# Document of The World Bank

FOR OFFICIAL USE ONLY

LN 3573-AL

Report No. P-5976-AL

#### MEMORANDUM AND RECOMMENDATION

OF THE

#### PRESIDENT OF THE

### INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

TO THE

#### EXECUTIVE DIRECTORS

ON A

#### PROPOSED LOAN

IN AN AMOUNT EQUIVALENT TO US\$40 MILLION

TO THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

FOR A

BASIC AND SECONDARY EDUCATION SUPPORT PROJECT

FEBRUARY 24, 1993

MICROFICHE COPY

Peport No.: F- E978 AL Type: (PM)
Title: BASIC AND RECONDARY EDUCATION:
Author: BREGMAN, J.
Ext.: 32457 Recoult 4105 Dept.: MN1PH

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

# **CURRENCY EQUIVALENTS**

Curre	ency Unit	=	Alge:	rian Dinar	(DA)	
US\$	1	=	DA	22	(November	92)
DA	1	=	US\$	0.045	(November	92)
US\$	1	=	DA	22.2	(November	91)
US\$	1	=	DA	17.8	(May	91)
US\$	1	=	DA	15.9	(January	91)
US\$	1	=	DA	10.9	(November	90)
US\$	1	<b>123</b>	DA	8.4	(May	90)

FISCAL YEAR: January 1 - December 31

SCHOOL YEAR: September 15 - June 30

<u>DEFINITIONS</u>: Algeria is divided into 48 administrative Wilayate (Provinces)

# GLOSSARY OF ABBREVIATIONS

BAD	Banque Algérienne de Développement (Algerian Development Bank)
BAC	Baccalauréat (Secondary School Diploma - University stream)
BEF	Brevet d'Enseignement Fondamental (Basic Education Diploma))
CNF	Centre National de Formation des Cadres (National Staff
	Training Center)
CNP	Corseil National de Planification (National Planning Council)
CAMEMD	Centre d'Approvisionnement et de Maintenance des Equipements
	et des Moyens Didactiques (Center for Procurement and
	Maintenance of Equipment and Pedagogic Materials)
DOE	Departments or structures in charge of Orientation and
	Evaluation
IPN	Institut Pédagogique National (National Pedagogic Institute)
ITE	Institut de Technologie de l'Education (Teacher Training
	Institute for Basic Education
MEN	Ministère de l'Education Nationale (Ministry of National
	Education)
PMU	Project Management Unit

# THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA BASIC AND SECONDARY EDUCATION SUPPORT PROJECT

# Loan and Project Summary

Borrower: The Democratic and Popular Republic of Algeria

Beneficiaries: Ministry of National Education (MEN)

Amount: US\$40 million equivalent

<u>Terms</u>: Repayable in seventeen years, including a four-

year grace period, at the Bank's standard

variable interest rate, on an annuity basis.

