Updated Project Information Document (PID)

Report No: AB119

Project Name: BRAZIL - PERNAMBUCO INTEGRATED DEVELOPMENT: EDUCATION QUALITY IMPROVEMENT PROJECT

Region: Latin America and Caribbean Region

Sector: Primary education (80%); Secondary education (20%)

Theme: Education for all (P); Decentralization (S)

Project: P069934

Borrower(s): PERNAMBUCO STATE GOVERNMENT

Implementing Agency(ies): STATE BASIC EDUCATION SECRETARIAT

Address:
Rua Siqueira Campos, 304
50010-010 Recife - Pernambuco

Contact Person: Mozart Neves, Secretary of Education
Tel: (81) 3224-3333    Fax: (81) 2122-6393    Email: mozartnr@educacao.pe.gov.br

Secretariat of Administration and State Reform (SARE)

Address:
Rua Dona Maria Cesar, 68
50030-140 Recife - PE

Contact Person: Maurício Costa Romão, Secretary of Administration and State Reform
Tel: (81) 3224-9389    Fax: (81) 3424-2795    Email: mromao@fisepe.pe.gov.br

Secretariat of Planning

Address:
Rua da Moeda, 46
50030-040 Recife - PE

Contact Person: Raul Henry, Secretary of Planning
Tel: (81) 3224-4097    Fax: (81) 3224-7061    Email: spgab@fisepe.pe.gov.br

Environment Category: C (Not Required)

Date PID Prepared: September 13, 2004

Auth Appr/Negs Date: July 9, 2003

Bank Approval Date: October 14, 2004

1. Country and Sector Background

Overview

Pernambuco, with its 7.9 million inhabitants spread across 184 municipalities, is the most urbanized state of the Northeast with 42 percent of the population living around its capital, Recife. Pernambuco's GDP per
capita is R$ 3,279, above the Northeast average of R$ 2,671 and below the national average R$ 5,740. Pernambuco is characterized by a highly unequal income distribution: 54 percent of the population earn monthly salaries two times or less the minimum wage while only 1.03 percent earn more than 20 times or more the minimum wage.

Similar to other states in Brazil, Pernambuco's education system comprises the Municipal and State systems, as well as private schools. According to the 2001 School Census, there are about 2.7 million students in Pernambuco enrolled in 11,970 schools at the different levels in the three systems. The state system covers 34.7 percent of all the students and 8.3 percent of all the schools. Municipal students represent almost half of all students and 70 percent of the schools. Private schools serve approximately 16 percent of the students and operate about 21 percent of all the schools in Pernambuco. Schools located in rural areas account for 57 percent of all schools and 19 percent of enrollment.

At the state level, the Secretariat of Education (Secretaria de Educação e Cultura -- SEDUC) is the government body responsible for managing the education system and its 1,086 schools (97 of them indigenous), and delivering education to 942,878 students. The SEDUC is organized into 17 Regional Management Offices (Gerências Regionais de Educação -- GRE), which provide support and guidance to the schools.

**Sector Issues**

**Deficient public sector administration.** Pernambuco's public administration is characterized by the low quality of public services, lack of accountability, and a tight fiscal situation. In the education sector, the heavy administrative structure of the SEDUC prevents the efficient and effective delivery of quality education.

**Coverage and exclusion.** Education coverage at the fundamental level is still not universal in Pernambuco -- 90.1 percent and below the national level of 94.3 percent -- as there are approximately 180,000 children aged 7 to 14 outside of the school system. Another dimension of education exclusion in Pernambuco is the large number of adolescents and young adults who are not enrolled in school, not participating in the labor market, and who have limited if any job-skills because they dropped out of school before completing the fundamental cycle. In 2002 12.4 percent of the population aged 15 to 17 were outside of the school system.

**High repetition and age-grade distortion.** While net enrollment rates in Pernambuco have increased steadily in the last five years reaching 90.1 percent at the fundamental level, education indicators show a system that is plagued with age-grade distortions.

**Low student achievement level and inadequate teacher qualifications and skills.** The performance of Pernambuco students as measured by the SAEB tests applied to a sample of 4th, 8th, and 11th graders in 1995, 1997, 1999, and 2001 has been close to the Northeast average and below the national one. One of the contributing factors to the poor student performance in Pernambuco is the low qualifications and inadequate skills of the teachers.

