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R2011-0248/1

November 21, 2011

**Streamlined Procedure  
For meeting of  
Board: Tuesday, December 13, 2011**

FROM: Vice President and Corporate Secretary

**El Salvador - Education Quality Improvement Project**

**Project Appraisal Document**

Attached is the Project Appraisal Document for a proposed loan to the Republic of El Salvador for an Education Quality Improvement Project (R2011-0248). This project will be taken up at a meeting of the Executive Directors on **Tuesday, December 13, 2011 under the Streamlined Procedure.**

Distribution:

Executive Directors and Alternates  
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The World Bank

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Report No: 65034-SV

PROJECT APPRAISAL DOCUMENT  
ON A  
PROPOSED LOAN  
IN THE AMOUNT OF US\$60 MILLION  
TO THE  
REPUBLIC OF EL SALVADOR  
FOR AN  
EDUCATION QUALITY IMPROVEMENT PROJECT

November 10, 2011

Human Development Department  
Central America Country Management Unit  
Latin America and the Caribbean

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## CURRENCY EQUIVALENTS

The US Dollar is the currency in El Salvador

## FISCAL YEAR

January 1 – December 31

## ABBREVIATIONS AND ACRONYMS

ACE	<i>Asociaciones Comunes para la Educación</i> (Community Partnerships for Education)
CDE	<i>Consejos Directivos Escolares</i> (School Councils)
CPS	Country Partnership Strategy
CQS	Selection Based on the Consultants' Qualifications
DDs	<i>Direcciones Departamentales</i> (Departmental Directorates)
DGIC	<i>Gerencia de Gestión Integral Ciudadana</i> (Comprehensive Citizen Support Management Unit)
DNGD	<i>Dirección Nacional de Gerencia Departamental</i> (National Directorate of Educational Administration at the Department Level)
DNE	<i>Dirección Nacional de Educación del Ministerio de Educación</i> (MINED's National Directorate of Education)
DP	<i>Dirección de Planificación</i> (Directorate of Planning)
DPEIFTS	<i>Departamento de Proyectos de Ejecución de Escuelas Inclusivas de Tiempo Pleno</i> (Department of Project Execution of Inclusive Full-Time Schools)
DPLs	Development Policy Loans
EDUCO	<i>Educación con Participación de la Comunidad</i> (Community-Managed Schools Program)
ESMF	Environmental and Social Management Framework
ESMA	<i>Escuela Superior de Maestros</i> (Teacher Training Higher Education School)
FBS	Selection under a Fixed Budget
FM	Financial Management
GDP	Gross Domestic Product
GGP	<i>Gerencia de Gestión Pedagógica</i> (Pedagogical Administration Management Unit)
GGIC	<i>Gerencia de Gestión Integral Ciudadana</i> (Comprehensive Citizen Support Management Unit)
GI	<i>Gerencia de Infraestructura</i> (Infrastructure Management Unit)
GSC	<i>Gerencia de Seguimiento a la Calidad</i> (Quality Monitoring Management Unit)
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
ICT	Information Technology and Communications
IDA	International Development Association
IFTS	Inclusive Full Time School
IFR	Interim Financial Report
IPP	Indigenous Peoples Plan

IS	Integrated System
LAC	Latin America and the Caribbean
LCS	Least-Cost Selection
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MEF	Ministry of Finance
MFE	Materials, Furniture and Equipment
MINED	Ministry of Education
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
NLTA	Non-lending Technical Assistance
NPV	Net Present Value
OP/BP	Operational Policy/Bank Policy
ORAF	Operational Risk Assessment Framework
PDO	Project Development Objective
PDT	Professional Development and Training
PEA	<i>Planes Escolares Anuales</i> (Annual School Plans)
POM	Project Operational Manual
QBS	Quality-Based Selection
QCBS	Quality-and Cost-Based Selection
SAFI	<i>Sistema de Administración Financiera Integrada</i> (Integrated Financial Management System)
SBD	Standard Bidding Document
SDR	Standard Drawing Rights
SEPA	<i>Sistema de Ejecución de Planes de Adquisiciones</i> (Procurement Plan Execution System)
SFLAC	Spanish Fund for Latin America and the Caribbean
UACI	<i>Unidad de Adquisiciones y Compras Institucionales</i> (Institutional Procurement and Contracting Unit)
UFI	<i>Unidad de Financiamiento Institucional</i> (Institutional Financing Unit)
USAID	United States Agency for International Development

Regional Vice President:	Pamela Cox
Country Director:	Carlos Felipe Jaramillo
Sector Director:	Keith Hansen
Sector Manager:	Chingboon Lee
Task Team Leader:	Diego Ambasz



