by capacity, design and delivery monitoring and sustainability risks. Implementation capacity risks would be mitigated by using the same Project implementation mechanisms and structures as PASEN II. The Project would also finance capacity building for four of MINED’s General Directorates directly responsible for implementing the Project. The design risk would be mitigated by supporting teachers in the classrooms through regular visits of pedagogical supervisors and trainers from the Teacher Training Institutes (TTIs) and Universities. Preschool teachers would also spend at least two days a year at demonstration schools to help them put in practice what they have learned during their professional development training. All the teachers would participate in monthly TEPCES, which would be used to reinforce content areas, exchange good practices and help teacher to plan classroom activities. The delivery risk would be mitigated through the preparation of detailed implementation and supervision work programs that would be monitored at the municipal level by MINED staff.

# VI Appraisal Summary

## Economic and Financial Analysis

1. The economic analysis of the Project indicates an internal rate of return of 11 percent. It is based on four key assumptions: (i) increase in the gross enrollment rate for preschool (aged 3-5 years) in selected municipalities (from 41.6 percent to 53.0 percent), (ii) increase in the gross enrollment rate for lower secondary (grades 7-9) in selected municipalities (from 48.6 percent to 59 percent); (iii) better quality in lower secondary that increases nationwide grade 9 completion rate (from 52 percent to 60 percent); and (iv) a reduction of 5 percent in repetition and dropout rates due to better school readiness as learning conditions in preschool improve. Each of these assumptions translates into higher education attainment in mean years of education and into higher earnings.

## Technical

1. For the most part, the Project has selected activities with simple and sound technical designs that can be implemented in municipalities with the lowest economic and social indicators in the country. Other Project interventions would be more challenging in terms of both technical design and implementation, such as such activity the improved infrastructure for 200 basic schools and 200 preschools. MINED’s limited experience and institutional capacity would require close supervision and sustained technical assistance to ensure progress on this activity. Another challenge is ensuring the quality and impact of teacher training activities at scale. For the secondary level certification programs, MINED must rely primarily on the public universities for curriculum, trainers and assessment/certification. It was agreed that MINED would work closely with the universities to: (i) develop new training quality standards for all certification programs financed by the Project; (ii) prepare new training curricula; (iii) train all trainers in the new programs; (iv) prepare and administer monitoring and evaluation activities (including post-training surveys of newly certified teachers); and (v) feed these results back into the revision of certification programs.

## Financial Management

1. A financial management (FM) assessment was carried out to determine FM implementation risk and help establish adequate FM arrangements for the Project. The FM arrangements respond to the identified risks and include a suitable supervision strategy. Complementary actions have been identified to ensure that the Project is implemented within a sound fiduciary environment in compliance with Bank requirements, including recruitment of a senior financial management specialist, two accountant and six controllers. MINED’s Administrative and Financial General Division (*División General Administrativa Financiera*, AFGD) would be responsible for the financial management arrangements of the Project. It would consolidate the financial registration in the Integrated Financial Management System (*Sistema Integrado de Gestión Financiera*, SIGFAPRO) or other financial systems approved by the Bank and perform reconciliation of the accounts. The AFGD has experience managing Bank funds with the recently implemented PASEN I. The adequacy of FM arrangements would be continuously monitored during Project supervision.

## Procurement

1. Procurement for the Project would be carried out by the Procurement Division of MINED. The unit was found adequately staffed and equipped to undertake the standard procurement activities routinely carried out by the division. The key issues and risks concerning procurement for implementation of the Project include: (i) MINED’s weak implementation capacity in comparison with the expected high workload; (ii) variety and complexity of procurement to be carried out for Project implementation; and (iii) local procurement regulations include practices that are not acceptable to the Bank.Under PASEN II, MINED hired three additional procurement analysts who would be in charge of the Project procurement functions for both PASEN II and the Project. MINED hired a highly qualified international procurement specialist who would coach the analysts and procurement MINED staff and contribute to quality control. Under the Project, three additional procurement analysts would be hired. One of the three would have an engineering/architect background to help with procurement activities related to civil works.

## Social (including safeguards)

1. Indigenous peoples, afro-descendants and the poorer and most vulnerable sectors of the Nicaraguan population are among the main beneficiaries of the Project. More specifically the Project would benefit Indigenous Peoples living in RAAN, RAAS, and those who live in the North Pacific and Center Regions. It would also include the afro-descendant populations living in the Rio San Juan, and the peasants and mestizo communities that populate the entire country. In these Regions, the Project faces the challenge of supporting and strengthening Intercultural Bilingual Education (IBE).
2. The Project triggers OP/BP 4.10 (Indigenous Peoples). During preparation of PASEN II, an Indigenous Peoples Plan (IPP) was prepared and disclosed on MINED’s website and on the Bank’s website. As part of preparation of the Project, the Plan was adapted to cover preschool and lower secondary education and the municipalities not included in PASEN II. The draft IPP was disclosed on the Bank's website and locally on MINED’s web site on March 23, 2012 prior to Appraisal. It was finalized on June 15, 2012 and disclosed again locally on MINED’s website on June 30, 2012 and on the Bank’s website on March 8, 2013.
3. The Project triggers OP/BP 4.12 (Involuntary Resettlement). A Resettlement Policy Framework (RPF) was prepared for the Project to address the issues related to land acquisition, potential displacement or restriction of access to resources. The RPF requires that all civil works proposed to be carried out under the Project be screened to ensure that no involuntary taking of land or restriction of access to resources takes place under the Project. The Project will only finance civil works proposed to be carried out in preschools and lower secondary education schools that are located on land that is properly registered and titled in the name of the Recipient in accordance with Nicaraguan laws and for which there are no pending or unresolved claims within the past five years of the Effectiveness date of the Grant Agreement financing the respective civil works. Voluntary land donations might occur under the Project. In order to evaluate the voluntary nature of potential land donations and appropriately document it, the RPF includes a process to document and verify that all land donations are carried out voluntarily and that all donors have full prior knowledge of the consequences and benefits of their donation. This process also establishes the maximum area of land that may be subject to voluntary land donation as a percentage of the total area of land owned by a donor. The draft RPF was disclosed on the Bank's website and on MINED’s website on March 23, 2012 prior to Appraisal. It was finalized on June 15, 2012 and disclosed again locally on MINED’s website on June 30, 2012 and on the Bank’s Infoshop on March 8, 2013, and further revised and disclosed again locally on MINED’s website on April 1, 2013 and on the Bank’s website on March 29, 2013.
4. There are slightly more girls than boys enrolled in primary and lower secondary education. Retention of girls across all levels of education is higher than those of boys. On recent national standardized evaluations, Early Grade Reading and Math Assessments as well as on international regional standardized evaluations, girls have consistently scored higher than boys. However, discriminatory practices against girls and sometime abuses can still be found in schools. To address these issues, MINED included specific content and instructions in the revised curriculum for primary and secondary education introduced in 2007. The Project would include when relevant and appropriate gender-sensitive activities, particularly for teacher professional development programs, instructional materials and construction/rehabilitation of school facilities.

## Environment (including safeguards)

1. The Project is rated Category “B” as it involves a large number of small civil works spread across the country which are not expected to generate significant environmental impact. The Project triggers the policy on Environmental Assessment (OP/BP 4.01) to address the potential environmental and social impacts related to site selection, construction and operation of the school facilities. An Environmental Management Framework (EMF) was prepared to screen, assess, and mitigate environmental and social impacts of Project activities. The draft of the EMF was disclosed on the Bank's website and on MINED’s website on March 23, 2012 prior to Appraisal. It was finalized on August 31, 2012 and disclosed again locally on MINED’s website on September 15, 2012 and on the Bank’s website on March 8, 2013.
2. Pre-investment studies for all civil works would be carried out in accordance with Bank policies, and they would include appropriate environmental and safety considerations, such as: (i) selection of construction materials that minimize social and environmental impacts; (ii) environmental mitigation and institutional arrangements for supervision and oversight of environmental measures to be taken during implementation; (iii) waste disposal measures; (iv) construction site management criteria (proper safety protocols for construction workers, including the use of personal protective equipment); and (v) dust and noise control.
3. Given that Central America is a natural disaster-prone area, school infrastructure would be designed to withstand major natural disasters (i.e. earthquakes, floods, landslides) and provide adequate shelter in the case of such events. As appropriate, each civil works contract would specify the required structural safety and exposure to natural hazards to be considered in the design and construction of school facilities. A rigorous monitoring and quality assurance procedure would be included in the contracts to ensure compliance with environmental health and safety standards as outlined in the EMF.

# Annex 1: Results Framework and Monitoring

**COUNTRY: Nicaragua EDUCATION SECTOR STRATEGY SUPPORT PROJECT**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Project Development Objective (PDO):** The objectives of the Project are to: (a) increase access to preschool education in selected municipalities, and to improve preschool education learning conditions nationwide; and (b) increase access to lower secondary education in selected municipalities, and improve lower secondary education quality and completion rates nationwide. | | | | | | | | | | | |
|  | **Core** | **Unit of Measure** | **Base**  **line** | **Cumulative Target Values** | | | | **Frequency** | **Data Source/** | **Data Collection** | **Description (indicator**  **definition etc.)** |
| **YR 1**  **2013** | **YR 2**  **2014** | **YR 3**  **2015** | **YR4**  **2016** |
| **PDO LEVEL RESULTS INDICATORS** | | | | | | | | | | | |
| **Indicator One**: Increase in the gross enrollment rate for preschool (3-5 years) in selected municipalities. |  | % | 41.7 | 41.7 | 43.7 | 47 | 48 | Annual | Annual Monitoring Report | Department of Statistics | Number of students enrolled in grades 3-5 of preschool divided by the total population of children of 3-5 years of age based on the 2005 Population Census Data. Indicator would be calculated for all preschools in the 43 selected municipalities. |
| **Indicator Two:** Increase in the gross enrollment rate for lower secondary (grades 7-9) in selected municipalities. |  | % | 48.6 | 48.6 | 50.6 | 53 | 54 | Annual | Annual Monitoring Report | Department of Statistics | Number of students enrolled in grades 7-9 of preschool divided by the total population of children of 12-14 years of age based on the 2005 Population Census Data. Indicator would be calculated for all preschools in the 43 selected municipalities. |
| **Indicator Three:**  Learning conditions improved in preschool. |  | Text | Yes/No | No | No | No | Yes | Annual | Annual Monitoring Report | Directorate of Preschool, Department of Training and Department of Statistics | Learning conditions would be considered effectively improved if 50% of the preschools nationwide have at least 3 out of the 4 conditions described below:   * Preschool teachers trained in the use of the unified curriculum * Revised classroom learning instruments are available in preschools * Preschool teachers are certified * Preschools have received a package of learning materials. |
| **Indicator Four:**  Increase in the grade 9 completion rate. |  | % | 52 | 52 | 54 | 56 | 57 | Annual | Annual Monitoring Report | Department of Statistics | Number of students enrolled in grade 9 at the end of the school year divided by the total population of children of 14 years of age based on the 2005 Population Census Data. Indicator would be calculated at the national level. |
| **Indicator Five**: Increase in the percentage of grade 9 students achieving intermediate, advanced or above proficiency levels standardized evaluations for Spanish and Mathematics. |  |  |  |  |  |  |  | Defined by MINED | Evaluation Report | Office of Learning Evaluations Directorate of Secondary and Department of Statistics | The next assessment would be carried out in 2015. Baseline is 2010. The baseline is the sum of the two levels advance and excellence. Tests conducted on a representative sample at national level. |
| Math |  | % | 51.2 | --- | --- | --- | 53 |
| Language |  | % | 64.9 | --- | --- | --- | 66 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Core** | **Unit of Measure** | **Base**  **line** | **Cumulative Target Values** | | | | **Frequency** | **Data Source/** | **Data Collection** | **Description (indicator**  **definition etc.)** | |
| **YR 1**  **2013** | **YR 2**  **2014** | **YR 3**  **2015** | **YR4**  **2016** |
| **INTERMEDIATE RESULT INDICATORS** | | | | | | | | | | | | |
| **Intermediate Results (Component One):** Increasing Access and Improving Learning Conditions of Preschool Education | | | | | | | | | | | | |
| Intermediate Result indicator one:  Number of preschool classrooms and complementary facilities improved and equipped in selected municipalities. |  | Number | 0 | 0 | 25 | 115 | 200 | Annual | Annual Monitoring Report | Directorate of Infrastructure | | Interventions to improve a preschool classroom would comprise: (i) the construction and/or rehabilitation of classrooms; (ii) complementary facilities including but not limited to toilets, recreational areas, water/sanitation and security and (iii) the provision of furniture and equipment. |
| Intermediate Result indicator two:  Preschool unified curriculum developed. |  | Text | Yes/No | No | Yes | Yes | Yes | Once only | Annual Monitoring Report | Directorate of Preschool | | One curricular framework and three preschool classroom instruction guides would be integrated in one unified preschool curriculum approved by the Executive Directorate of MINED and published in a short document. |
| Intermediate Result indicator three**:**  Increase in the percentage of certified preschool teachers (Nation-wide). |  | % | 44 | 44 | 44 | 44 | 73 | Annual | Annual Monitoring Report | Directorate of Preschool | | Total number of preschool teachers is 9,296. Total number of certified preschool teachers in 2011 is 4,096 (44%). Total number of preschool teachers to be certified by the Project is 2,700 (equivalent to 29% of the 9,296 preschool teachers in 2011). |
| Intermediate Result indicator four:  Number of preschools that receive learning material packages. |  | Number | 0 | 0 | 8,000 | 14,000 | 14,000 | Annual | Annual Monitoring Report | Directorate of Preschool | | Learning materials included in each package would include small school supplies and toys to be distributed in all preschools nation-wide. |
| Intermediate Result indicator five:  System to evaluate early childhood development outcomes in place and operational. |  | Number | 0 | 0 | 0 | 1 | 2 | Annual | Annual Monitoring Report  Evaluation | Office of Learning Evaluation, Directorate of Preschool and Department of Statistics | | A new system would be developed and piloted. The tools developed to measure child development outcomes will be validated on a representative sample of the 43 municipalities. |
| Evaluation system designed and piloted. |  | Number | 0 | 0 | 0 | 1 | 1 | Once only |
| System validation conducted in a sample of the selected municipalities, and results published. |  | Number | 0 | 0 | 0 | 0 | 1 | Once only |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Core** | **Unit of Measure** | **Base**  **line** | **Cumulative Target Values** | | | | **Frequency** | **Data Source/** | **Data Collection** | **Description (indicator**  **definition etc.)** |
| **YR 1**  **2013** | **YR 2**  **2014** | **YR 3**  **2015** | **YR4**  **2016** |
| **INTERMEDIATE RESULT INDICATORS** | | | | | | | | | | | |
| **Intermediate Result (Component Two):** Improving Access, Quality and Completion of Lower Secondary Education | | | | | | | | | | | |
| Intermediate Result indicator six:  Number of core schools (K-9) with facilities improved for lower secondary education. |  | Number | 0 | 0 | 50 | 110 | 200 | Annual | Annual Monitoring Report | Directorate of Infrastructure | Interventions to improve a core school facility would comprise: (i) two new and/or rehabilitated classrooms on average per school; (ii) improved learning facilities (ICT, libraries, vocational workshops); (iii) classroom furniture and blackboards and (iv) complementary facilities, such as improved sanitation, water supply etc. |
| Intermediate Result indicator seven:  A university-based certification program for lower-secondary teachers implemented. |  | Text | No | Development of a pre-service training certification program by the Universities | 1,000 student-teachers enrolled | 1,000 student-teachers enrolled | 900 student-teachers certified | Annual | Annual Monitoring Report | Directorate of Secondary | Universities would sign a contract with MINED for the implementation of the university-based certification program and the enrollment of secondary school teachers in the three-year program to end in 2014. |
| Intermediate Result indicator eight:  Number of secondary school teachers who participate in the 20-days in-service teacher upgrading training based on the secondary curriculum. |  | Number | 0 | 0 | 0 | 0 | 1,640 | Annual | Annual Monitoring Report | Directorate of Training | 10 days of in-service courses would be offered by the eight Teacher Training Institutes - TTIs (*Escuelas Normales*) in 2014 and 2015. |
| Intermediate Result indicator nine:  Number of secondary textbooks distributed. |  | Number | 0 | 0 | 0 | 1.1 M | 1.1 M | Annual | Annual Monitoring Report | Directorate of Secondary | Textbooks would be distributed for grades 7 to 11 in five subject matters according to the table 2.5 of the PAD. |
| Intermediate Result indicator ten*:*  Number of teaching guides distributed to secondary school teachers. |  | Number | 0 | 0 | 0 | 16,300 | 16,300 | Annual | Annual Monitoring Report | Directorate of Secondary | Teaching guides would be distributed to all secondary school teachers in five subject matters. |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | **Core** | **Unit of Measure** | **Base**  **line** | **Cumulative Target Values** | | | | **Frequency** | **Data Source/** | **Data Collection** | **Description (indicator**  **definition etc.)** |
| **YR 1**  **2013** | **YR 2**  **2014** | **YR 3**  **2015** | **YR4**  **2016** |
| **INTERMEDIATE RESULT INDICATORS** | | | | | | | | | | | | |
| **Intermediate Result (Component Three):**  Strengthening of the Ministry of Education’s Institutional Capacity for Preschool Education | | | | | | | | | | | | |
| Intermediate Result indicator eleven:  Personnel from the Directorate of Preschool Education are trained in basic management techniques. |  | | Yes/No | No | No | Yes | Yes | Yes | Once only | Annual Monitoring Report | Directorate of Infrastructure | Three GDSI offices are to be created in *Boaco, Leon and Zelaya Central*. Each office would include basic facilities for the GDSI to conduct pre-feasibility studies as well as the monitoring and supervision of civil works contracted to firms. |
| **Intermediate Result (Component Four):**  Strengthening of the Ministry of Education’s Institutional Capacity for Lower Secondary Education | | | | | | | | | | | | |
| Intermediate Result indicator twelve:  General Directorate of School Infrastructure (GDSI) offices set up in two departmental education delegations and one territorial division of RAAS. |  | | Number | 0 | 0 | 3 | 3 | 3 | Once only | Annual Monitoring Report | Directorate of Infrastructure | Three GDSI offices are to be created in *Boaco, Leon and Zelaya Central*. Each office would include basic facilities for the GDSI to conduct pre-feasibility studies as well as the monitoring and supervision of civil works contracted to firms. |
| Intermediate Result indicator thirteen:  Development of infrastructure maintenance guides/norms. |  | | Yes/No | No | No | Yes | Yes | Yes | Once only | Annual Monitoring Report | Directorate of Infrastructure | The maintenance guide and norms would be developed by the Directorate of Infrastructure. It would comprise a simple booklet for the school communities with a list of recommendations and some awareness materials (poster/flyers for instance). It would be distributed to all new school facilities financed by the Project. |
| Intermediate Result indicator fourteen:  Direct Project beneficiaries, of which percent female. |  | | Number | 551,000 | 553,000 | 555,000 | 562,000 | 569,000 | Annual | Annual Monitoring Report | Directorate of Statistics | Total number of pre primary and secondary school children enrolled in 2011 in the 43 selected municipalities as reported by MINED. |
|  | | % | 50 | 50 | 50 | 50 | 50 |