**Inadequate infrastructure.** It is estimated that about 40 percent of school infrastructure in Pernambuco is inadequate, with some schools operating in rented buildings and most without adequate furnishing and equipment. The schools serving Quilombo and Indigenous communities not only tend to have poor infrastructure and also lack electricity, clean water, and bathrooms.
Inadequate coordination between the State and the Municipalities. The education sector in Pernambuco also suffers from inadequate coordination between the State and the Municipalities. Despite the National Education Law in 1996 (Lei de Diretrizes e Bases da Education National -- LDB), which specifies roles and responsibilities in the delivery of education for each level of government, the distribution of education functions and responsibilities among sub-national levels of government is still quite variable across the different systems in most of Brazil.

Poverty related factors. Pernambuco has the second highest incidence of absolute poverty in the Northeast, with almost 2.6 million people living in poverty. While education efforts in Pernambuco have yielded positive results in terms of increasing access and reducing illiteracy, recent studies show that the poorest segments of the population tend to have the worst education performance.

Government's Strategy

Recognizing a tight fiscal situation and the low quality of public services, the State Administration has pursued an ambitious state reform agenda since the beginning of its first term in 1999, calling for bold measures to contain the cost of government services and improve their efficiency. The vision and priorities of the State Reform are expressed in the Master Plan for the State Reform (Plano Diretor da Reforma do Estado -- PDRE) of January, 2000. The PDRE comprises a series of policy and administrative measures to increase managerial flexibility, while attempting to strengthen accountability.

The first-round reforms (1999-2002) resulted in some but not much concrete progress. Thus, in preparation for its second term (2003-2006), the Government renewed its earlier focus on the state reform, the substance of which was summarized in the document Restructuring and Modernization of the State Apparatus. The new proposal continued to base its fundamental rationale on the need to achieve greater economy and efficiency and quality of public services. However, this time the Government clearly identified social inclusion and human development as the overall goal of the reform.

Since August 2002, the Bank intensified its dialogue with the State of Pernambuco. A series of meetings were held to discuss the state's overall development challenges and policy priorities. These culminated in a workshop in November where four strategic priorities were identified as bases for the next PPA, which the Government is currently preparing with Bank financial and analytical support. The four priority areas identified through this dialogue are (i) enhance economic dynamism, especially of small and medium-sized economic agents; (ii) improve living conditions (habitabilidade), especially low-income families’ access to quality of water and sanitation services; (iii) social inclusion, especially of the youth at risk; and (iv) strengthening of governance and management of essential public services, especially education, health, and public safety.

In the education sector, SEDUC prepared a 10 year education strategy (Plano Estadual de Educação, 2000-2009 -- PEE) at the beginning of this administration's first term (1999-2002). The plan identified two priority areas: (i) improving quality of education through establishing a statewide student assessment system, providing school inputs, and adopting strategies to reduce student dropout rates; and (ii) reducing system-wide inefficiencies by modernizing SEDUC's own structure so it functions better under a decentralized school model, adopting accelerated programs to reduce age-grade distortions thereby reducing future bottlenecks in the system, improving coordination and quality assurance in the Municipal school systems, and promoting school leadership and autonomy.

Although SEDUC has launched several initiatives that are important for improving education in Pernambuco, it has not carried out significant structural reforms that would have a long-term impact in
service delivery in the education sector. Funds from the privatization of State enterprises allowed SEDUC to make the most urgent investments in the sector but the necessary administrative reforms were postponed, although they were contemplated in the PDRE and the PEE. Thus, one of the important current challenges for SEDUC is to move toward an administrative model that is leaner and more consistent with statewide modernization, decentralization, and deconcentration. In this respect, SEDUC is working in close collaboration with SARE and the Secretariats of Finance (Secretaria da Fazenda -- SEFAZ), and Planning (Secretaria do Planejamento -- SP), to define the strategy for modernizing its internal structure and make it more responsive to the needs of the schools.

2. Objectives
The overall objective for World Bank's work in the state of Pernambuco is to support the Government's agenda of ensuring social inclusion and promoting human development as the backbone for its policies.