Financing Plan: Government US\$24.0 million

IBRD <u>US\$40.0 million</u>

TOTAL US\$64.0 million

Economic Rate of Return: NA

Staff Appraisal Report: Report No. 11537-AL

Map: Map No. 24541

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

# MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

# TO THE EXECUTIVE DIRECTORS

# ON A PROPOSED LOAN TO THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

TO THE DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA
FOR A BASIC AND SECONDARY EDUCATION SUPPORT PROJECT

- 1. I submit for your approval the following memorandum and recommendation on a proposed loan to the Democratic and Popular Republic of Algeria for the equivalent of US\$40 million to finance a project for basic and secondary education support, which begins improving quality and efficiency in basic and secondary education. The loan would be at the Bank's standard variable interest rate on an annuity basis, with a maturity of seventeen years, including a four-year grace period.
- 2. <u>Background</u>. Rapid expansion under pressure of high population growth (over 3% p.a.) has characterized Algerian primary and secondary education in the 1980s. A 1990 Bank sector report½ found that, while educational expansion kept pace with population growth, it has come at the expense of quality and efficiency. Education reforms undertaken by the Government during the eighties include: introduction of 9 years of basic education, introducing Arabic as the language of instruction and replacing expatriate teachers. A new secondary education reform was started in 1992/93, focusing on improved cost-efficiency and relevance of subject content. However, despite these reforms, pedagogic quality and efficiency in basic and secondary education still need improvement.
- 3. More than 6 million pupils were enrolled in basic and secondary education in 1990; gross errollments reached 93% for grades 1 to 6 and 74% for grades 7-9 in basic education, and 44% for grades 10-12 of secondary education. Girls make up about 43% of the school population. All education and training is public and the sector consumes about 33% of total recurrent government expenditures. The Ministry of National Education's (MEN) budget, covering basic and secondary education, accounts for 75% of all recurrent sector spending and grew by almost 7% per annum (in constant 1985 prices) between 1985-90. This is almost twice the growth of student enrollments and mainly due to accelerated staff recruitment. Consequently, salary costs went up from 79% to 87% of total educational expenditures since 1985 while non-wage expenditures decreased significantly leading to lack of pedagogic materials in the schools and a deteriorating learning environment which contributed to the decline in instructional quality.
- 4. <u>Issues in basic and secondary education</u>. Because of the decline in quality and efficiency, the education system is expensive and failure rates<sup>2</sup>/ are high compared to international standards. Only one out of five of the pupils

Improving quality and efficiency in basic and secondary education in Algeria; Report no. 8912-AL (August 1990).

In 1989-90 there was an average repetition rate of more than 25% in grade 9 and about 33% of grade 9 pupils dropped out before the end of the school year. Average basic education and baccalauréat exam pass rates also remain low (around 20-30% since 1987).

who complete grade 9 obtains a basic education diploma; secondary exam results (baccalauréat) are similar. The general explanations for the decline in instructional quality and learning achievements are (i) poor quality of instruction; (ii) insufficient assessment capacity of learning achievements in schools; (iii) lack of pedagogic research and management capacity; and (iv) deteriorating physical infrastructure and facilities in schools. Lowering pupil-teacher ratios in the eighties failed to improve the quality of delivery. Since most teachers need additional in-service training, teaching is still based on memorization and blackboard copying. National and local pedagogic institutes lack qualified education managers and researchers and have been unable to maintain effective links with comparable institutes abroad to keep abreast of international innovative approaches. The lack of an effective learning and quality assessment system to complement the existing exam system, makes it difficult for the Government to develop adequate longer term reform strategies. Finally, insufficient supply of critical pedagogic materials to schools for practical experimenting and illustration of what is taught makes teaching less effective. Many teacher guides and pedagogic background documentation are in short supply or unavailable. This hampers teachers' access to professional feedback.

- 5. Government strategy. The Government recognizes the importance of better quality in basic and secondary education and its current priorities for this sector are to: (i) strengthen and renovate educational research capacity; (ii) revise programs and improve curriculum design mechanisms to make what children learn more relevant to their cultural and social environment; (iii) improve teacher and staff training; (iv) improve the school environment by providing adequate pedagogic materials; (v) strengthen management capacity at central and provincial levels; and (vi) improve cost and financing mechanisms in education. The Government also plans to increase access to basic education to include 100% of the 6-year age group and increase attainment ratios by lowering repetition and dropout rates. As a first step, the Government will carry out by December 1995 a study to review the quality and cost-efficiency of the production and distribution of schoolbooks.
- 6. <u>Lessons learned</u>. Lessons learned from previous lending have been incorporated into the proposed project. The Completion Reports of earlier projects have emphasized the need for: (i) increased involvement of the Borrower's technical staff in project identification, design and preparation; (ii) improved assessment of absorptive capacity of the executing institutions and taking better into account administrative procedures of the Borrower during project implementation and supervision; (iii) assigning the administration of the loan and, when possible, the management of the project to a single entity with the necessary leverage to resolve issues promptly and sufficient resources to monitor implementation; and (iv) providing adequate preparation, including extensive advance training to local staff for decentralization of project responsibilities.
- 7. Rationale for Bank involvement. Bank strategy in Algeria takes into account the political and socio-economic environment, while allowing for sufficient flexibility to adjust to improved conditions. The Bank supports Government strategy of meeting social sector needs by improving quality and