# Annex 2: Detailed Project Description

1. The objectives of the Project are to: (a) increase access to preschool education in Selected Municipalities, and to improve preschool education learning conditions nationwide; and (b) increase access to lower secondary education in Selected Municipalities, and improve lower secondary education quality and completion rates nationwide.
2. Access-related infrastructure and equipment investments would be targeted in 43 municipalities, while most of the qualitative investments (preschool unified curriculum, teacher training and provision of educational materials) for both preschool and lower secondary education would be national in scope. Within these 43 municipalities, a total of 250 *núcleos educativos* (education clusters) would be selected. Targeting would focus on municipalities where preschool and secondary education indicators are the worst and poverty levels are the highest, while maximizing geographical overlap with PASEN II (which focuses on primary education). In this way the Project aims to maximize: (i) vertical integration between preschool, primary and secondary education, as well as (ii) synergy between PASEN II and the Project (25 of these municipalities are also targeted for primary education investment under PASEN II).
3. The targeting criteria discussed with MINED for the selection of selected municipalities under the Project include:

**Table 2.1: Targeting Criteria**

|  |  |
| --- | --- |
| **Preschool** | **Lower Secondary Education** |
| Gross Enrollment Rate (3-5 years) | Gross Enrollment Rate (12-14 years) |
| Transition rates from preschool to primary education | Transition rates from primary to lower secondary education |
| Retention/Completion rates within preschool | Retention/Completion 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 | |

1. Applying these criteria to education statistical data organized by the 153 municipalities in the country generated a ranking of the neediest municipalities which also had the greatest number of potential beneficiaries (that is, the largest numbers of out-of-school children at these levels). The first iteration of this yielded a set of 52 municipalities in 13 Departments and 2 Regions, which included several municipalities which were “outliers” in being the only ones which qualified in the Department. The Project’s financing for civil works for secondary education and preschool being limited to only 250 *núcleos educativos* and the need to strengthen capacity in all 13 Departments,MINED decided to concentrate resources in Departments with at least 3 municipalities. This process yielded a total of 43 municipalities, in 7 Departments and 2 regions. Table 2.2 below provides a list of all targeted municipalities, including whether they would receive support from both the Project and PASEN II, or only from the Project.

**Table 2.2: Municipalities Covered under the Project and PASEN II**



1. The Project would finance activities in four Components: (i) increasing access and improving learning conditions of preschool education; (ii) improving access, quality and completion of lower secondary education; (iii) strengthening of the Ministry of Education’s institutional capacity for preschool education; and (iv) strengthening of the Ministry of Education’s institutional capacity for lower secondary education.

**Component 1: Increasing Access and Improving Learning Conditions of Preschool Education (US15.9 million – GPE)**

1. Component 1 would contribute to increasing access to preschool education in 43 selected municipalities and improving preschool learning conditions nationwide.
2. It is aligned with the Early Childhood Policy issued by the GoN in November 2011 and designed to contribute to the achievement of preschool education objectives detailed in the ESS. Specifically, these objectives include: (i) reaching a preschool education Gross Enrollment Rate (GER) of 65 percent; (ii) a preschool approval rate of 90 percent; (iii) 50 percent of primary schools offering preschool education; and (iv) 100 percent of community preschools functioning as per MINED norms.
3. It focuses on children aged 3-5 and consists of five sub-components, aimed at increasing access to preschool education in the 43 selected municipalities and improving learning conditions nationwide, through inter alia: (i) development and alignment of curricular instruments; (ii) improved/expanded preschool education infrastructure; (iii) training of preschool teachers both from community-based non-formal preschools and from formal preschools; (iv) improved supply of learning materials, including those for minority ethnic and indigenous groups, and those with special needs; and (v) development and administration of preschool evaluation**.** Learning conditions would be considered effectively improved if 50 percent of the preschools nationwide have at least three out of the four following conditions: (i) preschool teachers trained in the use of the unified curriculum; (ii) revised classroom learning instruments are available in preschools; (iii) preschool teachers are certified; and (iv) preschools have received a package of learning materials.
4. Coordination with the Early Childhood Commission would take place in a continuous basis to support family and community interventions to promote Early Childhood Development (ECD). These interventions include parenting skills through house visits, and awareness and sensitization campaigns[[16]](#footnote-16).
5. This Component would strive to implement a Preschool Education Quality Model (PEQM) in the 43 selected municipalities. The main features of this model are presented in Figure 2.1 below. The model’s conceptual framework, including the quality standards and consultative process would be developed by MINED in coordination with UNICEF in the first semester of 2012. The quality standards of the PEQM would comprise a range of areas including: (i) child assessment; (ii) teacher assessment; (iii) staff qualifications and training; (iv) ratio and group size; (v) family partnerships; (vi) community involvement; (vii) curriculum; (viii) environment; (ix) health and safety; (x) provision for special needs; (xi) cultural and linguistic diversity; (xii) transition strategies; and (xiii) education system management. The final list of areas and guidelines to define the quality standards would be validated through a consultative process with teachers, parents, community leaders and government stakeholders. The consultations would take place during the second half of 2012 both at the national and municipal levels.

**Figure 2.1: Preschool Education Quality Model**

****

1. This Component has five sub-components:

1.1 Improving and/or expanding Preschool Education Infrastructure (US$7.0 million)

1. This sub-component would support the construction and/or rehabilitation of classrooms, learning and complementary facilities in selected preschools, including, *inter alia*, the provision of furniture and equipment.
2. With the objective of increasing the gross enrollment rate and improving overall learning conditions of preschool education (for children 3-5 years), the Project would construct/rehabilitate and equip approximately 200 preschools in the 43 municipalities targeted by the Project. In addition to construction and rehabilitation of classrooms, the Project would finance complementary facilities that would include toilets for young boys and girls, size-appropriate chairs and desks, kitchen and pantry facilities, recreational areas and equipment, water/sanitation, and security measures (walls and fences). As this infrastructure is completed, MINED would redeploy or hire preschool teachers to work in these classrooms, and carry out preschool awareness campaigns in collaboration with the Early Childhood Commission to enroll more children between 3-5 years into preschool education.
3. The General Directorate of School Infrastructure (*Dirección General de Infraestructuras Escolares*, GDSI) would be responsible for conducting the pre-feasibility studies for the preschool infrastructure, including the design, planning and architectural designs of both 200 classrooms and complementary infrastructure. Standardized classrooms designs would be used, ensuring minimum space requirements to implement the preschool curriculum appropriately. Designs would be adapted, where necessary, to conform to regional architectural norms and materials. The specific architectural plans for each school would vary according to its existing infrastructure and equipment, present and potential enrollment, location and other factors. The average cost per school is estimated at US$35,000 with a range between US$25,000-50,000. When possible, pre-feasibility studies would be undertaken jointly with those planned for the upgrading and equipping of basic education facilities financed under sub-component 2.1 in order to reduce the costs and save time. Moreover, the same school, including several education levels could be chosen for a double intervention under sub-components 1.1 and 2.1.
4. The first 25 intervention sites would be selected during Project preparation. Pre-feasibility could start under the financing provided by PASEN II in the 25 municipalities shared between both Projects. The program of interventions is presented in the table below.

**Table 2.3: Number of Preschools with Improved**

**Infrastructure and Equipment**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Year 1 | Year 2 | Year 3 |
|  | 25 | 90 | 75 |
| **Total** | **25** | **115** | **200** |

1.2 Development and Alignment of Curricular Instruments ($1.7 million - GPE)

1. This sub-component would support the development and alignment of curricular instruments for preschool education, including, *inter alia*: (i) the development of a unified curriculum covering the three levels of preschool education; (ii) the alignment of preschool instructional materials with the unified curriculum; and (iii) the development of a preschool education training curriculum for teachers.

Development of a unified curriculum

1. The Project would aim to develop a unified curriculum covering the three levels preschool education. Currently, MINED uses an outdated curricular framework from 1999 and three preschool classroom instruction guides. The curricular framework and the three classroom instruction guides are not aligned among each other and the classroom instruction guides serve different purposes and publics. The first classroom instruction guide called “Transformed Program” (*Programa Transformado)* is only used by formal preschools and targets five year old children (3rd level of preschool). The second classroom instruction guide called: “Multilevel Guide” (*Guia Multinivel*) is widely used by community-based preschools and targets 3-5 year olds. The third classroom instruction guide covers both formal and community-based non-formal preschools in intercultural bilingual areas. The new unified curriculum would replace the three preschool classroom instruction guides, which would become obsolete.

1. The Project would finance a team of experts for the preparation of the new unified preschool curriculum. The team would comprise: (i) one national consultant; (ii) one international consultant; and (iii) an inter-directorate commission (comprised of staff from the teacher training, primary school, preschool, and special education directorates of MINED). The team of experts would also include some formal and community preschool teachers. As an input to this work, the General Directorate of Preschool Education (GDPE) will use the findings of the qualitative evaluation conducted by MINED in April-June 2012 on the use of the “Transformed Program” and the “Multilevel Guide” among preschool teachers. The task force would meet at the beginning of the second semester of 2012. Due to the time sensitivity of this activity, it is expected that UNICEF and MINED will pre-finance some of the costs related to the work of the team of experts until the Project is approved. A first draft unified curriculum would be submitted for revision and approval to the GDPE by early September. The final product would be validated a month later. The new preschool unified curriculum would be used as an input for the alignment of the classroom learning instruments (next activity financed by this sub-component) and for designing training activities that would be financed under sub-component 1.3. The Project would also finance the reproduction of the unified curriculum and programs for 10,500 preschool teachers in 2014 and the training of the 10,500 preschool teachers in the use of the curriculum.

Alignment of classroom learning instruments

1. The objective of this activity would be to align the existing preschool classroom learning instruments with the unified curriculum. There are four classroom learning instruments that teachers and educators use in both formal and community preschools, namely: (i) the child workbook; (ii) the manual for lesson planning; (iii) the individual registry and learning assessment record; and (iv) a planning instrument for teacher’s daily use. These instruments are outdated and were based on the preschool curricular framework issued in 1999.

1. The Project would finance a team of experts (the same team that would develop the unified preschool curriculum) to work with GDPE staff to review and update each of these instruments and to ensure that they are aligned with the objective, scope and requirements of the unified preschool curriculum. The work on the curriculum and classroom learning instruments would happen at the same time to ensure maximum consistency and alignment. The final version of the instruments would be approved by MINED during the fourth quarter of 2012. The Project would also finance the reproduction of the learning instruments (Planning Notebook - *Cuaderno de Planeamiento* and Registering and Evaluation Notebook – *Cuaderno de Registro de Asistencia y Evaluación del Aprendizaje*) to be distributed in 2014 and 2015 to 10,500 preschool teachers. In addition, the Project would finance 150,000 Working Notebooks (*Cuarderno de Trabajo)* for all the students enrolled in the third level of preschool in 2014 and 2015.

Preschool Teacher Training Curriculum

1. The Project would finance the development of a new teacher training curriculum for preschool called “Primary Education Teachers with Preschool Education Major.”This teacher training curriculum would be the basis for all new pre- and in-service training activities to be carried by MINED in the future. The training curriculum would be aligned with the unified preschool curriculum and the new classroom instruments aforementioned. There are currently eight preschool teacher training instruments available, all based on the 1999 preschool curricular framework and on existing classroom instruction guides. These eight training instruments would be replaced by the new teacher training curriculum that would include four products, namely: (i) an overall training curriculum outline and plan, including certification guidelines; (ii) a series of training modules for trainers; (iii) study programs for trainees in each training subject matter; and finally (iv) reading booklets and other supporting instructional materials.

1. In order to elaborate the new preschool teacher training curriculum MINED would establish six curricular commissions at the start of the Project, based on the following themes: (i) Mathematics; (ii) Science; (iii) Literature; (iv) Arts; (v) Psychomotor skills; and (vi) Psycho-pedagogical skills. The commissions would comprise: 18 professors (three per commission) from the Teacher Training Institutes (TTIs), two MINED staff and four consultants (3 national experts and 1 international expert). The GPDE would prepare Terms of Reference (TORs) to define the work plan and results to be achieved by each commission. The consultants would coordinate the work of the commissions. Most of the work would be produced in the commissions to build capacity and sustainability. The commissions would operate for a total duration of six months. The commissions would meet twice a month. The GPDE would organize three workshops to review the work progress and outputs of each commission. The first workshop would take place at the launch of this activity. The second one at mid-point during the preparation of outputs and the final one at the end to validate the preschool teacher training curriculum. The Project would finance all expenses related to the work of the six commissions.

**Table 2.4 Time Table for the Development and Alignment of Curricular Instruments**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| July - October 2012 | 1. Unified curriculum | Team of Experts | International expert | 1 |
|  |  | National consultant | 1 |
| July- December 2012 | 1. Classroom instruments | MINED Inter-directorat commission | 4 |
| Preschool teachers | * 10 |
|  |  |  |  |
| 1. Preschool Teacher Training Curriculum | Six teacher curricular commissions | International expert | 1 |
| National consultants | 3 |
| MINED HQ reps. | 2 |
| TTI teachers (3 per commission) | 18 |

1.3 Training of Preschool Teachers (US$3.7 million)

1. This sub-component would support carrying out of training activities for selected preschool education teachers, including, *inter alia:* (i)certification-based training activities; (ii) an in-service training program, including workshops, demonstration classrooms and intra-school teacher exchanges (*círculos pedagógicos*); (iii) the provision of training materials and supplies to the Ministry of Education’s monthly teachers’ workshops or TEPCEs (*talleres de evaluación, programación y capacitación educativa*).

Training of the Preschool National Training Team

1. To carry out the preschool teacher professional development activities to be financed by the Project, the General Directorate of Teacher Training (GDTT) and the GDPE would set up a Preschool National Training Team comprised of 456 trainers. The GDTT and the GDPE would prepare and implement the training program for the Preschool National Training Team. This activity will be implemented in two phases during the first eight months of the Project (2013).

**Table 2.5 Preschool National Training Team**

|  |  |  |
| --- | --- | --- |
| **1st Phase**  January-April  2013 | 6 | International Experts |
| 3 | National Consultants |
|  |  |
| 48 | TTI Professors |
| 9 | Departmental Pedagogical Advisors |
| 9 | Municipal Pedagogical Advisors |
| 9 | Itinerant Trainers |
| **75** | **Total** |
|  |  |  |
| **2nd Phase**  May- August  2013 | 75 | Trainers 1st phase |
| 3 | National Consultants |
|  |  |
| 127 | Departmental Pedagogical Advisors |
| 127 | Municipal Pedagogical Advisors |
| 127 | Itinerant Trainers |
| **381** | **Total** |
|  |  |  |
|  | **456** | Total National Training Team |

1. The training of trainers of the Preschool National Training Team would take place in two phases. During the first phase, six international experts, each one with their own expertise, would train a total of 75 trainers including: (i) 48 professors from the TTIswith preschool education training; (ii) nine departmental pedagogical advisors; (iii) nine municipal pedagogical advisors; and (iv) nine itinerant trainers. In addition, three national consultants would participate in this activity to monitor and support the knowledge transfer process. Training activities for this first phase would last 24 days in six four-day sessions (one session per international expert) during the first four months of the Project. The expert and content selection for the six sessions would be based on the preschool teacher training curriculum (prepared under sub-component 1.2) and the themes that the six curricular commissions would have identified. The Project would also finance the reproduction of 468 teacher training modules (6 modules x 75 trainers).
2. During the second phase, the 75 trainers will train the 381 remaining trainers that include 254 pedagogical advisors (127 departmental and 127 municipal) and 127 itinerant trainers. Three national consultants would participate in this activity to monitor and support the knowledge transfer process. The training content will be developed using the modules that the experts used during the first phase. Training would take place in each of the eight TTIs via face-to-face learning. Each TTI would have approximately nine trainers from the first phase who will take turns to train about 49 trainers. The training would last 24 days, divided in six sessions during the second four months of the Project. The Project would finance the printing cost 2,286 modules (6 modules x 381 trainers).

Teacher Certification Program (pre-service training)

1. Trainers of the Preschool National Training Team members would deliver the teacher certification program for the “Primary Education Teachers with Preschool Education Major.” The program will take place in the eight TTIs and/or professional development nucleus to approximately 2,000 preschool teachers. Only those with at least a grade 11 education (*bachillerato*) would be selected (those who have not completed secondary education would have the opportunity to do so under a different program). The TTIs would also receive the same package of pedagogical materials that preschools would receive through the Project, to support trainer’s methodologies. The 48 Preschool Trainers of the TTIs and the 19 Departmental Pedagogic Advisors would be trained for 15 days in the use of the new curriculum. Trainees would attend face-to-face training on Saturdays and during school vacations, but would also be given self-directed learning materials for home-based study. The training content would use the Preschool Teacher Training Curriculum. The teacher certification program would last a total of 110 days for a total of two and half years between July 2013 and 2015. Teachers that complete the certification program would receive a small salary increase with this certification as an incentive (US$40/year). The Project would finance educational materials, training, transportation and per diem (for trainers and trainees), and all operational costs related to this activity. The GoN will finance the salary increase for the new certified teachers.

**Table 2.6 Certification Program for Preschool Teachers**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2013** | | | **2014** | | **2015** | | **2016** |
|  | 1st Semestre | 2nd Semestre | 1st Semestre | | 2nd Semestre | 1st Semestre | 2nd Semestre | 1st Semestre |
| 1st Cohort |  | 1300 |  | |  |  | 1300 |  |
| 2nd Cohort |  |  | 1400 | |  |  |  | 1400 |

In-service Training Program

1. The in-service preschool education training program would benefit 2,000 preschool teachers nationwide and 600 first grade primary school teachers. MINED through the GDPE and the National Team of Preschool Trainers trained in 2013, would deliver during the three years of the Project four modalities of in-service training including: (i) the six-module workshop; (ii) the establishment of “Reference/demonstration classrooms”; (iii) the intra-school teacher exchanges (*Círculos Pedagógicos*); and (iv) the inter-school teacher exchanges. Not all the preschool teachers would participate in each modality.