The development objective of the Pernambuco Development and Education Quality Project is to (a) improve the quality, efficiency, and inclusiveness of the public education system; (b) modernize and strengthen the managerial, financial, and administrative capacity of the Secretariat of Education to set policies and guidelines for the sector and deliver public education efficiently; and (c) support the overall state modernization effort.

3. Rationale for Bank's Involvement
International Knowledge. The Bank is a well-known repository for international knowledge because of its active involvement in development programs, its extensive contacts with research organizations, and its experience working with a wide range of governments, sectors, and local communities. In addition to providing financial resources to its clients, the Bank brings together global knowledge and experience, neutrality and objectivity. It facilitates communication among key actors within and among countries.

National and Regional Experience. As the chief external financing institution for the Brazilian basic education sector, over a decade, the Bank has amassed solid knowledge on national and regional education issues and assimilated a diversified understanding of cultural and political idiosyncrasies in the country.

Partnership and Cooperation. The Bank is able to function as an inter- and intra-national catalyst and broker by bringing various actors in Government to the table, and stimulating the exchange of information by bringing together representatives from different levels of Government, NGOs, and private organizations. In this capacity, the Bank is able to foster policy dialogue and cooperation across groups that often have opposing views.

4. Description
Component 1. Improving Quality and Efficiency of the State Schools. This component seeks to improve the quality and efficiency of the 1,086 state schools in Pernambuco through the following subcomponents.

1.1 Strengthening School Autonomy Subcomponent. This subcomponent seeks to increase school efficiency and accountability by giving the school community more autonomy and responsibility in managing their schools. In addition, it seeks to make schools more inclusive and culturally relevant to their students, particularly in the case of Indigenous schools, by giving them the autonomy to diagnose their own situation and address deficiencies.

1.2 Ensuring Minimum Operational Standards at Schools Subcomponent. This subcomponent seeks to ensure that State schools, including those serving Indigenous communities, meet the minimum operational standards in terms of their infrastructure and inputs. SEDUC has defined basic operational
standards in terms of the minimum inputs required in a classroom for students to learn, according to its needs and financial capacity. The model consists of a predetermined set of essential inputs such as library books and students materials, school furniture such as desks, chairs, and shelves, and physical facilities such as sound school buildings, safety factors, and sanitary facilities.

1.3 Improving Teachers Qualifications Subcomponent. This subcomponent will support a pilot pre-service teacher training under the revised curricula which, in turn, aims to improve the quality of the State public schools and to address the shortage of teachers in grades 5 through 8 and in secondary education. Financing will be provided for higher education training for 300 State teachers who do not have a tertiary degree. Training specialization will be offered in subject areas identified by SEDUC as areas where there is a shortage of teachers, and would take into consideration demand projections resulting from enrollment simulations carried out in the first year of project implementation.

Component 2. Improving System Efficiency and Effectiveness and Expanding Inclusion. This component aims to improve education policy for the entire system and to support programs targeted to areas of special concern such as less than satisfactory teaching performance, high repetition rates, large age-grade distortions, the need to consolidate a culture of evaluation and to create incentives for improvement in Municipal education. This will be achieved through the following subcomponents.

2.1 Enhancing Educational Policies and Performance Subcomponent. This subcomponent seeks to improve the formulation and implementation of education policies that have an impact on entire education system, including the State, Municipal, and private schools.

2.2 Supporting Education Programs to Increase Quality and Inclusion Subcomponent. This subcomponent seeks to improve the quality of education in municipal schools with the worst performance on SAEPE, reduce age-grade distortions at the fundamental level, and foster the inclusion of youth "at risk" and diminish youth idleness and involvement in anti-social activities.

Component 3. Supporting the State Reform. This component promotes the State reforms aimed at improving efficiency in delivering public services, through two subcomponents, one that addresses broader public sector issues such as supporting the development of public administration models and procedures according to the PDRE, and a second subcomponent that focuses on the introduction of the aforementioned models and procedures into the education sector.

3.1 Supporting the Implementation of the State Reform Subcomponent. The objective of this subcomponent is to support the implementation of reforms recommended in the PDRE through the development of public administration models and procedures, which would then be piloted at SEDUC, thereby improving effectiveness, efficiency and quality of education. By doing that, SEDUC will pioneer the implementation of the PDRE, serving as a case study in the development of procedures that could be applied to other Secretariats and public institutions in Pernambuco.

