Public Disclosure Authorized

REPORT NO.: RES43509

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RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

ARGENTINA SECOND RURAL EDUCATION IMPROVEMENT PROJECT - PROMER-II

APPROVED ON DECEMBER 2, 2014

TO

ARGENTINE REPUBLIC

EDUCATION

LATIN AMERICA AND CARIBBEAN

Public Disclosure Authorized

Regional Vice President:	Carlos Felipe Jaramillo
Country Director:	Jordan Z. Schwartz
Regional Director:	Luis Benveniste
Practice Manager/Manager:	Emanuela Di Gropello
Task Team Leader(s):	Helena Rovner

I. BASIC DATA

Product Information

Project ID	Financing Instrument
P133195	Investment Project Financing
Original EA Category	**Current EA Category**
Partial Assessment (B)	Partial Assessment (B)
Approval Date	**Current Closing Date**
02-Dec-2014	31-Dec-2020

Organizations

Borrower	Responsible Agency
Argentine Republic	Ministry of Education, Culture, Science and Technology

Project Development Objective (PDO)

Original PDO

The proposed Project Development Objective is to support the national Government to reduce repetition rates in Primary Education and increase enrollment in, and completion rates of, Secondary Education, all in Argentina's rural areas.

Summary Status of Financing (US$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-84520	02-Dec-2014	16-Apr-2015	07-May-2015	31-Dec-2020	250.50	223.12	27.38

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

A. Project Status

1. In response to the COVID-19 pandemic, the Government of Argentina (GoA) closed all schools on March 16, 2020 and imposed a strict nationwide quarantine on March 20, 2020. These closures, coupled with the GoA's measures to compensate for potential learning losses, will present a significant challenge in the collection of indicator data for 2020. As a result, 2020 data indicators may not be available for all PDO Indicators by Project closing.

2. Overall Implementation Progress is rated Moderately Satisfactory given slower than expected progress in the implementation of the Project since December 2019. The change in administration slowed implementation as new officials were appointed and roles reassigned across government entities. The delays were further exacerbated by the pandemic and strict lockdown policies in Argentina. The Project has disbursed US$223.1 million (89 percent) to date, with disbursements expected to fall behind the November 2018 restructuring estimates given these recent delays.

2. Progress Toward Development Objectives is also rated Moderately Satisfactory. While most PDO Indicators have been substantially achieved, PDO Indicator 4 remains behind the planned targets. While they will be affected by the impacts of the pandemic and ongoing school closures, recent trends suggest that end targets would have been achieved for nearly all indicators had the 2020 academic year been carried out without interruption.

a. PDO Indicator 1 “Average repetition rate in primary schools in rural areas,” which reached 3.8 percent – surpassing the end target of 4 percent – increased to 4.5% by the end of 2019. This is a rebound effect often seen in other countries after the implementation of measures such as the "unidad pedagogica," which considers grades 1 and 2 as an integrated level to achieve learning objectives, substantially reducing repetition in grade 1 but affecting repetition in later grades if remedial strategies are not effective. In urban areas, however, the relative increase was even higher than in rural areas (1.7% vs. 1%), showing that the Project is well-targeted and is helping rural schools outperform their urban counterparts in terms of repetition rates.

b. PDO Indicator 2 “Number of students entering the first year of secondary school in rural areas as a proportion of students who finished primary school in rural areas” reached 79.2% by the end of 2019, nearly achieving the end target of 80%.

c. PDO Indicator 3 “Number of students in rural areas enrolled in 10th grade as a proportion of students that completed 9th grade in rural areas” reached 95.3% in 2019, substantially achieving the end target of 96%.

d. PDO Indicator 4 “Proportion of the total number of students enrolled in the 1st grade of upper secondary completing the last year of upper secondary education (12th grade) in rural areas, including students that repeat” achieved 66.33% in 2019, showing improvement from the 2018 value of 64.70%, but falling short of the expected end target of 68%.

3. The progress towards achieving Intermediate Results Indicators (IRIs) is mixed:
a. Component 1. Reducing Repetition Rates in Rural Classroom: IRIs are falling behind targets, particularly for activities related to teacher and principal training;
b. Component 2. Increasing Enrollment and Completion of Rural Secondary School: IRIs have all nearly achieved or surpassed the end targets, and will be further strengthened by the completion of all works planned under the Project; and,

c. Component 3: Strengthening Project Management, Monitoring, and Evaluation: most IRIs have achieved their end targets, with the exception of the indicator related to principals' access to the national learning assessment results report.

4. To date, only a selected group of rural schools remain open, and schools that had reopened in San Juan, Catamarca, and Santiago del Estero once again had to close. These measures have made it difficult to remain on track with the schedule for infrastructure works, both ongoing and new, and has caused delays in the implementation of pedagogical plans as the Ministry of Education has instead had to focus on continuing education through remote modalities. As part of this focus on remote modalities, the Ministry has implemented online learning programs and educational television programming, and has distributed printed learning materials to areas with low connectivity. In addition, it has carried out strategies to assess the effectiveness of these measures and identify areas for improvement.

5. The Project has adapted quickly to address some of the challenges posed by the COVID-19 pandemic and made funds available for schools to (a) purchase sanitation supplies and equipment to ensure proper hygiene in schools that continue to provide feeding services; (b) carry out minor works to ensure adequate water, sanitation, and social distancing measures; (c) produce materials to ensure remote learning in rural and vulnerable urban schools; and (d) provide computer kits to rural students in grades 9 and 10 with computer kits to ensure access to online learning resources. The strict quarantine on the construction sector has also been lifted in sparsely-populated rural areas in several Provinces, allowing several works under the Project to resume.

5. While delivery of the Audit Report for the period ending in December 2019 faced delays due to the pandemic, the Report was submitted to the Bank on October 23, 2020 and is currently under review. There are no other overdue items or reports.

B. Rationale for Restructuring and Proposed Changes

6. This would be the second restructuring for the Project, and would extend the Project's closing date by ten (10) months, from December 31, 2020 to October 31, 2021, for a total extension of 22 months.

7. The proposed extension is required to ensure the completion of all planned infrastructure works and full disbursement of the Loan amount, especially in consideration of the delays and challenges caused by COVID-19 and fluctuations in the exchange rate. To date, 111 works have been completed and another 47 are expected to be completed by the end of 2020. This would leave an additional 27 works to be completed by the new closing date, with a total estimated cost of approximately US$16.60 million. This restructuring includes a reallocation of resources across disbursement categories based on actual and estimated disbursements, as well as to better respond to the challenges presented by COVID-19. The extension would thus allow for the disbursement of nearly US$19.0 million in 2021.

II. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-84520	Effective	31-Dec-2019	31-Dec-2020	31-Oct-2021	28-Feb-2022

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Ln/Cr/TF	Current Expenditure Category	Current Allocation	Actuals + Committed	Proposed Allocation	Disbursement % (Type Total)	
					Current	Proposed
IBRD-84520-001 Currency: USD	CIVIL WORKS	153,000,000.00	140,866,228.14	174,845,803.00	100.00	100.00
	GOODS	65,250,000.00	29,733,486.41	43,292,374.00	100.00	100.00
	NON-CS and TRG	14,123,750.00	14,917,330.51	17,320,569.00	100.00	100.00
	CONSULTING SERVICES	10,294,578.00	10,947,820.29	13,284,516.00	100.00	100.00
	OPERATING COSTS	7,205,422.00	1,033,330.70	1,130,488.00	100.00	100.00
	PREMIUM FOR CAPS/COLLARS	0.00	0.00	0.00		
	Total	**249,873,750.00**	**197,498,196.05**	**249,873,750.00**		