1. **Six-module workshops**: Approximately 1,300 preschool and first grade teachers would be trained during two consecutive academic years (see Table 2.7). The Preschool National Training Team would deliver the six-module workshops of four non-consecutive days each. Each module would last a month and training sessions would take place during Fridays and Saturdays every fifteen days. A total of 24 days per year would be needed to conclude the training. The training will begin once the preschool training curriculum is developed and the Preschool National Training Team concludes their training. Training would take place in a variety of places including the TTIs, the “nucleus” schools, municipal and departmental facilities, etc. The Project would finance educational material for trainees, transportation, per diem, and operational costs related to this activity.

**Table 2.7 Preschool Six-module Workshop In-service Training**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2014** | **2015** | **Total** |
| Preschool Teachers | 1,000 | 1,000 | 2,000 |
| Grade 1 Teachers | 300 | 300 | 600 |
| *Total* | *1,300* | *1,300* | *2,600* |

1. **Demonstration classrooms**: 120 preschool teachers from the 43 targeted municipalities would participate in the Demonstration Classroom training modality. Thirty demonstration classrooms would be identified. Each of the 120 trainees would undertake two visits to a classroom during school hours to see first-hand how certain teachers apply all the Project inputs. Each observation visit would culminate with a meeting between the demonstration classroom teacher and the observing teachers to share and reflect on what was observed. The criteria used to label a classroom as “reference or demonstration” are: (i) accessibility; (ii) renovated or new infrastructure; (iii) pedagogical environment that meets the quality standards; (iv) a teacher with willingness to teach and interact with children, creativity, affection; (v) adequate use of time; (vi) use and command of teaching methods; and (vii) use and command of curricular documents. The team of pedagogical advisors and itinerant trainers (REDCAP) would provide suggestions to school directors and their teams to nominate demonstration classrooms, based on the criteria aforementioned. It is estimated that a maximum of four preschool teachers would participate per classroom per visit, to be as minimally disruptive to children as possible. The Project would support the development and provision of an observation protocol, registration instrument, and some learning materials, if required.
2. **Intra-school Teacher Exchanges** (*Círculos Pedagógicos*): To facilitate children’s transition from preschool to primary school, the Project would also support intra-school teacher exchanges between 900 first grade teachers and their corresponding 3rd level preschool teachers. At least four exchanges per school and per year are envisioned. This would take place during the last five months of the school year. The Project would support the development and provision of a transition guide, registration instrument, and training materials.
3. **TEPCES**: Finally, the Project would provide training materials for the TEPCE inter-school teacher exchanges. Three out of 11 meetings per year would be dedicated to preschool education.

1.4 Improving Supply of Learning Materials (US$2.9 million)

1. This sub-component would support the provision and distribution of learning materials to selected preschool students.
2. All preschool educators and teachers nationwide would receive educational materials for use in preschool classrooms, with the objective of ensuring that approximately 243,068 preschool students in 9,496 preschools are using these materials by the end of the Project. Basic materials would include: crayons, water color paints, scissors, pencils, erasers, markers, glue, clothes pins, rulers, adhesive tape, pens, cardboard, colored paper, notebooks, etc. Educational materials include: abacus; geometric shapes; plastic-coated posters of plants, the human body, jump ropes, the alphabet, numbers; dominos, puzzles, plastic balls, cloth dolls, storybooks, musical instruments, etc. Three different types of material packages would be prepared, depending on the size of preschool enrollment (e.g. 8-19, 20-30, and 30-40 children, as presented in Table 2.8).

**Table 2.8 Preschool Educational Material and Basic Material**

|  |  |  |
| --- | --- | --- |
| **Classification for Educational Material** | **No. children per classroom** | **No. classrooms** |
| Group A | 8--19 | 6,764 |
| Group B | 20--40 | 3,332 |
| **Total** |  | **10,096** |
| **Classification for Basic Material** | **No. children per classroom** | **No. classrooms** | **No. packages per classroom** | **Total No. of packages** |
| Group A | 8--19 | 6,764 | 1 | 6,764 |
| Group B | 20--30 | 2,132 | 2 | 4,264 |
| Group C | 30--40 | 1,200 | 3 | 3,600 |
| **Total** |  | **10,096** |  | **14,628** |
|  |  |  |  | |
| Educational Material | |  | Basic Material | |
| **Theme** | **Item** |  | **Theme** | **Item** |
| Science | Magnifying glass |  | For children | Crayons |
| Emotional Development | Cloth dolls |  | Water color paint |
| Toys- cars and animals |  | Safety scissors |
| Toys- kitchen and home |  | Play dough |
| Reading/ Writing | Alphabets |  | Pencils |
| Storybooks |  | Erasers |
| Language | Plastic-coated posters of plants and the human body |  | Markers |
| Mathematics | Geometric shapes |  | Glue |
| Numbers |  | Nylon rope |
| Domino game |  | Clothes pins |
| Motor skills | Plastic balls |  | Rule |
| Wood horse |  | Adhesive tape |
| Wood blocks |  | For teachers | Scissors |
| Jumping rope |  | Pens |
| Music | Drums |  | Cardboard |
| Tambourines |  | Colored paper |
| Maracas |  | Notebooks |
| Marimbas |  | Bond paper A |
| Guitars |  | Bond paper B |
| Thought | Puzzles |  |  |

1.5 Developing an Integrated Early Childhood Development Monitoring and Evaluation system (US$0.6 million)

1. This sub-component would support the development and piloting of an integrated early childhood development monitoring and evaluation system (SEIDI) and implementation of said system in selected municipalities.
2. The Early Childhood Commission integrates and coordinates ECD interventions among the Education, Health and Family line ministries as well as the INSS, and the *Promotoria Solidaria* supported by the President’s office. At the departmental and municipal level, the commission is represented by thePAMOR commissions.
3. To ensure each ministry and entity carries out specific activities to effectively implement the SEIDI, the technical arm of the Early Childhood Commission will support:

* The Ministry of Health in carrying out M&E activities using key health and nutrition indicators to measure maternal health outcomes, child nutrition and micronutrient intake, child health promotion interventions, and rates and prevention infectious diseases;
* The Ministry of Family in carrying out M&E activities using key indicators to measure: psychosocial risk factors and parenting factors related to young children’s cognitive and social-emotional competence such as, cognitive stimulation, caregiver sensitivity and responsiveness to the child, and caregiver affect (emotional warmth or rejection of child), and contextual risk factors such as exposure to violence; and
* The Ministry of Education in carrying out all monitoring and evaluation activities using key preschool education indicators to measure access, participation, and progression; learning environment and preschool organization; financial and human resources invested; and impact on learning.

1. The Project would finance technical assistance and training activities associated with the design, development and piloting of the SEIDI. These activities will follow a plan of action that the GDPE and the Office of Learning Evaluation of the Ministry of Education, in coordination with the technical arm of the CTEC will develop. Specifically, this Project would finance: (i) the development of the SEIDI’s conceptual and methodological framework during 2013; (ii) the development of tools to measure and evaluate child development outcomes during 2014, and (iii) the initial validation of the tools on a geographically and demographically representative sample of preschool-aged children living in the prioritized municipalities of this Project, starting with a baseline in 2015.
2. **The development of the SEIDI’s conceptual and methodological framework.**  During 2013, CTEC will develop a diagnostic tool and carry out a national assessment to understand the current health, education and well-being and family situation of young children in Nicaragua. This information will be the basis to develop the system’s conceptual and methodological framework. The CTEC will also establish a technical task force with national and international experts to define concepts and methodologies, identify key indicators to measure the different dimensions of child development, and assess the capacity of the ministries to ensure the effective operation of the SEIDI. Once developed, the proposed frameworks will go through a national consultation process to be finalized.
3. **The development of tools to measure and evaluate child development outcomes.** During 2014, the CTEC in coordination with the different ministries and the established technical task force will: (i) prepare an inventory of existing ECD M&E tools that have been or can be applied to the Nicaraguan context; and (ii) develop tools to track the indicators and measure the child development outcomes identified in the conceptual and methodological frameworks.
4. **The initial validation of the tools on a geographically and demographically representative sample of preschool-aged children** living in the prioritized municipalities of this Project. During 2015, the CTEC and the technical task force will provide training on the operation of the SEIDI, and the rationale and use of the different measuring tools to selected staff from the line ministries as well as the service providers. This group will then validate the tools piloting them with the children living in the prioritized municipalities, and establish a baseline. The group will also continue to train other human resources on the use of the tools.

**Component 2: Inproving Access, Quality and Completion of Lower Secondary Education (US$33.5 million - EU)****[[17]](#footnote-17)**

1. Component 2 would contribute to increasing access to lower-secondary education in the 43 selected municipalities and improving quality and completion of lower secondary education. This Component has three sub-components.

2.1 Improving and/or expanding Lower Secondary Education Infrastructure (US$26.5 million)

1. This sub-component would support the improvement and/or expanding of lower secondary education infrastructure, through: (i) the construction and/or rehabilitation of classroom, learning and complementary facilities in selected lower secondary education schools; (ii) the provision of furniture and equipment to the selected lower secondary education schools and (iii) the preparation of infrastructure maintenance plans for the selected lower secondary education schools, including the provision of technical assistance to local school-based communities for the implementation of said plans.
2. Central to this sub-component is the concept of “*núcleos educativos*” (education clusters), which group 6-10 “satellite” primary schools offering grades K-6 with one basic education school offering K-9. Students completing 6th grade feed into the basic education school for lower secondary education. Currently, the basic education system is organized into approximately 1,150 “*núcleos educativos*,” although MINED has indicated its intention to re-organize the system into smaller and more numerous “*núcleos educativos*” for greater functionality. The sub-component would aim to ensure that at least 250 basic education schools (which form the core of the *núcleos educativos),* located in rural and/or disadvantaged areas*,* are fully functional.
3. “Fully functional” means basic schools offer adequate space and learning opportunities for all 6th grade graduates of the “*núcleo educativo*,” which would require: (i) 2 new and/or rehabilitated classrooms; (ii) improved learning facilities, including ICT laboratories (or classroom-based ICTs), libraries/resource centers, vocational workshops and school gardens; (iii) classroom furniture and blackboards; and (iv) complementary facilities, such as improved sanitation (separate toilets for boys and girls), potable water supply, recreational spaces, perimeter walls for security, offices for administrators/lesson planning/general services, etc. All infrastructure would ensure access for the disabled, respond to environmental concerns (e.g. protection against natural disasters and environmental impact mitigation), and strive for culturally appropriate architectural design.

**Table 2.9: Implementation Schedule for Core School Civil Works Program**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Total** |
| **# of Schools** | 25 | 90 | 90 | 45 | 250 |
| **# of Municipalities** | 6 | 15 | 15 | 7 | 43 |

1. After applying agreed criteria to identify the 250 schools within the 43 selected municipalities, MINED would verify the Government’s ownership of the land[[18]](#footnote-18), analyze existing soil and infrastructure conditions, and conduct a comprehensive and fully-costed needs and feasibility analysis for each school to become fully functional. This would be reviewed and approved by the Project Coordinator. It is estimated this would cost approximately U$4,000 per school, for a total of US$1 million. In accordance with the “Shared Responsibility Model” articulated in the ESS, the Project would seek to involve community and school organizations, municipal authorities and local MINED offices in the detailed design, implementation and monitoring of Project interventions at the school level.
2. It is estimated that only 38 percent of school buildings have a title and proper registration[[19]](#footnote-19). Under PASEN II, a school infrastructure inventory will be carried out to collect information on all schools operated by MINED and on the existence of land ownership titles and proper registrations. This inventory will contribute to improving the current estimate of the percentage of school buildings on land currently owned by the Government with a title. Historically, many lands on which schools were built have been given to the Government. In some cases, the donated plots have clear title and voluntary and informed transfer from the past owners can be demonstrated; others have a clear title, but “voluntary” and “informed” transfer to the Recipient is difficult to demonstrate; others do not have clear title, and there are/aren't any land occupiers; finally others do not have clear title, and are occupied by particulars with some form of legal title - claim). The RPF would look at all these possible situations on a case by case, before the Project finances any civil works for a school building. The Project would not be able to review and establish land ownership for all current school buildings operated by MINED. However, PASEN II that finances the pre-investment studies for civil works recently hired 12 notaries assigned in all the Departmental Education Delegations with the mandate to document the ownership of the land for school building and implement the due diligence procedure included in the OM and in the RPF. This would include: (i) research through national and municipal official records, if available and (ii) community consultation in an effort to establish land ownership, if no legal ownership can be demonstrated through the existence of official records. The Project will only finance civil works proposed to be carried out in schools that are located on land that is properly registered and titled in the name of the Recipient in accordance with Nicaraguan laws and for which there are no pending or unresolved claims within the past five years of Effectiveness of the Grant financing the respective civil works.

1. The GDSI would be responsible for conducting the pre-feasibility studies in the 250 schools, including the design, planning and architectural designs of both classrooms and complementary infrastructure. If the civil work needs identified in one school exceeds the capacity of the local GDSI office, MINED would contract out the pre-feasibility study. The actual civil works would be contracted out to local firms, and supervision of contract execution (quality control) would also be outsourced to private engineering firms.

**Table 2.10: School Infrastructure Estimated Costs by Activity**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Quantity** | **Unit Cost** | **Cost per School** | |
| New or rehabilitated classrooms | 2 | 20,040 | | 40,080 |
| ICT laboratory, library or resource center | 1 | 20,040 | | 20,040 |
| Sanitation (toilets, water supply) | 1 | 16,000 | | 16,000 |
| Security | 1 | 3,000 | | 3,000 |
| Maintenance (10%) | 1 | 8,152 | | 8,152 |
| **Estimated Cost Per School** |  |  | | **87,032** |

1. All schools would be equipped with the basic furniture (35 desks per classroom, teacher’s desk, blackboards, etc.), and where possible would also receive ICT. Two ICT models have been developed. The first would provide Mobile Computer Labs (which include 20 laptops stored in special wheeled-carts which provide overnight charging and security, LCD projector, wireless router to network computers and wireless 3G Internet connectivity where possible). This option would greatly facilitate the integration of ICTs into regular classroom instruction to facilitate student mastery of core secondary subjects. The second model is the more traditional ICT laboratory (separate from the classroom), which would need appropriate electrical systems, lighting, air conditioning and security. Each lab would receive 20 “dumb” computers networked to a “smart” server, LCD projector, appropriate furniture, shelving, etc. This option is better for broader acquisition of ICT skills, use of ICT as part of vocational training, community and student-driven access to ICT. The decision of which option to apply would be made at school-level, based on conversations with the school director, teachers and, perhaps, community members. The cost of ICT, furniture and initial teacher training is estimated at US$30,000 per school (not including infrastructure), for a total of US$7.5 million.
2. Maintenance of educational infrastructure would be organized, coordinated and implemented at the community level through Local School Boards (*Consejos Locales de Educación*), supported by MINED’s municipal authorities under the guidance of the Infrastructure Advisor in each Department. Under this model, a maintenance plan would be prepared for each school, for which MINED would finance through its own budget the required materials and the community would provide labor.

2.2 Improving Teacher Effectiveness in Secondary Education (US$3.3 million)

1. This sub-component would support the improvement of teacher effectiveness in lower secondary education, through: (i) the carrying out of training activities for selected lower secondary education teachers on the application of the Recipient’s new secondary lower education curriculum, including, *inter alia*: (A) a certification-based training for selected lower secondary education teachers; (B) an in-service training program, focusing on, *inter alia*, mathematics, natural sciences, language and literature for selected lower secondary education teachers; (C) an information and communication technology (ICT) training for selected lower secondary education teachers working in lower secondary education schools with access to ICT equipment; (D) the provision of training materials and supplies to the Ministry of Education’s monthly teachers’ workshops or TEPCEs (*talleres de evaluación, programación y capacitación educativa*); and (E) the preparation and production of reference materials, teaching materials and training of trainers materials; and (ii) the carrying out of a results-focused monitoring and evaluation plan for the learning and training activities under Component 2 of the Project.
2. This Project aims to ensure that all lower secondary teachers working in the 43 targeted municipalities are certified and trained to use both the secondary level curriculum and new secondary level textbooks. This would require all current secondary level teachers working without government-sanctioned teaching diplomas in the targeted municipalities to participate in certification programs provided by the University Faculties of Education. In addition, subject-specific teacher training would be offered to all certified secondary teachers in the 43 targeted municipalities (mathematics, natural sciences, language/literature and the social sciences), with a focus on the recently revised curriculum and new textbooks to be distributed in 2013. Thirdly, the Project would support two phases of training in the use of ICTs in the classroom in all schools (estimated 100) which will receive ICT labs under the Project. Finally, the Project would support monthly school-level teacher professional development provided through the TEPCEs (*Talleres de Evaluación, Programación y Capacitación Educativa),* offered in all 153 municipalities nationwide.

Secondary Teacher Certification-based Training

1. With respect to the certification program, there are approximately 4,450 uncertified secondary teachers (so-called “*empíricos*”) in the country. 1,000 uncertified teachers in the 43 municipalities would be covered under this sub-component. Under current law, only universities with faculties of education have the authority to confer teaching diplomas at the secondary level (TTIs do not). Therefore, MINED would work with a coalition of universities, based on their geographical areas of operation, to provide certification-based training on a part-time basis to all uncertified secondary teachers in the 43 municipalities. Classes would be offered on Saturdays at regional training centers operated by the universities relatively close to teachers’ homes, with additional classes offered during vacation times, over a three-year period. The Project would finance all direct training costs (trainers, materials, meals, etc.), including teachers’ transportation costs to training centers and M&E.
2. A key feature of this training is that teachers would be certified to teach at least two subjects (e.g. math and natural sciences, or social studies and language), so that the full secondary curriculum may be offered even in small schools with relatively few students and teachers. This would require development of a “hybrid” study programs by the Universities in partnership with MINED, technical assistance, training of trainers, preparation and production of reference and teaching materials, and development of a results-focused M&E plan for each training institution. Pedagogical advisors at the municipal level would be aware of the teachers enrolled in this program in their area, and would monitor their attendance of training events and support the application of their training in the classroom. The Project would finance all direct costs associated with these activities. MINED estimates the cost per certified teacher at US$1,760, for a total of US$1.76 million. Upon certification, lower secondary teachers would receive a salary increase equivalent to US$50/year, which the GoN would pay for as part of their contribution to the Project (total estimated cost of US$76,500).