3.2 Strengthening and Modernizing Education Management Subcomponent. This subcomponent seeks to modernize SEDUC by introducing changes recommended in the PDRE, and development under the previous subcomponent, in the following areas: (a) human resources, (b) financial management, (c) planning, (d) technology, and (e) supervision, monitoring and evaluation of the education sector activities. Technical assistance will be provided to support the reorganization of the SEDUC, including the introduction of management improvements to ensure more efficient service delivery, and legal and organizational measures to make possible the implementation of the reforms.
Component 4. Project Management. This component will finance the management of the project and, at the same time support the strengthening of SEDUC through the provision of technical assistance and consultant services to implement the project and to adapt SEDUC to better integrate and gradually absorb project functions.

5. Financing

Source (Total (US$m))
BORROWER ($21.00)
IBRD ($31.50)
Total Project Cost: $52.50

6. Implementation

Project implementation will be carried out by SEDUC. Under the leadership of SEDUC, the following other project executing agencies will participate in project implementation: (a) SARE which will carry out the subcomponent that supports the implementation of the State Reform; (b) SEPLAN which will collect and process social indicators data, and develop and implement models for monitoring and evaluation of public policies and expenditures, in particular as related to education; (c) the School of Government (Escola de Governo) which will provide management training; (d) the School Councils which will prepare and execute School Improvement Subprojects (PMEs) for both state and municipal schools. While Municipal Education Secretariats would not be directly responsible for project implementation, they will select "winning" PMEs among municipal schools and oversee their implementation according to criteria and guidelines detailed in the project's Operational Manual. In addition, selected Universities and NGOs will participate the provision of training services under contract by SEDUC. The scope of the participation of each of the project executing agencies is described in the Operations Manual.

7. Sustainability

The project objectives support Government policies and are the product of an extensive consultation process. The project preparation team included the staff from the Secretariat of Education, who will continue to be involved in the implementation of the project, as well the Secretariats of State Reform and Administration, Finance, and Planning. Project actions complement actions developed and/or being implemented by the Government, as well as Federal efforts under other programs such as FUNDESCOLA, and structures of project -- with the exception of the accelerated program -- are part of the SEDUC and will continue to be carried out after the project is completed. Moreover, the financial analysis shows that the project is financially sustainable. The project uses a participatory approach to promote the active participation of Municipalities, schools directors, teachers and parents in improving the education services. This partnership is an important factor in building a sustainable and effective education system that is accessible and benefits all school-aged children in Pernambuco over the longer term.

8. Lessons learned from past operations in the country/sector

Lessons learned from the design and implementation of the Northeast Basic Education I, II, and III Projects (Loans 1867-BR, 3604-BR and 3663-BR), the FUNDESCOLA I and II Projects (Loans 4311-BR and 4487-BR), and the preparation of the Ceará Education Project (Loan 45910) and Bahia Education Project (Loan 45920) have been incorporated into the Pernambuco Education Quality Improvement Project. More specifically, the project reflects the following lessons on the: (i) importance of Basic Operational Standards; (ii) need to foster cooperation between State and Municipal Systems; (iii) adequate monitoring and evaluation systems; (iv) impact of autonomy and participation; (v) accelerated classes; and (iv) public sector modernization efforts.
9. Environment Aspects (including any public consultation)

**Issues**: The proposed project does not involve any construction of new infrastructure or other activities likely to have significant environmental impact.

10. List of factual technical documents:


11. Contact Point:

   **Task Manager**  
   Andrea C. Guedes  
   **The World Bank**  
   **1818 H Street, NW**  
   **Washington D.C. 20433**  
   **Telephone:** 202-473-6286  
   **Fax:** 202-522-1201

12. For information on other project related documents contact:  
   **The InfoShop**  
   **The World Bank**  
   **1818 H Street, NW**  
   **Washington, D.C. 20433**  
   **Telephone:** (202) 458-5454  
   **Fax:** (202) 522-1500  
   **Web:** http://www.worldbank.org/infoshop

*Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.*