efficiency of basic social services. Basic and secondary education is a key priority, since almost 50% of the population is under the age of 15. A Bank sector study on quality and efficiency in education was completed in 1990; the proposed project is based on this study and complements the Bank's on-going Vocational Training project (Loan no.2977-AL) and Science and Technology University Development project (Loan no.3266-AL). A Health Management project is also underway and will contribute to developing major institutional changes in the management and operations of the health system.

- 8. The proposed project is the first step in a long process which will ultimately lead to a basic and secondary education system that adequately prepares Algerian children for a productive social and economic life. The Bank's international experience in this sector will contribute to the Government's larger objective of social and economic reform. This is the first Bank-financed project in Algeria to target quality and efficiency at the base of the education and training system. Continued Bank support would be based on the outcomes of this project. Future follow-up operations would focus on structural issues in this sub-sector and on long term sustainable educational development.
- 9. Project objectives. Project objectives are focused on the immediate needs of the sector and aim to (i) introduce a pilot system for assessing learning outcomes and quality in basic and secondary education; (ii) strengthen the quality of pedagogic research programs; and (iii) provote a more effective use of pedagogic materials in schools. The project would improve the Government's capacity to measure the system's performance and provide decisionmakers with information on the structural problems of the sector. training and improved supply and use of pedagogic materials would contribute to more effective learning in schools and help teachers to teach better. improving assessment and pedagogic research, the project will also assist the Government in monitoring the implementation of the ongoing secondary education reform and evaluating the impact on quality of the introduction of the 9 years of basic education system.
- 10. <u>Project Description</u>. The project would have three components and be implemented over 8 years. The <u>first</u> component (US\$3.3 million; 6% of total estimated base cost) would finance (i) the development and introduction of a pilot national assessment system by the MEN; (ii) improvement of existing pupil testing, orientation and selection procedures through training of Algerian experts and creation of computerized test-item banks; and (iii) development of six groups of standardized quality and efficiency indicators based on the OECD<sup>2</sup>/model. Six Regional School Orientation and Selection Centers would participate in field tests and provide the vital link to the schools and teachers. The second component (US\$2.0 million; 4% of total estimated base cost) would finance (i) the institutional strengthening of the National Pedagogic Institute (IPN)

How to improve quality and efficiency in Basic and Secondary Education in Algeria; Report 8912-AL; World Bank, August 1, 1990.

Organization for Economic Coopération and Development; Education at a glance: the OECD indicators; September 1992.

through training and provision of pedagogic equipment; (ii) pedagogic research programs on design and evaluation of curricula and schoolbooks; (iii) provision of about 5,000 new library books, research journals and periodicals in pedagogic research areas relevant to IPN. Objectives and activities of project-financed research programs and studies would be jointly reviewed by the MEN and the Bank and would aim to improve the coherence of curriculum content between subjects and levels of basic and secondary education French, Mathematics. Arabic and Science. The third (US\$51.0 million; 90% of estimated total base cost) would improve the supply and use of pedagogic materials in schools through: (a) provision of pedagogic materials for about 14,000 basic and secondary schools, of which 3,500 are under construction; (b) improved provision and use of school science laboratory products in about 3,500 grade 7-12 schools, rehabilitation of CAMEMD (Center for Procurement and Maintenance of Equipment and Pedagogic Materials) storage and distribution facilities for such materials and the provision of related equipment, teacher- and staff training; and (c) provision of spare parts, equipment, technical assistance, teacher- and staff training, rehabilitation of CAMEMD maintenance facilities for improved maintenance services to schools, and experts services to carry out a study on safety and maintenance of pedagogic materials in schools.