Subject-specific In-service Teacher Training

1. For the subject-specific in-service teacher training, the Project would support training of trainers, development and reproduction of training materials, course implementation (trainers, transportation, per diem etc.), pedagogical support, monitoring and evaluation. The training methodology would build on the existing concept of “*núcleos de profesionalización*,” through which Pedagogical Advisors travel to nearby *núcleos* to offer teacher certification programs on weekends and during school vacation periods. Under this new concept, “training circles” (*círculos de actualización*) would be established under each TTI corresponding to their geographic coverage area. Subject-specific teachers from surrounding secondary schools would come to a convenient venue (probably a municipal-level secondary school) on an iterative basis to participate in 20 days of training and knowledge-sharing activities over the course of two years, focused on application of the new curriculum and textbooks. Training would begin in 2014, after textbooks are distributed to all teachers in 2013. These courses would be offered primarily by pedagogical advisors, supported by teachers from the TTI, along with TEPCEs coordinators. These trainers would receive additional training beforehand from a core group of lead trainers selected from both Universities and the TTIs. The table below provides the estimated breakdown of training by discipline.

**Table 2.11: Number of Training**

**Beneficiaries by Discipline**

|  |  |
| --- | --- |
| **Subject** | **# of Teachers** |
| Social Sciences | 410 |
| Language and Literature | 410 |
| Mathematics | 410 |
| Natural Sciences | 410 |
| **Total** | **1,640** |

Training to Use ICT

1. In addition, for all schools which receive a computer lab under the Project (estimated at 100), at least five teachers per school would participate in two phases of ICT training: the first five-day training is for teachers to acquire basic ICT literacy (word processing, Internet navigation, Powerpoint, etc.), while the second five-day training would focus on the use of technology for instruction of core secondary level subjects. Training would be provided at the school level by ICT Teachers, so that teachers would be trained while using the same ICTs they would use for teaching. The two phases of training for 500 teachers, which would include distribution of subject-specific educational software, are estimated to cost US$87,000.

TEPCEs (*Talleres de Evaluación, Programación y Capacitación Educativa)*

1. The Project would support monthly TEPCEs teacher professional development workshops offered by TEPCE coordinators in 153 *núcleo educativos* nationwide(for secondary education these are offered at the municipal level). For the 110 municipalities not targeted by the Project, the textbook training materials to be used for the in-service training described above would be distributed, while all 153 *núcleo educativos* would also receive basic training supplies/materials (flipcharts, markers, tape, etc.) on an annual basis between 2013 and 2015. In this manner, all secondary teachers would receive training in the use of the new textbooks to be distributed by the Project. The total cost of this sub-component is calculated at US$360,000.

Monitoring and supervision

1. The Project would support monitoring and supervision activities aimed at measuring the effectiveness, quality and impact of the training activities developed under sub-component 2.2. Activities would be carried by Ministry staff and/or independent researchers. Protocols for the evaluation activities will be developed by MINED before the beginning of the training activities.

2.3 Improving the Supply of Textbooks and Learning Materials in Secondary Education (US$3.7 million)

1. This sub-component would support the improvement of textbooks and learning materials for lower secondary education through: (i) the development, revision, printing and distribution of textbooks and learning materials to selected lower secondary education students; (ii) the preparation of teacher guidelines and training activities for the use of the textbooks and learning materials; and (iii) the adaptation of the textbooks and learning materials to integrate cultural and linguistic aspect of local communities.
2. The first activity to be carried out in years 1 and 2 of the Project implementation would include: (i) the final revisions of all secondary level textbooks following their pilot testing/validation process currently underway[[20]](#footnote-20); (ii) the development of new teacher guides for each secondary textbook; and (iii) the linguistic and cultural adaptation of these textbooks for the Atlantic Coast (in collaboration with SEAR). All three tasks would require specific technical assistance. Textbook finalization would require subject-specific content specialists to revise material, followed by textbook illustration and layout specialists to ensure appropriate design and formatting. The adaptation of textbooks for the Atlantic Coast requires inter-cultural and bilingual specialists, while the teacher guides would require short-term technical assistance for development and piloting of the teaching guides, editorial, illustration, photography and page-formatting services. The total cost of these three tasks is estimated at US$264,000.
3. The second activity to be carried out in year 3 would provide educational materials at the beginning of the school year 2014 to support the practical implementation of the secondary education curriculum approved in 2009. Specifically, it would ensure, for the first time, the provision to all secondary students nationwide of a full set of textbooks and the provision of teaching guides to all secondary teachers. Lower secondary students would be prioritized according to the actual demand and whenever possible, upper secondary students would receive textbooks in order to reach a ratio of one textbook per two students. Textbooks have already been prepared for all secondary grades in mathematics, natural sciences, language and literature, social sciences and foreign language (English). The goal would be to provide one textbook in each subject for each student, which translates into a total of 1.1 million textbooks for 278,000 secondary students between grades 7-11.
4. In the second year of the Project, MINED would print the teaching guides for each textbook, to be distributed to 10,200 secondary teachers at the beginning of the school year 2014. Teacher training activities in the use of both teacher guides and textbooks would be financed by the Project under Component 2.2. Table 2.12 shows the distribution of textbooks and teacher guides by grade and subject. In addition, an estimated 24,000 textbooks will be distributed to all public and subsidized secondary school teachers nationwide. The total cost of this second activity is estimated at US$3.2 million.

**Table 2.12: Distribution of Textbooks by Grade and Subject**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Subject Area** | **Grades** | **# of Textbooks** | **# of Teacher Guides** |
| 1 | Language and Literature | 7-9 | 200,266 | 2,000 |
| 2 | Language and Literature | 10-11 | 65,000 | 2,000 |
| 3 | Mathematics | 7-9 | 200,266 | 2,000 |
| 4 | Mathematics\* | 10-11 | 21,000 | 2,000 |
| 5 | Foreign Language | 7-9 | 200,266 | 1,300 |
| 6 | Foreign Language\*\* | 10-11 | - | 1,300 |
| 7 | Social Sciences | 7-9 | 200,266 | 1,000 |
| 8 | Social Sciences | 10-11 | 39,000 | 1,000 |
| 9 | Natural Sciences | 7-9 | 200,266 | 1,300 |
| 10 | Physics\*\* | 11 | - | 1,200 |
| 11 | Biology\*\* | 11 | - | 1,200 |
|  | **TOTAL** |  | **1,126,330** | **16,300** |

\* Textbooks would be distributed for upper secondary students at a ratio of 1 book: 2 students

\*\* Financing is insufficient to print upper secondary textbooks for these subjects.

**Component 3: Strengthening of the Ministry of Education’s Institutional Capacity for Preschool Education (US$0.8 million) – financed by GPE**

1. Component 3 would contribute to strengthening the institutional capacity of MINED to provide preschool education. This Component has two sub-components.

3.1 Strengthening of MINED Technical Capacity for Preschool Education (US$0.15 million)

1. This sub-component would finance strengthening of the capacity of the MINED’s General Directorate of Preschool Education (*Dirección General de la Educación Prescolar*), through: (i) the provision of training and professional development to MINED’s preschool education technical specialists; (ii) the provision of basic office and information and communication technology equipment; (iii) the provision of technical assistance for the development of training materials; and (iv) the provision of technical assistance for the carrying out of results-based management, monitoring and evaluation activities.
2. In particular, the Project would finance an Operations Assistant for the three years of the Project responsible for supporting the activities related to teacher training in preschools.

3.2 Project Management, Fiduciary Controls and Audits for the Activities Financed under the GPE (US$0.65 Million)

1. This sub-component would finance the provision of support to MINED in the administration, financial management, auditing and procurement aspects of Component 1 and Component 3 of the Project, including, *inter alia*: (i) the provision of technical assistance and training to MINED’s staff on said aspects; (ii) the acquisition of software, information and communication hardware, and small furniture items; and (iii) the carrying out of the required Project audit for the Component 1 and Component 3 of the Project.
2. In particular, the Project would finance the following fiduciary personnel: (i) one senior financial management specialist, (ii) two accountant; (iii) and six controllers (*rendición de cuentas*); and (iv) three procurement analysts for three years. The Project would also finance basic office equipment for the AFGD, the Procurement Division and the Division of Projects and a total of four vehicles, two for the AFGD and two for the Division of Projects.

**Component 4: Strengthening of the Ministry of Education’s Institutional Capacity for Lower Secondary Education (US$1.5 million) – financed by EU**

1. Component 4 would contribute to strengthening the institutional capacity of MINED to provide lower secondary education. This Component has four sub-components.

4.1 Strengthening of MINED’s Technical Capacity General Directorate of Secondary Education (US$0.1 million)

1. This sub-component would finance strengthening of the capacity of MINED’s General Directorate of Secondary Education (*Dirección General de Educación Secundaria*) to monitor curricula, prepare classroom observation guides and monitor textbook distribution and utilization, through, *inter alia*: (i) the provision of technical assistance; (ii) the carrying out of training activities for staff; and (iii) the provision of basic office and information and communication technology equipment.

4.2 Strengthening of MINED’s Directorate of Training (US$0.1 million)

1. This sub-component would finance strengthening of MINED’s Directorate of Training (*Dirección General de Formación Docente*) to deliver teacher training activities, through, *inter alia*: (i) the provision of technical assistance for the preparation of training; (ii) the provision of office and information and communications technology equipment; and (iii) the provision of training to staff in educational research.
2. This activity would support institutional capacity for the planning, training, monitoring and evaluation activities associated with the implementation of the secondary curriculum, at both central and decentralized levels. The secondary education curriculum was extensively revised in 2007, but since then MINED has not provided teacher training in its application or new textbooks aligned with this curriculum, such that it remains unimplemented in many respects. As described in sub-components 2.2 and 2.3, the Project is making major investments in teacher training and textbook provision for all students in the country in all subjects, so that the revised curriculum is actually implemented. Achieving these tasks would require strengthening of MINED’s institutional capacity for the planning, training, monitoring and evaluation activities associated with the implementation of the secondary curriculum, at both central and decentralized levels.

4.3 Strengthening of MINED’s General Directorate of School Infrastructure (US$1.1 million)

1. This sub-component would finance strengthening of MINED’s General Directorate of School Infrastructure (*Dirección General de Infraestructuras Escolares*, GDSI) through: (i) the provision of technical assistance to prepare feasibility studies, manage and supervise the construction and/or rehabilitation of lower secondary education infrastructure under Component 2 of the Project; (ii) the development of construction and/or rehabilitation maintenance guidelines; (iii) the provision of basic office and information and communication technology equipment; and (iv) the carrying out of minor rehabilitation works.
2. The Project has an ambitious civil works program, targeted 200 “core” basic education schools and 200 “satellite” primary schools with preschool programs. The combined estimated cost of these civil works and related equipment is US$34.4 million, almost two-thirds of total Project costs. The recently approved PASEN II includes a significant institutional strengthening sub-component for the GSDI (estimated cost of US$4.5 million to cover additional personnel, office equipment, transportation, technical services, training and other costs). However, the Project would include 18 municipalities which are not covered by PASEN II requires to increase the financing for the DGSI beyond what is already financed by PASEN II.
3. Specifically, the Project would finance technical assistance and other costs related to: (i) the identification of the core basic education schools and preschool facilities to be targeted; and (ii) the school-based architectural planning and design in 18 municipalities not included in PASEN II. This design must ensure an integrated approach which promotes learning in multiple spaces (classrooms, laboratories, libraries) and addresses needs for teacher training venues, security, sanitation and administrative functions. Nicaragua’s challenging environment (earthquakes, floods, mudslides, etc.) means careful planning must be done at each school, rather than simply building “cookie cutter” schools along a one-size-fits-all model.
4. The GDSI would monitor and assess the quality of the work carried out by the firms and individuals, responsible for the construction and supervision of civil works financed by the Project. The Project would finance the cost of this quality control and oversight carried by the DGIE. It would include technical assistance, reporting/programming software, equipment, travel and other related operating costs.
5. In addition, the Project would cover the development, printing and distribution of infrastructure maintenance guides/norms, and informational materials for local school boards who would be responsible for overseeing school maintenance. Actual preparation of school-level maintenance plans and the provision of materials and labor for infrastructure maintenance would be supported through MINED’s own budget and community participation/mobilization activities.

4.4 Project Management, Fiduciary Controls and Audits for the Activities Financed under the EU (US$0.2 Million)

1. This sub-component would finance the provision of support to MINED in the administration, financial management, auditing and procurement of Component 2 and Component 4 of the Project through, *inter alia*: (i) the provision of technical assistance and training to MINED’s staff on said aspects; (ii) the acquisition of software, information and communication hardware, and small furniture items; and (iii) the carrying out of the required Project audit for the Component 2 and Component 4 of the Project.
2. While the Project would use the same Project implementation structure and entities as PASEN II (and therefore would benefit from the extensive Project implementation capacity strengthening measures foreseen under PASEN II), additional technical and financial support is required. Specifically, the sub-component would strengthen the capacity of MINED to effectively carry out Project management, financial management and procurement. The detailed support financed by the Project is described under Annexes 3 and 5 further below. The sub-component would finance various short and long-term consultant positions, cost of four audits during the life of the Project, the purchase of equipment and materials as well as operational expenditures to offset the costs of monitoring the Project activities.

1. The estimated Project costs and financing, per component, sub-component and activity are shown below.

**Table 2.13: Project Financing Table, by Component and Financer**

|  |  |  |
| --- | --- | --- |
| PROJECT COMPONENTS | (US$) | Financing |
| **COMPONENT 1 - Increasing Access and Improving Learning Conditions of Preschool Education** | | |
| Sub-Component 1 - Improved/expanded Preschool Education Infrastructure | $7,000,000 | GPE |
| Sub-Component 2 - Development and Alignment of Curricular Instruments | $1,700,000 | GPE |
| Sub-Component 3 - Training of Preschool Educators and Teachers | $3,700,000 | GPE |
| Sub-Component 4 - Improved Supply of Learning Materials | $2,900,000 | GPE |
| Sub-component 5 - Development and Administration of Preschool Evaluation | $600,000 | GPE |
| Sub-Total | **$15,900,000** | GPE |
| **COMPONENT 2 - Improving Access, Quality and Completion of Lower Secondary Education** | | |
| Sub-Component 1 - Improved/expanded Lower Secondary Education infrastructure | $26,500,000 | EU |
| Sub-Component 2 - Improving Teacher Effectiveness | $3,300,000 | EU |
| Sub-Component 3 - Improving the Supply of Textbooks and Learning Materials | $3,700,000 |  |
| Sub-Total | **$33,500,000** | EU |
| **COMPONENT 3 - Strengthening of the Ministry of Education’s Institutional Capacity for Lower Preschool Education** | | |
| Sub-Component 1 - Strengthening of MINED Technical Capacity for Preschool Education | $150,000 | GPE |
| Sub-Component 2 - Project Management, Fiduciary Controls and Audits for the Activities Financed under the GPE | $650,000 | GPE |
| Sub-Total | **$800,000** |  |
| **COMPONENT 4 - Strengthening of the Ministry of Education’s Institutional Capacity for Lower Secondary Education** | | |
| Sub-Component 1 - Strengthening of MINED’s Technical Capacity General Directorate of Secondary Education | $100,000 | EU |
| Sub-Component 2 - Strengthening of MINED’s Directorate of Training | $100,000 | EU |
| Sub-Component 3 - Strengthening of MINED’s General Directorate of School Infrastructure | $1,100,000 | EU |
| Sub-Component 4 - Management, Fiduciary Controls and Audits for the Activities Financed under the EU | $200,000 | EU |
| Sub-Total | **$1,500,000** |  |
| TOTAL BASELINE COSTS | **$51,700,000** |  |
| Contingencies | $100,000 | EU |
|  |  |  |
| EU "Visibility" | $100,000 | EU |
| **GRAND TOTAL (exclusive of taxes)** | **$51,900,000** |  |
|  |  |  |
| GPE TOTAL FINANCING | $16,700,000 |  |
| EU TOTAL FINANCING | $35,200,000 |  |
| TOTAL | **$51,900,000** |  |
| NOTE: Exchange Rate US$ - Euro. The definitive will be that of the approval date | 1.31 |  |

# Annex 3: Implementation Arrangements

**Republic of Nicaragua: Education Sector Strategy Support Project**

**Project institutional and implementation arrangements**

* + - 1. **Project administration mechanisms:** As with PASEN II, Project activities would be managed within the existing structure of the Ministry of Education (MINED), overseen by a full-time Project Coordinator[[21]](#footnote-21) (PC) located in the highest office of MINED (*Dirección Superior*). The MINED would be responsible for administering the Project in coordination with its departmental and municipal delegations, as well as with the Education Secretariats of the two Autonomous Governments of the Atlantic regions (for the five municipalities in RAAS and RAAN targeted under the Project).

* + - 1. MINED and its staff located in technical directorates would be responsible for the technical aspects of Project implementation. MINED would ensure that the content, scale and scope of all contracts and activities financed by the Project correspond to its needs and the Education Strategic Plan (ESS), for which the Project would act as a catalyst to implement various aspects of the ESS in selected municipalities. MINED would be responsible for preparation of all terms of reference, technical specifications for goods procurement, design and oversight of Project activities, etc., assisted if necessary with short-term technical assistance. MINED would collaborate with departmental and municipal level education staff to ensure that Project activities in the selected municipalities are effectively implemented.
      2. With respect to fiduciary aspects, MINED has experience implementing Bank-financed Projects since early 2005. For the most recently closed Project (PASEN I), MINED completely institutionalized implementation of all Project Components, under the overall responsibility of the Administrative and Financial General Division - AFGD (*División General Administrativa Financiera*). A recent assessment of existing fiduciary capacity concluded that the staffing numbers, qualifications and experience within the AFGD are satisfactory, so long as the AFGD is strengthened with additional senior financial management expertise and accounting capacity to effectively manage Project resources. Specifically, the Project would hire one senior financial management specialist, two accountants and six controllers. The senior financial management specialist and accountants would be contracted for three years and the controllers for two and half years to ensure that capacity would be built before the Project is completed. Specifically, the mission of the six controllers would be to monitor Project expenditures in the selected municipalities. In addition, an international procurement specialist and three procurement analysts were contracted to work with MINED staff under PASEN II, and another three Procurement analysts would be financed under the Project to build MINED’s capacity for procurement activities and act as a point of quality control between MINED and Bank supervision support. Procurement specialists hired under both PASEN II and the Project would support both Projects. One of the three Procurement analyst recruited would have an engineering/architect background in order to support Procurement activities related to civil works.
      3. All the staff recruited by MINED for the Project would be either regularized in the Ministry pay-roll or phased-out before the Project ends. It is expected that MINED would see to recruit most of specialized fiduciary staff.
      4. As identified in the CPS Progress Report, over the last three years weak implementation capacity has remained a serious challenge in the MINED. There is a risk that MINED may not have the necessary capacity to manage the Project effectively due to high staff turnover and weaknesses remaining in both technical and fiduciary domains, particularly with regards to the implementation of educational infrastructure activities. For that reason, during preparation of PASEN II, a rapid institutional assessment of MINED was carried out (see Annex 3 of PASEN II PAD). This assessment was extended to cover preschool and secondary education as part of preparation of the Project. The objective of this exercise is to ensure the delivery of quality products and services, high levels of disbursement and due diligence on fiduciary and safeguards matters. As a result of the updated rapid institutional assessment, MINED redeployed staff in the General Directorate of Preschool Education - GDPE (*Dirección General de la Educación Preescolar)* and increase budget allocation for better working environment such as, minor repairs for offices, equipment and financing of operating costs.
      5. The PC would coordinate and oversee day-to-day technical implementation and fiduciary management executed by three Secretariats: Secretary of Financial Management (*Secretaria de Administracion Financiera*), Secretary of Educational Planning and Investments (*Secretaria de Planificacion Educativa e Inversiones*), and Secretary of Educational Programs (*Secretaria de Programas Educativos*). Within the former (Secretariat of Financial Management), the AFGD would be responsible for financial management, disbursement request preparation, Statement of Expenditures (SOEs), audits, etc., while the Procurement Division would handle Project procurement (preparation of bid documents, bid evaluation, contracts, etc.). Responsibility for technical aspects of Project implementation would be with the technical line units according to their specialty of their substantive work, described in further detail below.

* + - 1. The main line units that would be involved in Project implementation and their functions are:

1. Administrative and Financial General Division - AFGD (*Division General Administrativa Financiera*)*.* It supports the Ministry in budget- and finance- related management and administration. It would handle all financial management aspects of the Project, consolidate the financial registration in the Integrated Financial Management System (SIGFAPRO) and perform reconciliation of the accounts.
2. Procurement Division (*Unidad de Adquisiciones*). It is responsible for the contracting and purchasing of goods, services, and minor works for the Ministry, and would also handle these aspects for the Project.
3. General Directorate of Planning - GDP (*Dirección General de Planificación*). It is responsible for the overall planning and implementation supervision of the ESS and its related educational programs, and for its monitoring and evaluation. It includes four directorates: the Directorate of Planning and Strategic Planning (*Dirección de Planificación y Desarrollo Estratégico*), the Directorate of Institutional Evaluation (*Dirección de Seguimiento y Evaluación Institucional*), the Directorate of Educational Statistics (*Dirección de Estadísticas Educativas)*, and the Directorate of Projects (*Dirección de Proyectos*). It would be responsible for the implementation of Component 3 (with the exception of the infrastructure sub-component).
4. General Directorate of Preschool Education - GDPE (*Dirección General de la Educación Preescolar*). It is responsible for defining the policy orientations and technical orientations of both formal and community-based preschool education. This includes articulation of the pedagogical model for preschool education, from which flows the curriculum teacher training, provision of learning materials, standards for educational infrastructure, pedagogical supervision and assessment.
5. General Directorate of Secondary Education - GDSE (*Dirección General de Educación Secundaria*). It is responsible for defining the policy directions and technical orientation of secondary education, ensuring the application and monitoring the implementation of the Curriculum, training technical staff in methodological aspects, among others. It would be in charge of implementing activities under Component 2, along with the General Director of Teacher Training.
6. General Directorate of Teacher Training – GDTT (*Dirección General de Formación Docente*). It is in charge of ensuring the appropriate pre-service, in-service teacher training, its monitoring and evaluation. It would be in charge of implementing Components 1 and 2 in coordination with the General Directorates of Preschool and Secondary Education.
7. General Directorate of School Infrastructure - GDSI (*Dirección General de Infraestructuras Escolar*). It is in charge of the implementation of the infrastructure plan of the MINED, and would be in charge of the activities under sub-components 1.1 and 2.1, including pre-investment studies and supervision of infrastructure contracting and contract execution. The GDSI would ensure that MINED fully complies with Environment Management Framework and the Resettlement Policy Framework prepared for the Project.
8. Coordination Office with the two Atlantic Autonomous Region Educational Systems (*Oficina de Enlace con el Sistema Educativo de las Regiones Autonomas-SEAR*). It is in charge of coordinating MINED’s basic education programs with the two Atlantic Autonomous Region Education Systems (SEAR), established by the 2006 Education Law. The SEAR are still in their nascent stages in both RAAS and RAAN, but play a critical role in improving educational participation among indigenous groups in these regions. The Coordination Office would oversee all Project activities carried out in the autonomous regions, support the linguistic and cultural adaptation of the secondary level textbooks, and ensure implementation of the Indigenous Peoples Plan and other social safeguards.

1. Departmental and municipal delegations of the MINED (*Delegaciones Departamentales y Municipales)*. They are in charge of implementing the ESS, MINED policies and the Project within their respective geographic territories, in coordination with central MINED directorates. They would play an important role to ensure distribution of education inputs financed by the Project (textbooks, school furniture, teacher training, etc.), and to provide critical Project M&E information.
2. Teacher Training Institutes -TTIs (*Escuelas Normales*). TTIs would play a lead role in offering both teacher certification and teacher upgrading programs. Top-tier TTI staff would provide “training of trainers” programs to other TTI staff, pedagogical advisors, and itinerant trainers, while TTI staff with specific training and/or experience at preschool and lower secondary levels would be hired as regular trainers.

**Teacher Training Institutes (*Escuelas Normales*) in Nicaragua**

Teacher Training Institutes (TTIs) would play a critical role in achieving the PDO of the Project, particularly with respect to improving quality of preschool and lower secondary education. TTIs would offer the teacher certification program for preschool teachers, and TTI professors would be “Trainers of Trainers,” as well as trainers for upgrading of teachers’ skills and knowledge at both levels. Thirdly, TTI professors would provide pedagogical support to school-level training activities, such as TEPCEs and classroom observation activities. For this reason, Project preparation focused on current and required future capacity of the TTIs, including field visits to six of the eight TTIs, for inspections of facilities and interviews with TTI teaching and administrative staff.

MINED carried out its own assessment of TTI trainers, captured in the report, “*Caracterización del Formador de Formadores de las Escuelas Normales del 2011*” (Trainer Characteristics in the TTIs in 2011). TTIs currently offer regular pre-service teacher training programs to 1,200 students, with an additional 4,100 in-service teachers enrolled in part-time certification programs. The eight TTIs have 177 teaching staff (75 percent with the appropriate university-level degree), 89 classrooms, boarding and kitchen facilities, basic libraries and computer labs (dating from 1998). On average, each TTI has 22 full-time teaching staff and 3 full-time administrative staff, the vast majority of whom taught many years at both primary and secondary levels before moving to the TTIs.

In terms of **strengths**, both the Bank team and the MINED study referenced above observed minimally acceptable infrastructure and facilities, low dropout rates, continuing education by many TTI trainers, and considerable unused capacity for in-service teacher upgrading. With respect to **weaknesses**, there is inadequate attention to educational diversity (multi-grade learning, preschool education, special needs education, etc.), insufficient academic content in the basic courses (mathematics, social studies, natural sciences, Spanish, etc.) relative to what a teacher should know, lack of educational research or innovation, limited awareness of new findings in cognitive development, and outdated learning materials. In fact, most of the TTIs do not even have copies of the textbooks used in public schools. Lastly, TTI budgets do not include any financing for basic operation and maintenance of school infrastructure, or for the provision of learning materials and other teaching supplies.

Based on this assessment, the Project proposes a series of measures to strengthen TTI capacity: (i) additional training of trainers programs for TTI teaching staff by university-level instructors; (ii) provision of preschool learning materials and secondary level textbooks to all TTIs; (iii) minor repairs and renovations; and (iv) financing of transportation and other expenses for TTI staff to participate in off-site training activities and school-level pedagogical support. In addition, policy dialogue is underway to introduce recurrent budget line items for operation and maintenance and learning materials for all TTIs.

* + - 1. In addition to overall Project coordination, the PC would have a critical capacity building and training role within MINED to ensure that each of the various directorates deliver key inputs such as Terms of Reference , technical specifications, bid documents, monitoring reports, data, etc. on a timely basis and in correct formats. The PC would be the primary point of contact with the Bank supervision staff and would ensure effective interaction between the financial management and procurement teams in the MINED. Based on the Results Framework and Annual Project Implementation Plans[[22]](#footnote-22) (PIPs), the PC would establish and maintain a physical and financial implementation monitoring system. The PC would be identified according to a professional profile specified in terms of reference acceptable to the Bank.
      2. MINED’s fiduciary staff and technical assistants (financed under both PASEN II and the Project) would exercise critical quality control functions in reviewing financial and procurement documentation before it is sent to the Bank for no objection or review. MINED would review on a regular basis (at least once year) the performance of these staff and would decide in consultation with the Bank if their positions would be maintained during the lifetime of the Project.

**Financial Management and Disbursements**

* + - 1. A financial management (FM) assessment was carried out to evaluate adequacy of financial management arrangements under the Project. This assessment has been performed in accordance with OP/BP 10.02 and the Financial Management Manual for Bank-Financed Investment Operations effective on March 1, 2010.
      2. The Project would be implemented by MINED that would be responsible for implementing the Project through its existing organizational structure and line general directorates, rather than through separate Project implementation mechanisms at central or regional levels.
      3. The Project is financed by Donor Trust Funds for an estimated total of US$51.9 million and would be managed by the same operative structure under PASEN I (P078990) closed in June 2011, and PASEN II (P126357) recently approved by Bank. In general, FM arrangements would be similar to PASEN I and PASEN II and the operative structure from PASEN I and II would support Project implementation. Even though there would be certain activities executed at departmental level, all the Project funds would be centrally controlled by MINED.

* + - 1. Overall FM risk is assessed as “Substantial.” The FM arrangements, which include a series of additional measures, respond to the identified risks and include a suitable supervision strategy. Based on this FM assessment, recommendations and complementary actions have been identified to ensure that the Project is implemented within a sound fiduciary environment in compliance with Bank requirements. MINED’s AFGD would be responsible for the FM arrangements of the Project including the funds execution at Regional level. The AFGD has experience managing Bank funds with the recently implemented PASEN I Project, (P078990), (Credit No. IDA-NI-3978). The last FM Rating was “Moderately Satisfactory,” following an action plan agreed with MINED, which is being implemented. The adequacy of FM arrangements would be continuously monitored during Project supervision, and adjustments made when necessary to ensure fiduciary compliance.
      2. Staffing. AFGD staff would be strengthened under the Project with nine additional FM staff: (i) six controllers who would work closely with the Education Departmental Delegations as part of the internal control system of the funds transfers and review of the transfer expenditures support documentation (*rendición de cuentas*); and (ii) two Accountants and one Senior Financial Specialist to reinforce the Central Office of AFGD MINED with the appropriate skills, experience and knowledge to perform the FM functions.
      3. Accounting System. AFGD would use the Integrated Financial Management System (SIGFAPRO) or other financial system revised and approved by the Bank and would prepare financial reports on the cash-based method of accounting. The records would be centralized.
      4. Budget Planning. Aggregate Project expenditures would be incorporated by MINED into its multi-annual budget and integrated into the annual budget formulation process. Between August and September of each year, MINED would prepare its tentative investment program for the following year. The program should be consistent with the budget policy provided by Ministry of Finance, incorporated into the national public investment system, and - once approved - reflected in MINED’s budget proposal. This budget, in turn, would be incorporated into the General Budget for its submission to the National Assembly by October of each year by the Ministry of Finance.
      5. Project Financial Reporting. The AFGD would prepare financial information on a semiannual basis and submit it through the Bank Interim Financial Reports (IFRs) containing: (i) Statement of Sources and Uses of Funds (with expenditures classified by disbursement category) and Cash Balances; and (ii) Statement of Budget Execution (with expenditures classified by sub-component), along with the reconciliation of the segregated account with Project records and with the budgetary execution in SIGFA. All documentation for related to SOEs would be maintained for post review and audit purposes for up to three years after the closing date of the Project, or for 18 months after receipt by the Bank of an acceptable final financial audit, whichever is later. The format of IFRs and other Financial Reports will be reviewed and approved before negotiations. The SOEs would include the actual expenditures at regional level and not the transfers.
      6. The IFRs would be submitted no later than 45 days after the end of each semester for the Bank’s review. This review would enhance FM supervision, enabling periodic control over the Project’s accounts, which would complement the planned supervisions, thus helping to mitigate fiduciary risk.
      7. Scope of the External Audit. An external, independent, private audit firm, acceptable to the Bank, would be contracted by MINED no later than four months after the Grant effectiveness to audit the Project. The audit hiring process would be part of the procurement plan reviewed and approved at negotiations. The audit firm would review and provide opinion on the Annual Financial Statements, covering the fiscal year (which coincides with the calendar year). The audited financial statements shall be presented to the Bank no later than six months after the end of the fiscal period. Terms of Reference would be designed with a scope for specific review of the Designated Account (DA), use of funds at central and regional level and a provision for interim work and a semiannual management letter. According to the Bank Policy 10.02 Audited Financial Statements would be public and that requirement would be established in the Grant Agreement[[23]](#footnote-23).
      8. Internal Control. MINED is subject to the control of the Internal Audit Directorate. The Internal Audit Directorate of MINED would include the revision of the financial documentation of the Project in its internal audit plan. The internal audit reports would be available to the Bank during supervision missions.
      9. A Project Operational Manual (OM) was prepared by MINED complementing PASEN II OM, detailing the principal FM procedures, including budgeting, accounting, payments, support documentation, accounts reconciliation, financial reporting and inventory control over assets. A specific section of the manual describes procedures to manage, control and justify funds at central and regional level.
      10. Flow of funds. A new DA would be opened to receive IDA funds, with an authorized ceiling of US$0.8 million for expenses under all categories. This initial amount could be changed and amended in the Disbursement Letter upon specific request. The DA would be located in the Central Bank of Nicaragua under the control of the Treasury, from which the funds would be transferred to the MINED-AFGD’s operating account to finance expenditures made or to be made within 30 days of the transfer.
      11. The DA shall operate under the traditional mechanism of replenishment by the SOE method. Copies of records would be used to support disbursement during the entire execution of the Project. Disbursements would be made against standard documentation throughout the entire execution of the Project, and documentary evidence would be sought by the Bank for expenditures above thresholds in the DL. The disbursements for the Project would be subject to standard and approved Bank disbursement methods, which would be defined in the DL. These would include reimbursements, advances and direct payments.

**Risk Assessment and Mitigation**

**Risk Rating**

* + - 1. Overall FM risk is rated as “Substantial.” The FM arrangements, which include a series of additional measures, respond to the identified risks and provide a suitable supervision strategy. The adequacy of FM arrangements would be continuously monitored during Project supervision, with adjustments made if necessary to ensure fiduciary compliance. Table A.1.1 presents the risk assessment and mitigation measures incorporated into Project design and the FM implementation arrangements.

**Table 3.1 – FM Risk Assessment and Mitigation Measures**

|  |  |  |
| --- | --- | --- |
| **Risk** | **Risk Rating** | **Risk Mitigating Measures** |
| **Inherent Risk** | | |
| Country Level | S | * Policy making in Nicaragua could become more unilateral and partisan due to the fact that Sandinista party has an outright majority in Congress, a clear majority that could lead to more extreme policy stances. * The Bank would rely on policy dialogue with all parties with the aim of bringing people together, and building bridges between Government and different groups. |
| Entity Level | M | * MINED is the institution with overall responsibility in charge of the implementation of the Project. MINED would assign day-to-day FM activities to the same unit (AFGD) that has managed previous Bank Projects. * Under the Project, nine additional FM staff would be hired, six staff to work closely with the Education Departmental Delegations and three staff to reinforce the Central Office of AFGD as part of the internal control system |
| Project Level | S | * Relevant AFGD staff to attend specific FM & Disbursement training including regional staff. * Contract a joint external audit for the entire implementation period for both Projects: PASEN II and the Project. |

|  |  |  |
| --- | --- | --- |
| **Control risk** | | |
| Budgeting, Accounting, Internal Control | M | * Implementation of SIGFAPRO or other financial systems approved by the Bank as a mitigation measure. |
| Funds Flow | S | * Designated account in dollars, under traditional mechanism of replenishment by SOE method. * Regional transfer’s mechanism would be managed and monitored by AFGD MINED staff as part of the internal control system and responsible for monitor the transfer received and review expenditures support documentation (rendición de cuentas). * External Audit ToRs would include specific provision for ensuring coverage of use of funds through regional accounts |
| Financial Reporting, Auditing | M | * Semiannual Financial Reports. * Annual External Audit Financial Statements. |
| **FM Risk** | **S** |  |

* + - 1. Financial Management Action Plan. An Action Plan to ensure that adequate FM systems are in place before implementation begins is currently under implementation by AFGD. Detailed activities are presented in Table A.1.2.

**Table 3.2 AFGD Action Plan**

|  |  |  |
| --- | --- | --- |
| **Action** | **Responsible Entity** | **Completion Date[[24]](#footnote-24)** |
| 1. Under the Project, contract nine additional FM staff: six controllers to work closely with the Education Departmental Delegations as part of the internal control system and monitor the transfers and review expenditures support documentation (*rendición de cuentas*); two accountants and one senior financial management specialist to reinforce the Central Office of DGAF MINED with the appropriate skills, experience and knowledge to perform the FM functions. | MINED AFGD | December 2012 |
| 2. Contract joint external audit (the Project and PASEN II), based on Terms of Reference and short list satisfactory to the Bank for the entire implementation period of the Project. | MINED AFGD | December 2012 |
| 3. Provide specific training in FM & Disbursements for Project FM Staff | Bank | January 2013 |

* + - 1. Bank FM Supervision Plan. A Bank FM Specialist would undertake a supervision mission prior to Project’s effectiveness to verify the implementation of the action plan and review all FM arrangements for the Project. After effectiveness, the FM Specialist would review the annual audit report, the financial sections of the semiannual IFRs including a monthly reconciliation of accounts, and perform at least two complete supervision missions per year. Additional supervision missions would be carried out, if necessary.