- 11. <u>Project management</u>. The project would be executed by the MEN. Coordination of implementation and project administration would be the responsibility of the Project Management Unit (PMU) with funding at levels, membership and administrative staff whose qualifications and experience shall be satisfactory to the Bank. The PMU would report directly to the Minister of National Education and be responsible for maintaining adequate working relationships with the Bank and the Banque Algérienne de Développement (BAD). The PMU would coordinate day-to-day project management and organize Annual Project Implementation Reviews (APIRs) and a Mid-term project Review.
- 12. <u>Cost and financing</u>. Total project cost is estimated at about US\$64.0 million with a foreign exchange cost of US\$40.0 million or 63% of total project costs. The proposed Bank loan would finance all foreign exchange costs. The Government would cover local costs, principally on-the-job training of teaching and non-teaching staff, incremental staff salaries, maintenance and civil works and most project management costs. A breakdown of project costs and the financing plan are shown in <u>Schedule A</u>. Amounts and methods of procurement and the disbursement schedule are shown in <u>Schedule B</u>. A timetable of key processing events and the status of Bank Group operations in Algeria are given in <u>Schedules C and D</u>, respectively. The Staff Appraisal Report N° 11537-AL, dated February 23, 1993 is being distributed separately.
- 13. Agreed actions. During negotiations, agreement was obtained on the following: (a) procedures and content of the APIRs and the mid-term project implementation review; (b) the carrying out by MEN of a study of the safety and maintenance of pedagogic materials in schools; and (c) annual release of budget funds to MEN as will be necessary to ensure effective project implementation. Loan effectiveness would be conditional upon: (a) MEN having launched bidinvitations for technical assistance, overseas training packages, pedagogic

- materials and technical equipment necessary for successful project start-up; and (b) MEN having established the PMU, with membership, responsibilities, administrative staff and funding at level: satisfactory to the Bank.
- 14. <u>Procurement</u>. Goods financed by the Bank would be procured through ICB except for a small number of proprietary and/or single source items or other items locally available, as justified. Expert services would be procured according to the Bank Guidelines on consultants. Standard bid documents have been prepared by the MEN and have been reviewed and approved by the Bank.
- 15. <u>Environmental aspects</u>. This project was reviewed under the Bank's Environmental Assessment procedures and was determined to fall within Category "C", for projects which do not result in significant environmental impact.
- 16. Benefits. The project would yield the following benefits: (a) improved quality and relevance of learning content in basic and secondary education; (b) improved quantitative and qualitative measurement of pupils' learning performance through staff training, pedagogic research and improved assessment of learning outcomes affecting about 1.3 million pupils in 2,400 basic and secondary schools; (c) a more effective pedagogic information system, thereby enabling education decision makers to develop improved longer-term reform strategies based on reliable quantitative and qualitative assessment; (d) improved teacher- and staff training programs, thereby improving the performance of about 1,800 pedagogic counsellors and inspectors and contributing to improved pedagogic feedback up and down the system; and (e) improved supply, management, maintenance and use of modern pedagogic materials to about 14,000 basic and secondary schools, contributing to better learning for about 5 million pupils and improved teaching of about 200,000 teachers and to improved competency in the use and maintenance of these materials for about 100 higher technicians, 1,000 school lab technicians and 29,000 science teachers.
- The project's main risk lies in the present economic and political situation which could influence strategies in the education sector and commitment to project objectives. In this climate, it will also be difficult to bring about institutional changes. To take this situation into account project design has been kept simple and its objectives focused exclusively on the immediate basic and secondary education needs. This has resulted in a high sense of project ownership within the MEN. A second risk lies in the capacity of education decision makers, administrative managers and teachers to implement innovative changes. The system has a history of 30 years of centralized management and curriculum planning. Project implementation procedures and adequate monitoring and evaluation mechanisms take this into account and provide sufficient scope for timely corrective action. A list of operational project implementation indicators has been discussed and agreed upon with the MEN. A third risk lies in the absorptive capacity and required continuity and quality of project management staff, which have been identified as critical implementation factors in previous Bank projects. Project design has taken absorptive capacity into account. Adequate training for project management staff would be provided. Transparent project management procedures would be in effect

during implementation. Staff and other resources necessary for effective project management and coordination have been identified.