**Procurement**

* + - 1. Procurement for the Project would be carried out by the Procurement Division of MINED in accordance with the provisions of the Grant Agreement, the Bank’s "Guidelines: Procurement of Goods, Works and Non-Consulting Services Under IBRD Loans and Bank Credits & Grants" and "Guidelines: Selection and Employment of Consultants Under IBRD Loans and Bank Credits & Grants by Bank Borrowers,” both dated January 2011, and the OM.
      2. **Works** to be financed by the Grant include the construction, rehabilitation and refurbishing of around 200 preschool classrooms including complementary facilities and 250 core basic education schools (K to 9 grade) in 43 selected municipalities. Given the large number of interventions, works located in the same area would be packaged and bid together using the method of lots. Resulting contracts are estimated to cost below US$1,500,000 and would be procured following National Competitive Bidding procedures. International Competitive Bidding procedures are not foreseen.
      3. **Goods** to be financed by the Grant include a wide variety of items: office and ICT equipment, school materials and furniture, blackboards, preparation and production of teaching and education materials. The distribution of the above mentioned goods to their agreed distribution points (i.e.: municipal delegations and/or large schools) would be contracted to the supplier in order to provide a single responsibility solution. Procurement would follow ICB procedures with the exception of contracts estimated to cost below the equivalent of US$150,000, which may be procured following NCB procedures***.***
      4. **Non-consulting services** to be financed by the include (a) surveys, including standardized test administration, (b) transport; and (c) printing services. Contracts estimated to cost below US$150,000 would be procured following NCB procedures. ICB procedures are not foreseen.
      5. **Bidding Documents:** ICBs would be bid using the Bank’s Standard Bidding Documents for Goods, the Bank’s Trial Bidding Document for the Procurement of Textbooks and reading materials and the Bank’s Sample Bidding Document for the Procurement of Non-Consultant Services. The procurement under NCB procedures would be conducted using bidding documents to be agreed with the Nicaraguan Procurement Directorate[[25]](#footnote-25). These documents would be based on national procurement documents, since local law procurement methods can be considered equivalent to Bank NCB, if minor adjustments are introduced to the bidding documents[[26]](#footnote-26). The ranges of application of each of the local methods equivalent to Bank NCB and the minimum bidding terms are displayed in the chart below:

**Table 3.3 Bidding Thresholds**

|  |  |  |  |
| --- | --- | --- | --- |
| **Local Law Method** | **Threshold (US$)** | **Ceiling (US$)** | **Bidding**  **Minimum Term**  **(days)** |
| Public Bidding[[27]](#footnote-27) (only for Works) | 150,000 | 1,500,000 | 30 |
| Selective Bidding[[28]](#footnote-28) | 25,000 | 150,000 | 20 |
| Minor Purchase[[29]](#footnote-29) | n/a | 25,000 | 10 |

* + - 1. The agreed NCB bidding documents would be part of the OM and published at the SISCAE web page.
      2. **Shopping** would be permitted only for contracts estimated to cost below US$25,000. If the process fails to result in three comparable quotations, MINED would repeat it following NCB procedures.
      3. **Consultants Services** financed by the Grant include technical assistance needed to implement Project activities, including: development of learning materials, delivery of training; fiduciary and technical services and external audits. These services would be rendered either by firms or by individuals, as indicated in the Procurement Plan. Short lists of consultants for services estimated to cost less than US$200,000 equivalent per contract may be composed entirely of national consultants; however, processes above that amount are not expected at this time. In principle, universities would be contracted following Single Source Selection to provide certification-based training. In order to take advantage of existing facilities, assignments would consider current areas of operation. However, prior to making a final decision, a Request for Expression of Interest would be published in order to assess whether or not competition in any of those areas is foreseeable.
      4. **Operating Costs** financed by the Grant include travel, lodging and *per diem* expenditures for MINED staff in order to supervise the Project activities; transportation of goods acquired by the Project between the distribution points (*escuela núcleo* and municipal education delegation) and the beneficiary schools under the Project in the selected municipalities; operation and maintenance of office equipment; maintenance and repair of vehicles; rental of offices and other menial expenditures incurred by MINED for the day-to-day management of the Project, including purchase of minor supplies.
      5. **Training:** the Grant would finance costs of scholarships, travel and *per diem* of trainers and trainees, training logistics such as hotel services, catering, travel services, rental of training facilities and equipment and training materials.
      6. **Project OM:** All the procurement procedures are described in detail in the OM were agreed with Bank prior to the negotiations of the Grant agreements for the Project and to were published on MINED’s web page. The OM includes model bid evaluation reports and model reports for the preparation of short lists.

**Assessment of the agency capacity to implement procurement**

* + - 1. Procurement activities would be carried out by the Procurement Division of MINED. This Division reports to the Vice-minister of Administrative Issues and is staffed by a coordinator and ten staff. It has experience with Bank, UNICEF, UNPA and EU Projects, and with Grants from Spain and Japan. The unit has an effective procurement information system that was developed in-house (SISGA, *Sistema de Gestión de Adquisiciones*).
      2. The unit is adequately staffed and equipped to undertake the standard procurement activities routinely carried out by the division. However, as described above, Project implementation implies the procurement of a wide variety of items and the use of several complex Bank bidding documents, which compounded with procurement work expected from new financing by other donors exceeds the existing capacity of the unit.
      3. Key issues and risks concerning procurement for implementation of the Project include: (a) MINED weak implementation capacity vis-a-vis expected volume of workload, (b) variety and complexity of procurement to be carried out for Project implementation, and (c) local procurement regulations include practices that are not acceptable to the Bank.
      4. The corrective measures which have been agreed are: (i) MINED would hire three additional procurement analysts with Terms of Reference and qualifications acceptable to the Bank, one of them with an engineering/architect background, who would be in charge of the Project procurement function focusing on the procurement of works; (ii) MINED would retain its most qualified existing procurement staff to support the Project as needed, (iii) the three procurement specialists and the highly qualified procurement advisor hired under PASEN II would also support the Project, as needed, and the advisor would coach both MINED staff and the hired analysts for quality control and knowledge transfer; (iv) the Project would be implemented according to an OM acceptable to the Bank; and (v) the following Special Procurement Provisions would be included in the Grant Agreements:

1. Foreign bidders shall not be required to be registered with local authorities as a prerequisite for bidding.
2. No bids shall be rejected, and no provisional awards shall be made at the time of bid opening.
3. The invitation to bid shall not establish, for purposes of acceptance of bids, minimum or maximum amounts for the contract prices.
4. The invitation to bid shall not publish the estimated cost of the contract.
5. In the case of Shopping, a minimum of three quotations shall be obtained as a condition to award the contract.
6. Unless the Bank may otherwise agree, for the procurement of goods and non-consultant services, the “best offer” shall be the one submitted by the Bidder whose offer was determined to be the lowest evaluated bid and was found substantially responsive to the Bidding Document, provided further that the Bidder was determined to be qualified to perform the Contract satisfactorily.
7. Bidders and Consultants shall not be allowed to review or make copies of other bidder’s bids or consultants’ proposals, as the case may be. Likewise, bidders’ and consultants’ responses to requests of clarifications made by the procuring entity during the bidding process shall not be disclosed to other bidders or consultants, as the case may be. Finally, reports including recommendations for award shall not be shared with bidders and consultants prior to their publication.
8. Eligibility criteria shall be the one defined in Section I of the Procurement and Consultant Guidelines. Articles 17 and 18 of Law 737 shall not apply.
9. Automatic rejection of bids or proposals, as the case may be, due to differences between bid or proposal prices and cost estimates being higher than predetermined percentages, shall not be allowed.
10. Bidders shall have the possibility of procuring hard copies of bidding documents even if they are published on the procurement portal.
11. Unless so indicated in the applicable Bank Standard Bidding Documents, pre-bid conferences shall not be conducted.
12. Bid preparation terms shall not be reduced as a result of re-bidding.
13. Consultants shall not be requested to submit bid and performance securities.
14. Complaints shall be handled as indicated in the appendixes to the Procurement and Consultant Guidelines. Articles 110 to 116 of Law 737 shall apply in a subsidiary manner.
15. The Recipient, shall: (i) supply the SEPA with the information contained in the initial Procurement Plan within 30 days after the Project has been approved by the Bank; and (ii) update the Procurement Plan at least every three months, or as required by the Bank, to reflect the actual Project implementation needs and progress and shall supply the SEPA with the information contained in the updated Procurement Plan immediately thereafter.
16. The invitations to bid, bidding documents, minutes of bid opening, requests for expressions of interest and the pertinent summary of the evaluation reports of bids and proposals of all goods, works, non-consulting and consultants services shall be published in SISCAE, and in a manner acceptable to the Bank. The bidding period shall be counted from the date of publication of the invitation to bid or the date of the availability of the bidding documents, whichever is later, to the date of bid opening.
    * + 1. Besides the risk-mitigation measures described above, prior and post review supervision by the Bank would be conducted under the terms defined below.

**Basis for the Procurement Plan**

**Goods and Non Consulting Services involving international competition**

**Table 3.4**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** |
| Ref. No. | Contract  (Description) | Estimated  Cost (US$) | Procurement  Method | P-Q | Domestic Preference  (yes/no) | Review  by Bank  (Prior / Post) | Expected  Bid-Opening  Date |
| 1 | Didactic materials | 2,808,456 | ICB | NO | NO | PRIOR | 3Q - 2013 |
| 2 | Printing services | 1,194,000 | ICB | NO | NO | PRIOR | 3Q - 2013 |

* + - 1. The following processes aimed at the procurement of Works, Goods and Non-Consultant Services would be subject to prior review by the Bank:

1. All contracts estimated to cost above US$300,000.
2. The first two ICB processes regardless of amount, the first two NCB processes regardless of the applicable local law method and the first two shopping processes. For the purposes of this stipulation, processes conducted in the framework of either PASEN II or the Project would count to meet the number of “two.”
3. For all direct contracting, the justification shall be submitted to the Bank jointly with the Procurement Plan, and the justification of the reasonableness of price along with the draft contract would be subject to prior review.
   * + 1. The following Consultant Services processes would be subject to prior review by the Bank:
4. All contracts estimated to cost above US$100,000.
5. The first two process following each selection method regardless of amount. For the purposes of this stipulation, processes conducted in the framework of either PASEN II or the Project would count to meet the number of “two.”
6. For all direct contracting, the justification shall be submitted to the Bank jointly with the Procurement Plan, and the justification of the reasonableness of price along with the draft RFP plus the draft contract would be subject to prior review.
   * + 1. In addition to the prior review supervision defined above, ex–post supervision missions would be conducted at least once a year.

**Environmental and Social (including safeguards)**

* + - 1. The Project triggers OP/BP 4.10 (Indigenous Peoples). During preparation of PASEN II, an Indigenous Peoples Plan was prepared and disclosed on MINED’s website and on the Bank’s website. As part of preparation of the Project, the Plan was adapted to cover preschool and lower secondary education and the municipalities not included in PASEN II. The draft of the IPP was disclosed on the Bank's website and locally on MINED’s website on March 23, 2012 prior to Appraisal. It was finalized on June 15, 2012 and disclosed again locally on MINED’s website on June 30, 2012 and on the Bank’s website on March 8, 2013.
      2. The Project triggers OP/BP 4.12 (Involuntary Resettlement). A Resettlement Policy Framework (RPF) was prepared for the Project to address the issues related to land acquisition, potential displacement or restriction of access to resources. The RPF requires that all civil works proposed to be carried out under the Project be screened to ensure that no involuntary taking of land or restriction of access to resources takes place under the Project. The Project will only finance civil works proposed to be carried out in preschools and lower secondary education schools that are located on land that is properly registered and titled in the name of the Recipient in accordance with Nicaraguan laws and for which there are no pending or unresolved claims within the past five years of the effectiveness date of the Grant Agreement financing the respective civil works. Voluntary land donations might occur under the Project. In order to evaluate the voluntary nature of potential land donations and appropriately document it, the RPF includes a process to document and verify that all land donations are carried out voluntarily and that all donors have full prior knowledge of the consequences and benefits of their donation. This process also establishes the maximum area of land that may be subject to voluntary land donation as a percentage of the total area of land owned by a donor. The draft RPF was disclosed on the Bank's website and on MINED’s website on March 23, 2012 prior to Appraisal. It was finalized on June 15, 2012 and disclosed again locally on MINED’s website on June 30, 2012 and on the Bank’s Infoshop on March 8, 2013, and further revised and disclosed again locally on MINED’s website on April 1, 2013 and on the Bank’s website on March 29, 2013.

**Environment (including safeguards)**

* + - 1. The Project is rated Category “B” as it involves a large number of relatively small civil works spread across the country which are not expected to generate significant environmental impact. The Project triggers the policy on Environmental Assessment (OP/BP 4.01) to address the potential environmental and social impacts related to site selection, construction and operation of the school facilities. An Environmental Management Framework (EMF) was prepared to screen, assess, and mitigate environmental and social impacts of Project activities. The draft of the EMF was disclosed on the Bank's website and locally on MINED’s website on March 23, 2012 prior to Appraisal. It was finalized on August 31, 2012 and disclosed again locally on MINED’s website on September 15, 2012 and on the Bank’s website on March 8, 2013.
      2. Pre-investment studies for all civil works would be carried out in accordance with Bank policies, and they would include appropriate environmental and safety considerations, such as: (i) selection of construction materials that minimize social and environmental impacts; (ii) environmental mitigation and institutional arrangement for supervision and oversight of environmental measures to be taken during implementation; (iii) waste disposal measures; (iv) construction site management criteria (proper safety protocols for construction workers, including the use of personal protective equipment); and (v) dust and noise control. Pre-investment studies are financed by the Bank-financed PASEN 2.
      3. In light of the fact that Central America is a natural disaster-prone area, school infrastructure would be designed to withstand major natural disasters (i.e. earthquakes, floods, landslides) and provide adequate shelter in the case of such events. As appropriate, each civil works contract would specify the required structural safety and exposure to natural hazards to be considered in the design and construction of school facilities. A rigorous monitoring and quality assurance procedure would be included in the contracts to ensure compliance with environmental health and safety standards as outlined in the EMF.

**Monitoring & Evaluation**

* + - 1. Data for the Project’s outcome and results indicators would come from a variety of sources, including: (i) the physical and financial implementation Management Information System (MIS) to be established for the Project: (ii) the annual collection of enrollment, repetition, dropout and retention data etc.; (iii) targeted monitoring information collected in the 43 municipalities, for example concerning the percentage of students who receive textbooks, number of teachers trained; and (iv) periodic student learning assessments.
      2. The Division of Educational Statistics would be responsible for data collection regarding enrollment, repetition, dropout and retention in the 43 selected municipalities. The Directorates for Preschool Education, Secondary Education, Teacher Training and Educational Infrastructure would be responsible for providing Project implementation monitoring data for their respective activities, which would be synthesized into the Project implementation MIS. All these Directorates have the capacity to collect data, in coordination with MINED’s departmental and municipal offices and selected schools.
      3. Under PASEN II, the use of data to assess the Project’s effectiveness during implementation would be improved with the strengthening of the Divisions for Planning, Educational Statistics, and Institutional M&E under the General Directorate for Planning (Sub-Component 3.1). The physical and financial Project implementation MIS system to be established under the supervision of the PC would provide additional specific information, against which progress in implementation of the Annual Project Procurement Plan and Annual Project Implementation Plan would be measured. As indicated in the Results Framework, data would be collected and analyzed on a continuous basis, with implementation progress formally measured every six months. MINED would prepare semi-annual progress reports on the Projects implementation and annual reports on the ESS implementation to be discussed during bi-annual MINED-donors joint sector review (JSR). This data would be reviewed with the Bank’s supervision team and corrective Project implementation measures would be discussed and agreed to as necessary, and reflected in Project Supervision Aide Memoires (for monitoring during subsequent supervision missions).
      4. MINED would also report specifically on Project activities aimed to reduce gender inequity, particularly in relation with discriminatory practices and abuses in schools. MINED would provide details on changes of behavior as a results of activities implemented and social awareness campaigns. Relevant information would be shared with all stakeholders during JSR.

**Role of Partners**

* + - 1. Given that the EU and GPE are financing 100 percent of these Project costs, with no IDA financing involved, the Bank’s partners are in fact playing key financial and technical roles in the Project. The Secondary Education Component was initially designed and costed by an EU consultant in collaboration with MINED and local EU staff in 2011, which was subsequently appraised and revised by Bank staff in collaboration with MINED and EU. The Preschool Education Component was initially prepared by a consultant supported by UNICEF, given its lead education sector donor agency role in Nicaragua and its interest in ECD. GPE technical staff have followed this preparation process and provided assistance with Project templates and the review of the ESS. The local education donors group has been very active in supporting and appraising the preparation of Nicaragua’s ESS, which is the core document around which the Project has been designed. The Bank has thus developed very close partnerships with the EU, GPE, UNICEF and other local education sector partners. These partnerships would be formalized through Administrative Agreements and the establishment of a Multi-Donor Trust Fund (anticipated being in place by September 2012). Thus, the Bank, EU and GPE would work closely with MINED to ensure harmonized Project implementation, M&E and supervision arrangements for both PASEN II and the Project.