18. <u>Recommendation</u>: I am satisfied that the proposed loan would comply with the Articles of Agreement of the Bank and recommend that the Executive Lirectors approve the proposed loan.

Lewis T. Preston
President

Attachments Washington D.C. February 24, 1993

# Schedule A

# DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

# BASIC AND SECONDARY EDUCATION SUPPORT PROJECT

# Estimated Costs and Financing Plan

Estimated Project Costs1/			
	T	JS\$ MILLION	
	Local	Foreign	<u>Total</u>
1. Pilot national assessment system	2.0	1.3	3.3
2. Pedagogic research	0.3	1.7	2.0
3. Improvement of supply and use of			
pedagogic materials	18.6	32.4	51.3
Total Baseline Costs	20.9	<u>35.4</u>	<u>56.3</u>
Physical Contingencies	0.1	1.9	2.0
Price Contingencies	3.0	2.7	5.7
TOTAL PROJECT COSTS	24.0	40.0	<u>64.0</u>
1/ Includes US\$500,000 in local taxes financed by Government			
Financing Plan			
THOUGHT TAU			
Government	24.0	0.0	24.0
IBRD		40.0	40.0
Total	24.0	40.0	64.0

### Schedule B

### DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA BASIC AND SECONDARY EDUCATION SUPPORT PROJECT

### PROCUREMENT ARRANGEMENTS in US\$ million

	<u>ICB</u>	OTHER1/	$N.B.F.^{2/}$	TOTAL.
Civil works			1.6	1.6
Tachadaal agusaman	9.0		(0.0)	(0.0) 9.0
Technical equipment	(8.8)			(8.8)
Padagogic materials	23.7	4.0		27.7
Technical cooperation and training	(23.7)	(4.0) 6.6		(27.7) 6.6
recuired cooperacion and craining		(3.4)		(3.4)
Operating costs		19.1		19.1
		(0.1)		(0.1)
TOTAL	32.7	29.7	1.6	64.0
of which Bank	(32.5)	(7.5)	(0.0)	(40.0)

Figures in parentheses are the amounts financed by the Bank loan.

#### **DISBURSEMENTS**

Category US\$ Million		% financed by the Bank						
Technical equipment Pedagogic materials	33.0		local local	expend	eign expo litures nditures ally;	ex-fac	tory; 8	30% of items
Technical cooperation and training 3.0 100% of all expenditures								
Unallocated	4.0							
TOTAL	40.0							
Estimated Disbursements (US\$ million)								
IBRD FY	<u>FY94</u>	FY95	FY96	<u>FY97</u>	<u>FY98</u>	FY99	<u>FY00</u>	<u>FY01</u>
Annual Cumul.tive	2.5 2.5	4.0 6.5	5.5 12.0	8.5 20.5	7.5 28.0	6.5 34.5	4.5 39.0	1.0 40.0

Rate of return: not applicable

<sup>&</sup>quot;Other" consists of shopping and consultant services contracted as per Bank guidelines.

<sup>2/</sup> -"N.B.F.": not Bank financed.