# Annex 4: Operational Risk Assessment Framework (ORAF)

**Nicaragua Education Sector Strategy Support Project**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| * + - 1. **Project Stakeholder Risks** | **Rating** | **Moderate (M)** | | | |
| **Description**:  There is a risk that political leaders and education stakeholders from outside of the targeted areas demand similar Project interventions in their communities. Without additional financing from the government and other donors it may not be possible to meet their demands. | **Risk Management**:  The Project is fully aligned with the Education Sector Strategy 2011-2015 and it would play a catalytic role to mobilize additional resources to meet the demand of stakeholders outside the Project targeted areas. In addition, several highly visible activities such as the provision of learning materials in preschool and textbooks in lower secondary education would have a national scope. | | | | |
| **Resp**: Ministry of Education (MINED) | | **Stage**: implementation | **Due Date** : April 30, 2016 | **Status**: in progress |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1. **Implementing Agency Risks (including fiduciary)** | | | | |
| * 1. **Capacity** | **Rating:** | **Substantial (S)** | | |
| **Description**:  There is a risk that MINED may not have the necessary capacity to manage the Project effectively, due to high staff turnover, weaknesses remaining in financial management and procurement, especially in execution of pre-investment studies for educational infrastructure activities, the supervision of firms that would carry out the construction activities, large international competitive biddings for the purchase of learning materials, equipment and furniture, and the management of a large and complex teacher professional development program. | **Risk Management**:  The Project would target capacity building and systems support at MINED. A fiduciary assessment was carried out during preparation of PASEN II and updated during the preparation of the Project to identify the main areas in which MINED would strengthen its fiduciary capacity, as well as identify the best institutional arrangements for the implementation of the most challenging Project activities. The Bank would require staffing of key positions in the Procurement and Finance Divisions which meet Bank requirements for fiduciary management. In addition, the MINED prepared a chapter on FM procedures included in the Operations Manual. MINED would send relevant staff to attend specific FM & Disbursement training, and would support the implementation of SIGFAPRO as a mitigation measure to improve budgeting, accounting, and internal control. The Bank would invite relevant MINED staff to attend specific FM & Disbursement training. To ensure fund flow and accurate reporting, the Bank would create segregated account in dollars, under traditional mechanism of replenishment by SOE method and also semi-annual financial reporting.  The Project would support targeted strengthening of MINED’s General Directorates in charge of the Project implementation, including Preschool Education, Secondary Education, Teacher Training, and School Infrastructure through *inter alia:* (i) technical assistance; (ii) training; (iii) basic office/ICT equipment; and (iv) some operational costs. | | | |
| **Resp**: MINED | **Stage**: implementation | **Due Date** : April 30, 2016 | **Status**: in progress |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. **Governance** | | **Rating**: | | | | **Moderate (M)** | | | | | | | |
| **Description**:  There is a risk of political interference in the decision-making process, institutional arrangements and targeting, particularly between the Presidency and MINED, that could create instability, result in a loss of Project focus and/or delay implementation. | | **Risk Management**:  During preparation, the Bank team worked with a large counterpart including various technical divisions of MINED, the Minister and the President advisor as well as authorities of the Ministry of Finance to ensure a large consensus building and information sharing. MINED would continue with the practice of reviewing external donor interventions through MINED’s steering committee. One objective of this committee is to align many stakeholders and to approve key decisions related to donor interventions with the Education Sector Strategy and the annual investment plan of the GoN. Implementation arrangements would maintain a Project steering committee which would align many stakeholders and would approve key decisions related to Project activities and targeting outlined in annual working plans. Detailed implementation plans including detailed budget, procurement plan and targets for key Project indicators agreed during preparation and regularly updated during preparation would contribute to limit the risk of political interference. | | | | | | | | | | | |
| **Resp**: MINED | | **Stage**: implementation | | | | **Due Date** : April 30, 2016 | | | **Status**: in progress | | |
| 1. **Project Risks** | | | | | | | | | | | | | |
| * 1. **Design** | | **Rating:** | | **Substantial (S)** | | | | | | | | | |
| **Description**:  Despite interventions aimed at improving learning conditions in preschool and quality in lower secondary education, there is a risk that teachers would not change their teaching methods and/or they would not use the curriculum for preschool and lower secondary as well as the learning materials (textbooks and teacher guides) financed by the Project. | | **Risk Management**:  In preschool education, the risk would be mitigated through the setting up of demonstration classrooms that preschool teachers would visit several times during the school year. These demonstration classrooms would be used to better explain how teachers can put into practice what they would have been learned during their training. For lower secondary education and preschool also, the TEPCEs (monthly workshops) would be used to reinforce instruction and recommendations that newly certified teachers would have received during their training. That would ensure the curriculum is understood and used accordingly by all teachers with the adequate supporting materials (textbooks and guides). The Project would also finance the visit of training staff from the Teacher Training Institutes (TTIs) and from the Universities to preschool and lower secondary schools.  Facilities and equipment of the TTIs would be upgraded under PASEN II. These improvements should provide better learning environment for the students who would attend training activities financed by the Project. MINED would carry out these investments in 2012 and early 2013 before the start of teacher professional development activities. | | | | | | | | | | | |
| **Resp**: MINED | | | | **Stage**: implementation | | | **Due Date** : April 30, 2016 | | | **Status**: in progress | |
| * 1. **Social & Environmental** | | **Rating:** | | | | **Low (L)** | | | | | | | |
| **Description**:  There is a risk that the population would reject instructional materials which is not adapted to the Intercultural Bilingual Education (IBE).  There is a risk of environmental damage due to the civil work activities financed by the Project.    There is a risk of involuntary resettlement, especially on lands donated for the Project. | | **Risk Management**:  The Project would only distribute instructional materials in local languages complying with the norms for IBE. Consultation and information-sharing activities with the municipalities and Indigenous organizations representing groups living where Project activities were proposed, were carried out during Project preparation, and incorporated into the operational manual. This includes ensuring that stakeholders know who is responsible for the Project at both central and local levels in case concerns arise.  The project prepared an Environmental Management Framework (EMF) to screen, assess, and mitigate environmental and social impacts of Project activities. Pre-investment studies for all civil works would be carried out in accordance with Bank policies, and they would include appropriate environmental and safety considerations, such as: (i) selection of construction materials in the Atlantic coast that minimize social and environmental impacts; (ii) environmental mitigation and monitoring measures to be taken during implementation; (iii) waste disposal measures; (iv) construction site management criteria (proper safety protocols for construction workers, including the use of personal protective equipment); (v) dust and noise control; and (vi) institutional arrangement for supervision and oversight of environmental measures  The Project prepared a Resettlement Policy Framework (RPF) to address the issues related to land acquisition, potential displacement or restriction of access to resources. The RPF screens all proposed new construction to ensure that no involuntary land acquisition, displacement or restriction of access to resources would be permitted under the Project. Land donations might occur under the Project. The RPF includes specific measures and limits on the extent of the land which people or communities could donate and also includes a process to document and verify how land donations were done. | | | | | | | | | | | |
| **Resp**: MINED | | | | **Stage:** implementation | | | **Due Date** : April 30, 2016 | | | **Status**: in progress | |
| * 1. **Program & Donor** | | **Rating:** | | | | **Low (L)** | | | | | | | |
| **Description**:  There is a risk that the Project investments would not be fully synergized with other donor programs during implementation.  There is a risk that the European Union financing does not come through, or that the Bank and the Republic of Nicaragua do not agree on the terms of the Grant Agreement for Components 2 and 4. | | **Risk Management**:  MINED would continue to play a leadership and coordination role in the education sector. MINED would organize two joint-missions (JSR) per year to supervise the Project including all the other donors involved in the sector. Bank team would continue to reinforce dialogue with donor counterparts and participate actively in the education sector technical round table to promote coordination and information sharing.  The Project would be restructured including a change of the PDO to limit the scope of the Project to Components 1 and 3 financed by the GPE. | | | | | | | | | | | |
| **Resp**: Bank and MINED | | | | **Stage:** implementation | | | **Due Date** : April 30, 2016 | | | **Status**: in progress | |
| * 1. **Delivery Monitoring & Sustainability** | | **Rating:** | | | | **Substantial (S)** | | | | | | | |
| **Description**:  There is a risk that the secondary enrolment rate would not increase as expected due to a low primary completion rate in areas targeted by the Project.  There is a risk that the Ministry of Finance would not increase the level of public financing of education to pay for the additional recurrent costs generated by the Project investments. | | **Risk Management**:  25 of the 43 municipalities targeted by the Project are municipalities benefiting from education investments expected to boost the primary completion rate under PASEN II. Moreover, the organization of education service delivery by “*nucleos educativos*” will encourage education continuity from preschool to secondary education. The Project is expected to have positive rippled effects through the education cycle.  The donors through the JSR would review with MINED and Ministry of Finance the medium-term financing framework for the sector. Donors would ensure that public financing of education would continue to increase gradually and key new recurrent expenditures included in MINED’s budget. JSR would also play an important role to mobilize new funding for the sector. | | | | | | | | | | | |
| Resp: MINED | | | | **Stage:** implementation | | **Due Date** : April 30, 2016 | | | **Status**: in progress | | |
| **Implementation Risk Rating**: Substantial (S) | | | | | | | | | | | | | |

# Annex 5: Implementation Support Plan

1. The Implementation Support Plan (ISP) describes how the Bank would support the implementation of the risk mitigation measures (identified in the ORAF) and provide the technical advice necessary to facilitate achieving the PDO (linked to results/outcomes identified in the result framework), along with other partners. The ISP also identifies the minimum requirements to meet the Bank’s fiduciary obligations.

1. The Bank’s implementation support would be focused on capacity building and strengthening MINED’s own systems for program implementation, monitoring maintenance and strategic planning. The proposed ISP includes a range of technical support, including activities to be carried out by MINED, the Bank, other partners (e.g. EU) and third party technical and fiduciary specialists. Funding for third party implementation support would come from the Bank’s supervision budget, Project partners with separate external funding sources (e.g. UNICEF) and other Trust Funds. Below is a description of the different types of implementation support activities.
2. Project Supervision Missions. The most important implementation support from the Bank would be provided through supervision missions conducted every six months, in collaboration with MINED and other donors, especially the EU and the Lead Education Donor in Nicaragua (presently UNICEF). At least one of these missions each year would include field visits to one of the selected municipalities, and the EU would be invited to participate, as well. MINED would prepare a detailed six-month implementation report to be shared with the Bank, the EU and Lead Education Donor a few weeks prior to the supervision mission. The Bank will provide technical assistance as requested by MINED to help prepare these reports. Each year, MINED would prepare an annual report on the ESS implementation progress. The findings of the annual report will be discussed during the education sector round table with local stakeholders (including the civil society). During the round table, MINED would present its forecast for the upcoming year and would update the ESS implementation plan and medium-term financial framework.

1. Supervision missions would provide the Bank with extensive information regarding Project implementation submitted prior to the mission, and would lead to the identification of key implementation issues and bottlenecks as well as the necessary corrective measures agreed between MINED and the Bank. The Supervision Mission teams would also meet with the Local Education Donors Group (representing the GPE) to share and discuss the findings of each Mission. All Supervision Aide-memoires would be posted on the Project website for full transparency.
2. Local Technical and Fiduciary Support. A local education specialist would be hired to work full-time in the Managua Country Office to provide technical support for the annual planning and implementation of both the Project and PASEN II, and liaise with other education partners in the field. In consultations with the Task Team Leader (TTL), this specialist would also work with local Bank FM and Procurement staff to ensure MINED receives timely fiduciary support.
3. Internal Audit. MINED would strengthen its internal audit provisions and capabilities to include the Project. Internal audit staff would receive training from the Bank in the application of appropriate financial management and procurement procedures. A key aspect of their work would be to assess compliance with the Project OM developed for the Project. The Terms of Reference of internal audit and qualifications of the accountants would be agreed with the Bank. Under PASEN II, the Project would finance an expenditures analyst, whose responsibilities would include improving internal control mechanism arrangements for both PASEN II and the Project.
4. External Audit. The Project would finance an external audit on an annual basis, according to terms of reference acceptable to the Bank. Auditors’ reports would be shared with MINED, Ministry of Finance and the Bank, and would be posted on the Project website, with specific review and agreement on corrective actions undertaken during the Project supervision missions each year.
5. Social Audit. Indigenous groups in the Autonomous Atlantic Regions would be regularly engaged in external consultations regarding both the learning materials and in-service teacher training activities. Specific efforts would be made to reach out to local media channels to report on Project implementation activities to increase the public’s awareness and transparency. Parents of students would also be provided with Project information and invited to inquire about/comment on Project activities.
6. Composition of the Bank Implementation Support Team. The Bank’s team consists of a senior education specialist/TTL, local education specialist, operations officer, social development specialist, environmental specialist, engineer/architect, financial management specialist and procurement specialist. MINED would also be encouraged to nominate several members from its staff to participate in the supervision missions.
7. Conclusion. Viewed in their entirety, these provisions for implementation support of the Project include internal controls, external audits, third-party monitoring, impact evaluations, social audit, and supervision by Bank specialists, which together constitute a comprehensive, multi-dimensional strategy to ensure that funds provided through the Project are utilized effectively for maximum development impact. This ISP should be considered in conjunction with the technical assistance, training, equipment, financing of operational costs and other implementation support activities to be financed by the Project, detailed in Annex 3. The main focus in terms of support to implementation during:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Time** | **Focus** | **Skills Needed** | **Resource Estimate** | **Partner Role** |
| First twelve months | Preparation of annual Project implementation plans; development of Project physical and financial implementation MIS;  Dissemination and training in application of Bank procurement and FM guidelines; recruitment of external auditors; preparation, launch and completion of pre-investment studies for civil works. | Education specialists;  Education economist;  Operations officer;  FM and Procurement specialists | US$100,000 |  |
| First twelve months | Supervision and training | Social safeguards | 2 SWs | NA |
| 12-48 months | Preparation of annual implementation and procurement plans; review of progress on results matrix; procurement of all inputs; review of social safeguards and implementation of corrective measures, if required; close monitoring of compliance with Bank fiduciary guidelines; submission of annual external audit reports on a timely basis. | Education specialists;  Education economist; Environmental specialist;  Operations officer;  FM and Procurement specialist | US$80,000/year | Ongoing |
| 12-48 months | Monitoring and reporting | Environmental and Social Safeguards | 4 SWs | NA |

Skills Mix Required

|  |  |  |
| --- | --- | --- |
| **Skills Needed** | **Number of Staff Weeks** | **Number of Trips** |
| Education specialist and task team leader | 7 | 2/year |
| Education specialist | 4 | 2/year |
| Operations officer | 3 | 1/year |
| FM specialist | 5 | 2/year |
| Procurement specialist | 5 | 2/year |
| Social development specialist | 2 | 2/year |
| Environmental specialist | 2 | 2/year |

# Annex 6: Economic and Financial Analysis

1. Nicaragua faces strong challenges in the education sector that may be affecting negatively its growth potential and the well-being of its citizens. Despite recent improvements, its working age population has on average finished just 6.7 years of schooling, and in rural areas this figure is even lower (4.4 years of completed schooling on average).

1. The economic analysis focuses on the expected outcomes and related benefits generated by the Project from: (i) an increase of enrollment of children in preschool (3-5 years old) and lower secondary education (12-14 years old) in 43 selected municipalities; and (ii) at the national level, an improvement of preschool and secondary learning conditions, quality and completion rates. On the one hand, the Project would support an increase of the supply of education services in preschool and lower secondary education through the construction and rehabilitation of school infrastructures in 43 municipalities. On the other hand, the Project would support system-wide interventions related to teacher training and better provision of learning materials and textbooks for preschool and lower secondary education.
2. The economic analysis done under conservative assumptions and standard practices shows a solid Internal Rate of Return (IRR) of 11 percent for the Project. This IRR should be considered as a lower bound, as the analysis; (i) does not consider many positive externalities of education; (ii) ignores the likely positive earnings impact of improved cognitive skills derived from different Components of the Project; (iii) does not quantify likely positive interactions between different Project Components, and between the Project and PASEN II; and (iv) limits the direct impact of the Project to just five years.
3. Low education attainment in Nicaragua is related to low retention (high dropout and high repetition), particularly in rural areas during the early years of education. Low retention is related to lack of school readiness for students entering primary education, outdated teaching practices and curricula, inadequate school infrastructure and socio-economic factors. Just 60 percent of the young rural population in Nicaragua finishes primary school, in comparison to 90 percent in urban areas. High dropout and repetition rates make it harder for students to advance across the education system, creating a vicious circle of inefficiency. For example, more than 20 percent of the students in grade 1 are 10 or more years old. Viewed another way, youth aged 6-20 attend school for 10 years on average, but complete just 8 years of schooling. This translates into an 80 percent efficiency rate for the country as a whole, and it is even lower in rural areas (53 percent). There are strong differences between selected municipalities and the average results for the country given different patterns of repetition and dropout. In the selected municipalities, students entering the education system complete on average just 6.4 years of education, while the average for the country is 8.1 years of education. (See Figure 6.1 for differences in progress across the education system).

**Figure 6.1**

**Education Attainment by Grade of School Age Population**

|  |  |
| --- | --- |
|  |  |

1. The Gross Enrollment Rate for preschool is only 58 percent, while in the selected 43 municipalities is 41.7 percent. The low enrollment affects school readiness of students entering first grade, increasing the likelihood of repeating a school grade or dropping out. Different combinations of demand and supply factors determine the low enrollment rate. On the demand side, parents gave the following reasons in the latest household survey for why their children aged 3-5 were not enrolled in school: (a) parents do not perceive its positive value (38 percent of parents in urban areas and 36 percent of parents in urban areas mentioned “no need for it”); (b) parents are poorly informed on the relevant age (29 percent of parents in urban areas and 26 percent of parents in rural areas mentioned “that the kid was not old enough”; and (c) financial factors (13 percent in urban areas and 4 percent in rural areas). In rural areas, supply-side factors seem to be a major determinant of enrollment; 24 percent of parents not sending their kids to preschool mentioned that school was simply far from home (see Table 6.1).

**Table 6.1**

|  |  |  |
| --- | --- | --- |
| **Reasons for not attending Preschool** | | |
| **Nicaragua 2009** | | |
|  | **Urban** | **Rural** |
| Not old enough | 29% | 26% |
| Does not need it | 38% | 36% |
| Far from home | 3% | 24% |
| Family problems | 6% | 4% |
| Financial factors | 13% | 4% |
| Others | 11% | 7% |
|  |  |  |
| Note: Children 3 to 5 years old. | |  |
| Data Source: EMNV 2009 | |  |

1. Gross enrollment in lower secondary education is 80 percent and 48.6 percent in the 43 selected municipalities. Supply and demand factors economic factors affect the decision to start secondary and finish it. Demand factors seem to dominate the decision to start secondary education, as students mentioned lack of resources and need to work (33 percent and 20 percent, respectively). On the supply side, dropouts mentioned: school is far and relevant grade is not offered (18 percent and 6 percent, respectively). Additionally, 15 percent of students mentioned “not interested” as the main factor related to their decision to drop out of school, which is likely related to a perceived low perceived value of secondary education (likely related to poor quality of supply or irrelevant curricula), which affect the demand. Among those that started secondary education, 36 percent cited “not interested” as the main reason to have dropped out of secondary education, and 39 percent cited economic problems (27 percent mentioned lack of resources and 12 percent mentioned school is far) (see Table 6.2).