#### Schedule C

## DEMOCRATIC AND POPULAR REPUBLIC OF ALGERIA

#### BASIC AND SECONDARY EDUCATION SUPPORT PROJECT

#### Key Project Events and Responsibilities

(a) Time taken to prepare: 16 months

(b) Prepared by: Government with Bank's assistance

(c) First Preparation Mission: October 18, 1991

(d) Appraisal Mission Departure: November 2, 1992

(e) Date of Negotiations: February 10, 1993

(f) Planned Effectiveness: September 1993

(g) Relevant PCRs: Education I (Ln. 913-AL)

PPAR Report No. 3982, June 1982

Education II (Ln. 1209-AL) PCR Report No. 5208, July 1984

Education III (Ln. 1378-AL) PCR Report No. 5797, July 1985

Education IV (Ln. 1595-AL) PCR Report No. 6803, June 1987

Education V (Ln. 1803-AL)

PCR Report No. 7562, December 1988

(h) Responsibility for preparation:

Task Manager:
Division Chief:
Country Director:
Peer Reviewers:

Jaap Bregman, MN1PH Roslyn G. Hees, MN1PH Harinder S. Kohli, MN1DR Mae Chu Chang, SA3PH Thomas Eisemon, PHREE

# The Status of Bank Group Operations in Algeria Statement of Bank Loans and IDA Credits (As of December 31, 1992)

•					Million Amount cancellations)
Credit No	. Year	<u>Borrower</u>	<u>Purpose</u>	<b>Bank</b>	IDA Undisbursed
Twenty-e	ight Ioan	s fully disbursed			875.42
2461	1984	Republic of Algeria	Water Supply II	290.00	18.82
2591	1985	Republic of Algeria	Nat. Water Sup/S	262.00	28.40
2808	1987	Republic of Algeria	Highways V	120.00	73.38
2809	1987	Republic of Algeria	Irrigation Chelif I	94.00	72.93
2821	1987	Republic of Algeria	Nat. Water Supply II	250.00	132.52
2976	1988	SNTF	Railways II	143.00	130.99
2977	1988	Republic of Algeria	Voc. Training	54.00	29.69
2978	1988	Republic of Algeria	Irrig. Engineer	14.00	10.26
2981	1988	SONELGAZ	Power III	159.43	114.93
3009	1989	BADR	Agric. Credit	110.00	28.51
3076	1989	Republic of Algeria	Mitidja Irrig.	110.00	90.64
3105	1989	Republic of Algeria	Ports III	63.00	55.99
*3117	1990	Republic of Algeria	Economic Reform	300.00	1.21
3176	1990	Republic of Algeria	Technical Assistance	26.00	23.29
3210/14	1990	EMB,BCR,PROMETA	L, Industrial Restruc.	99.50	87.44
		ENORI & Rep. of Alge	oria		
3216	1990	Republic of Algeria	Research & Extension	32.00	30.00
3266	1991	Republic of Algeria	Science & Tech. Univ.	65.00	59.99
3299	1991	Republic of Algeria	Pilot Pub. Health	16.00	16.00
*3352	1991	Republic of Algeria	Enterprise & Fin. Sect.	350.00	181.28
3395	1992	SONOTRACH	First Petroleum	100.00	79.84
3405	1992	Republic of Algeria	Sahara Development /a	57.00	57.00
3487	1992	Republic of Algeria	Pilot Forestry & Watershed	/a 25.00	25.00
3488	1992	Republic of Algeria	Cadastre	33.00	33.00
		TOTAL		3648.35	1381.11
		Of which has been re	paid (only amortization)	894.15	
		Total held by Bank		2754.20	
		Amount sold	36.37		
		of which repaid	36.37		
		Total undisbursed			1411.63

<sup>\*</sup> SAL, SECAL or Program Loan /a Not yet signed

# Schedule D (Page 2 of 2)

# Statement of IFC Investments in Algeria (As of December 31, 1992)

Fiscal			*******	Original Gross Commitment (US\$Million)		
Year	<b>Obligator</b>	Type of Business	<u>Loan</u>	Equity	Total*	
1992	Helios S.P.A.	Chemicals & Petrochemicals	10.00	-	<u>10.00</u>	
		Total gross commitments	10.00	-	10.00	
Less cancellations, terminations, repayments, sales and exchange adjustments			•	-	•	
	Tot	al commitments held by IFC	10.00	•	10.00	
		of which undisbursed	10.00	-	10.00	

<sup>\*</sup> Does not include participants