**Table 6.2**

|  |  |  |
| --- | --- | --- |
| **Explaining Drop Out behavior from school - Secondary Education** | | |
| **Nicaragua - Rural areas – 2009** | | |
|  | **Start** | **Finish** |
| Not interested | 15% | 36% |
| Household chores | 0% | 5% |
| Work | 20% | 12% |
| Grade not offered | 6% | 0% |
| School is far | 18% | 12% |
| Security concerns | 0% | 1% |
| Pregnancy | 0% | 2% |
| Care of infants | 2% | 2% |
| Problems at the family level | 7% | 2% |
| Lack of resources | 33% | 27% |
| Note: Reason mentioned by kids by the relevant age-grade achievement. | | |
| Data Source EMNV 2009 |  |  |

**Cost Benefit Analysis**

1. In order to construct the cost benefit analysis of the Project, the economic analysis uses administrative data from MINED (cost of education per pupil, current gross enrollment rates, rate of completion at grade 9), household surveys (salaries by years of education, patterns of school attainment across grades), and estimates of the impact of the Project on key outputs (changes in gross enrollment rates and completion of grade 9).
2. The analysis uses per pupil costs from administrative information of the MINED. Preschool costs are derived from the weighted average of students attending formal preschool institutions and community based preschool institutions. Primary unit costs are higher than secondary and tertiary, likely reflecting relatively low student-teacher ratios in primary schools in rural areas (see Table 6.3).

|  |  |
| --- | --- |
| **Table 6.3: Nicaragua: Unit Cost per Student** | |
| **Level** | **Cost** |
| Pre school | 80 |
| Primary | 182 |
| Lower Secondary | 109 |
| Upper Secondary | 101 |
| Tertiary | 300 |
| Source: MINED Administrative Data | |

1. Household surveys provide information on the evolution of income by years of education. As presented in Figure 6.2, there are marked differences between education levels, with income of those that have finished tertiary education almost three times as high of those with secondary education. Income gains between finishing primary and secondary education are small (which may be related to student lack of interest observed in Figure 6.2).

**Figure 6.2: Salary by Education Attainment**

Source: Household Data, 2009

1. Two different methodologies are employed to compute the number of beneficiaries, depending if the intervention is related to the increase in enrollment in the 43 selected municipalities, or if the intervention is related to the improvement in quality nationwide.
2. **Increase in enrollment**. The Project would increase the supply of preschool and lower secondary education in 43 selected municipalities that should increase enrollment. In the case of preschool, the target is to increase gross enrollment for the relevant age group from 41.7 percent (base line) to 53 percent (at the end of the 5th year). This would allow 16,472 new students to attend preschool. In the case of lower secondary, the target is to increase gross enrollment for the relevant age group from 49.6 percent to 59 percent. This would allow 13,052 new students to attend lower secondary (see Table 6.4).

**Table 6.4: Students benefiting from the Project: Increase in Enrollment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Year** | **Target** | **Population** | **Target** | **Expected** |
|  |  | **Gross** | **Age** | **Number** | **Flow 1/** |
|  |  | **Enrollment** | **Cohort** | **Students** |  |
|  |  | **A** | **B** | **C=A\*B** |  |
| Preschool | Base | 41.7 |  | 51984 |  |
|  | End year 1 | 42.7 | 124550 | 53183 | 1199 |
|  | End year 2 | 43.7 | 124550 | 54428 | 1246 |
|  | End year 3 | 47.0 | 124550 | 58539 | 4110 |
|  | End year 4 | 50.0 | 124550 | 62275 | 4935 |
|  | End year 5 | 53.0 | 124550 | 66012 | 4982 |
| **Total** |  |  |  |  | **16472** |
| Lower Secondary | Base |  |  | 54302 |  |
|  | End year 1 | 49.6 | 111000 | 55056 | 754 |
|  | End year 2 | 50.6 | 111000 | 56166 | 1110 |
|  | End year 3 | 53.0 | 111000 | 58830 | 2664 |
|  | End year 4 | 56.0 | 111000 | 62160 | 4084 |
|  | End year 5 | 59.0 | 111000 | 65490 | 4440 |
| **Total** |  |  |  |  | **13052** |
| 1/ Expected flow is adjusted to allow exit from Preschool after 3 years. | | | | | |

1. **Improvements in quality**. Activities of the Project as teacher certification/training and better school materials are expected to improve the quality of education in Nicaragua (country wide). Given that activities would be completed through the life of the Project, the economic analysis assumes a progressive impact of Project activities. As presented in Table 6.5, 243,134 students in preschool and 329,900 students in lower secondary are expected to benefit from the Project.

**Table 6.5: Students Benefiting from the Project: Improvement in Quality**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Base stock** | **Stock** | **Progressiveness** | **Number of** |
|  |  | **of students** | **adjusting new** | **of Project** | **beneficiaries** |
|  |  | **per grade 1/** | **enrollment 2/** | **impact** |  |
| Preschool | End year 1 | 77000 | 78199 | 20% | 15640 |
|  | End year 2 | 77000 | 78246 | 40% | 31298 |
|  | End year 3 | 77000 | 81110 | 60% | 48666 |
|  | End year 4 | 77000 | 81935 | 80% | 65548 |
|  | End year 5 | 77000 | 81982 | 100% | 81982 |
| **Total** |  |  |  |  | **243134** |
| Lower Secondary | End year 1 | 106667 | 107421 | 20% | 21484 |
|  | End year 2 | 106667 | 107777 | 40% | 43111 |
|  | End year 3 | 106667 | 109331 | 60% | 65598 |
|  | End year 4 | 106667 | 110751 | 80% | 88601 |
|  | End year 5 | 106667 | 111107 | 100% | 111107 |
| **Total** |  |  |  |  | **329900** |
| 1/ The total stock of students in 2011 was: (i) 231,000 in preschool; and (ii) 320,000 in lower secondary. | | | | | |

1. In order to estimate the expected costs and benefits of the Project (see Table 6.6), the economic analysis transforms expected changes in gross enrollment and quality improvements into their equivalent in terms of years of completed education, and calculates changes in expected benefits and expected costs. The four impacts of the Project are analyzed in detail, and then put together to report a single IRR. It is important to notice (i) that more years of education attainment increase expected income, (ii) more years of education increases costs per capita, but that evolution is partially compensated by improvements in efficiency (reductions in repetition and dropout rates), and (iii) time horizons (and therefore calculations of net present value) are different for preschool interventions and lower secondary interventions, as the former may produce benefits in 12 years while the latter may produce benefits in as little as one year.
2. **Impact 1: Increase in the preschool enrollment in targeted municipalities**. The Project, through investments in infrastructure, would increase the supply of preschool services in targeted municipalities. It is expected that gross enrollment rate for preschool in those municipalities would increase from 41.7 percent to 53 percent. Participation and attendance to preschool is likely to increase transition into primary education and student performance thereafter. With a conservative reduction of 15 percent in repetition and dropout rates due to preschool attendance, it is expected that the average years of schooling in targeted municipalities would increase from 6.1 to 6.9 years. This evolution, given current labor market income structure, represents an increase in lifelong earnings of US$922 (measured at age 3 with a discount rate of 5 percent). Higher education attainment implies more education costs, which are partially compensated by improvements in efficiency. The increase of cost due to improved attendance are US$279 (measured at age 3 with a discount rate of 5 percent).
3. **Impact 2: Increase in lower secondary enrollment in targeted municipalities**. The Project would also support the construction and rehabilitation of lower secondary schools, therefore increasing supply of secondary education services that would allow growth in the gross enrollment rate in targeted municipalities from 48.6 percent to 59 percent. Given current patterns of school attendance, this evolution in gross enrollment would imply a rise in years of education from 6.4 to 6.6 for all students in targeted municipalities, but from 10 to 10.6 years for those that have reached lower secondary. This evolution, given current labor market patterns, represents an increase in lifelong earnings of US$3,153 (measured as student leave grade 6, discounted at a rate of 5 percent). Higher education attainment implies more education costs, which are partially compensated by improvements in efficiency. The increase of cost due to improved attendance is US$307 (measured as student leave grade 6, discounted at a rate of 5 percent).
4. **Impact 3: National activities on ECD**. Some of the activities to improve ECD would cover teachers beyond the targeted municipalities. This analysis estimates that improved teacher effectiveness would reduce preschool repetition and dropout by 5 percent, such that average education attainment would increase from 8.1 to 8.4 years of schooling. This evolution, given current labor market patterns, represents an increase in lifelong earnings of US$392 (measured at age 3 with a discount rate of 5 percent). Higher education attainment implies more education costs, which are partially compensated by improvements in efficiency. The increase of cost due to improved attendance is US$19 (measured at age 3 with a discount rate of 5 percent).
5. **Impact 4: Improvement in the quality and completion of lower secondary education**. The Project aims to increase the grade 9 completion rate at the national level from 52 percent to 60 percent. The improvement of teacher effectiveness and the distribution of learning materials are expected to impact learning outcomes and reduce repetition and dropout. Given current trends in education attainment, the eight percentage-point increases in the completion rate would increase the average years of education from 8.1 to 8.4. Nonetheless, the years of schooling for those who complete lower secondary education would increase from 11.5 to 11.9. This evolution, given current labor market patterns, represents an increase in lifelong earnings of US$468 (measured as student leave grade 6, discounted at a rate of 5 percent). Higher education attainment implies more education costs, which are partially compensated by improvements in efficiency. The increase of cost due to improved attendance is US$25 (measured as student leave grade 6, discounted at a rate of 5 percent).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Table 6.6: Impact of the Project**  **(Present value in US$ of changes in costs and benefits-discount rate 5 percent)** | | | | | |
|  | **Individual level** | | **Aggregate level** | | |
|  | **Direct** | **Life time** | **Beneficiaries** | **Increase in** | **Increase in** |
|  | **Cost** | **earnings** |  | **direct costs** | **life time earnings** |
|  | **(A)** | **(B)** | **(C )** | **(A)\*(C )** | **(B)\*(C )** |
| **Improve in access** |  |  |  |  |  |
| Preschool | 279 | 922 | 16,472 | 4,592,268 | 15,180,874 |
| Lower Secondary | 307 | 3153 | 13,052 | 4,011,035 | 41,152,364 |
|  |  |  |  |  |  |
| **Improve in quality** |  |  |  |  |  |
| Preschool | 19 | 392 | 243,134 | 4,544,256 | 95,244,440 |
| Lower Secondary | 25 | 468 | 329,900 | 8,408,292 | 154,309,548 |
|  |  |  |  |  |  |
| Total (without Project) |  |  |  | 21,555,851 | 305,887,225 |
| Project cost 1/ |  |  |  | 27,480,000 |  |
|  |  |  |  |  |  |
| Total |  |  |  | 49,035,851 | 305,887,225 |
| 1/ Infrastructure investment has been adjustment by use during the Project. | | | | | |

1. Finally, to produce the cost-benefit analysis, the economic analysis assumes a 20-year life of the infrastructure to be built, for a total of US$ 34.4 million. Following standard practices, the Project only incorporates the use of infrastructure the life of the Project. Given the required construction time, this analysis assumes that the newly built infrastructure would be in use by the second year of the Project implementation.

**Net Present Value of the Project and Internal Rate of Return**

1. Combining expected payoff per student and number of beneficiaries, the Net Present Value of the expected benefit of the Project is US$305 million and the increase in costs due to improvements in enrollment is almost US$22 million (in both cases discounted at 5 percent discount rate).

**Review of Education Expenditures Related to Project Costs**

1. In 2010 a public expenditure review (PER) in the education sector covering the period 2002-2010 was carried out, followed by the preparation of the ESS in 2011, enabling analysis of both historical and Projected expenditures, particularly in primary education. The PER showed increased spending on education, especially over the past five years, in absolute terms and as a percentage of GDP. In addition, during the period 2006-2010, the percentage of total education spending allocated to primary education increased from 48 to 55 percent. The ESS 2011-2015 and Medium-Term Expenditure Framework projects further increases in 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, such that preschool and secondary education spending is expected to increase by approximately US$1.3 million per year through 2015. From a financial perspective, the GoN’s increasing commitment to financing human capital development, particularly primary education, is evident. Not surprisingly, between 80 and 85 percent of MINED’s budget is allocated to salary expenditures. This leaves relatively little to finance school inputs and training. Capital expenditures are limited and depend largely on donor financing. Finally, based on an analysis of the 2005 MINED budget and latest household survey, the recent Public Expenditure Review showed the progressivity of public expenditures in education, especially for the pre- and primary education levels.
2. In addition, new funding from IDA through PASEN II and from the Project, the GoN is also currently negotiating with several other donors to further reduce the financing gap, such as: (i) the Inter-American Development Bank for a US$20 million Project to support Early Childhood Development (age 0-6 years); (ii) the Japanese International Cooperation Agency to support school construction and teacher training in primary education; and (iii) the EU for a US$20 million Grant to support vocational and technical training. These three additional contributions would reduce the financing gap to approximately US$125 million. However, education infrastructure remains insufficiently funded, particularly at the primary level. Structural reforms are also needed in teacher education and teacher career management across all levels of education. These important areas are currently beyond the reach of PASEN II and of the Project.
3. Project unit costs are quite reasonable, largely based on costs previously obtained through competitive bidding processes under PASEN I (P078990) (Credit No. IDA 3978-NI) and the EFA Fund (TF057311) (e.g. textbooks). Taking into consideration Project costs for Components 1 and 3 (which directly benefit students in the classroom) and preschool and lower secondary enrollments, assuming Project investments provide benefits for a minimum of five years, the investment cost per student of the Project is calculated at US$19.71 per year, which represents approximately 18 percent of current per student spending.

1. VIII Nicaragua’s Population Census and IV Nicaragua’s Household Census. INIDE, 2005. [↑](#footnote-ref-1)
2. This is an official figure as reported by the Ministry of Education (MINED). MINED counts the children aged 6-11 attending school independently of the education level in which they are enrolled divided by the total population between 6 and 11 years. This number is superior to the primary net enrollment estimated at 87 percent in 2010. Net and gross enrollment rates are likely over-estimated, due to many errors in the collection of the 2005 population census data, especially for the Atlantic regions and some predominantly rural municipalities with many difficult to reach populated areas. [↑](#footnote-ref-2)
3. Community-based preschools are organized in any accommodations made available by the communities (it can be the house of a parent and/or a community facility) and are run by an educator selected by the community who receives a monthly stipend paid by MINED. [↑](#footnote-ref-3)
4. Internationally, Nicaragua ranked below the regional average on UNESCO’s Second Regional Comparative and Explanatory Study (Segundo Estudio Regional Comparativo y Explanatorio, SERCE) in 2006 (Nicaragua is with the group of countries that exhibited mean scores in third grade Mathematics and reading lower than the regional average). [↑](#footnote-ref-4)
5. The exact number of primary schools not offering the full primary cycle is not known. The number fluctuates from one year to another depending on the number of teachers and number of students enrolled and the type of multi-grade organization adopted by the school director. [↑](#footnote-ref-5)
6. World Bank (2011). Better Jobs in Nicaragua: The Role of Human Capital (Draft Report). Country Note prepared for the Regional Study on *Turning Crisis into Opportunity: Human Capital and Social Policies to Promote Good Quality Job Creation in Central America*. Washington D.C [↑](#footnote-ref-6)
7. Second Support to the Education Sector Project (P126357, Cr. 5036-NI) [↑](#footnote-ref-7)
8. There are 153 municipalities in Nicaragua. [↑](#footnote-ref-8)
9. PASEN I (P078990, Cr. 3978-NI) [↑](#footnote-ref-9)
10. APRENDE I (P050613, Cr. IDA-3281-NI) and II (P007783, Cr. IDA-2689-NI) [↑](#footnote-ref-10)
11. The Education for All Catalytic Fund Grant (P078990, TF057311) [↑](#footnote-ref-11)
12. The JSDF Grant for the Food Emergency Support Program for School Children Project, (TF097212) [↑](#footnote-ref-12)
13. Eligible Expenditures under the Project will be finance at a 100% exclusive of taxes. For this Project, as it has been the case for other projects financed by the World Bank, the Government will follow internal procedure to obtain a tax exemption. [↑](#footnote-ref-13)
14. Barbara Bruns, Deon Filmer, and Harry Patrinos. “Making the School Work: New Evidence on Accountability Reform.” Bank, 2011. [↑](#footnote-ref-14)
15. For a detailed description of the line units participating in the Project and their functions, refer to Annex 3. [↑](#footnote-ref-15)
16. In April 2012, the GoN negotiated a US$20 million Project from the Inter-American Development Bank to support visits to households to benefit children from 0 to 6 years and to develop parental skills in 37 municipalities. [↑](#footnote-ref-16)
17. Component 2 would be financed by the European Union and administered by the Bank. [↑](#footnote-ref-17)
18. A due diligence procedure is included in the Bank-approved Manual of Operations and in the Resettlement Policy Framework (RPF) to verify the ownership of the land where civil works activities would be financed by the Project. [↑](#footnote-ref-18)
19. The Government/MINED does not actually know the correct percentage of land that is donated and untitled as opposed to the land that is donated and for which title has been legally issued to the Government/MINED. [↑](#footnote-ref-19)
20. Textbooks are in the process of being piloted and validated in a sample of urban and rural schools, using teacher focus groups, school-based field observations, and interviews with parents, pedagogical advisors and local educational councils, financed by the GoN prior to Project effectiveness. [↑](#footnote-ref-20)
21. The Project Coordinator was appointed by MINED in April 2012 with support staff. [↑](#footnote-ref-21)
22. Project Implementation Plan (PIP) also known as Short-term Plan (*Plan de Corto Plaza,* PCP) is prepared by MINED in the fall of each year. The content and format of the PIP are detailed in the OM. The Bank would review and approve the PIP on an annual basis, usually during a supervision mission. [↑](#footnote-ref-22)
23. OP 10.02 “For operations for which the invitation to negotiate is issued on or after July 1, 2010, the Bank requires that the borrower disclose the audited financial statements in a manner acceptable to the Bank; following the Bank's formal receipt of these statements from the borrower, the Bank makes them available to the public in accordance with “The Bank Policy on Access to Information.” [↑](#footnote-ref-23)
24. This column presents the estimated completion date, and is not an indication of legal conditions. [↑](#footnote-ref-24)
25. Dirección General de Contrataciones del Estado. [↑](#footnote-ref-25)
26. Mainly, ensuring that bids are publicly opened and that bidding terms are slightly increased. [↑](#footnote-ref-26)
27. *Licitación Pública*. [↑](#footnote-ref-27)
28. *Licitación Selectiva*. [↑](#footnote-ref-28)
29. *Compra menor*. [↑](#footnote-ref-29)