**EL SALVADOR**  
**Education Quality Improvement Project**

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**PAD DATA SHEET**  
*Republic of El Salvador*  
 Education Quality Improvement Project  
**PROJECT APPRAISAL DOCUMENT**

*Latin America and the Caribbean*  
 LCSHE

<b>Basic Information</b>			
Date: November 10, 2011 Country Director: Carlos Felipe Jaramillo Sector Manager/Director: Chingboon Lee/Keith E. Hansen Project ID: P126364 Lending Instrument: Specific Investment Loan Team Leader: Diego Ambasz	Sectors: Primary Education (5%); Secondary Education (95%) Themes: Education for All (100%) EA Category: B		
Joint IFC:			
Borrower: Republic of El Salvador			
Responsible Agency: Ministry of National Education (MINED)			
Contact: Lorena Duque de Rodriguez	Title: Director of the National Directorate for Education		
Telephone No.: (503) 2537-4100	Email: Lorena.duque@mined.gob.sv		
Project Implementation Start Date: End Date: June 30, 2017			
Period: July 31, 2012			
Expected Effectiveness Date: July 1, 2012			
Expected Closing Date: December 31, 2017			
<b>Project Financing Data(US\$M)</b>			
<input checked="" type="checkbox"/> Loan	<input type="checkbox"/> Grant	<input type="checkbox"/> Other	
<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee		
<b>For Loans/Credits/Others</b>			
Total Project Cost:	70.4	Total Bank Financing:	60.0



Total Cofinancing:		Financing Gap:			
<b>Financing Source</b>		<b>Amount(US\$M)</b>			
BORROWER/RECIPIENT		10.4			
IBRD		60.0			
IDA: New					
IDA: Recommitted					
Others					
Financing Gap					
Total		70.4			
<b>Expected Disbursements (in USD Million)</b>					
Fiscal Year	2013	2014	2015	2016	2017
Annual	3.6	15.0	18.0	18.0	5.4
Cumulative	3.6	18.6	36.6	54.6	60.0
<b>Project Development Objective(s)</b>					
The objective of the Project is to improve access, retention and graduation rates for students in the Lower Secondary Education and the Upper Secondary Education of the Borrower's public schools adopting the Inclusive Full Time School Model (IFTS Model).					
<b>Components</b>					
<b>Component Name</b>			<b>Cost (USD Millions)</b>		
Adoption of the IFTS Model: Supports the creation of appropriate teaching-learning conditions in selected schools to convert them to IFTSs.			54.85		
Improvement of MINED's Institutional Capacity and the Schooling System's Governance: Supports the introduction of selected governance reforms at the Central, Departmental and cluster level.			4.00		
<b>Compliance</b>					
<b>Policy</b>					
Does the project depart from the CAS in content or in other significant respects?				Yes [ ]	No [X]

Does the project require any waivers of Bank policies?	Yes [ ]	No [X]
Have these been approved by Bank management?	Yes [ ]	No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ]	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No [ ]

<b>Safeguard Policies Triggered by the Project</b>	<b>Yes</b>	<b>No</b>
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 Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

**Legal Covenants**

<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Environmental Management Framework	Yes		

**Description of Covenant**  
The Borrower, through MINED, shall carry out, and/or cause the Eligible Schools and the Participating Schools to carry out the Project activities under their responsibilities in accordance with the provisions of the Environmental Management Framework.

<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Indigenous Peoples Plan	Yes		

**Description of Covenant**  
The Borrower, through MINED, shall carry out, and/or cause the Eligible Schools and the Participating Schools to carry out, the Project activities under their responsibilities in accordance with the provisions of the Indigenous Peoples Plan.

<b>Name</b>	<b>Recurrent</b>	<b>Due Date</b>	<b>Frequency</b>
Project Operations Manual	Yes		

**Description of Covenant**  
The Borrower, through MINED, shall carry out, and/or cause the Eligible Schools and the Participating Schools to carry out, the Project activities under their responsibilities in accordance with the provisions of a manual (the Project Operations Manual).

Name	Recurrent	Due Date	Frequency
Financial Management		No later than 60 days after the Effective Date	
<b>Description of Covenant</b>			
The Borrower, through MINED, shall hire for the <i>Unidad de Financiamiento Institucional</i> the following full-time staff: (i) a budget specialist; (ii) an accountant; and (iii) a treasurer.			
Name	Recurrent	Due Date	Frequency
Procurement		No later than 90 days after the Effective Date	
<b>Description of Covenant</b>			
The Borrower, through MINED, shall hire for the <i>Unidad de Adquisiciones y Compras Institucionales</i> two full-time procurement specialists, all with terms of reference, qualifications and experience acceptable to the Bank.			
Name	Recurrent	Due Date	Frequency
Subprojects	Yes		
<b>Description of Covenant</b>			
Upon selection of any given Eligible School or Participating School, and prior to the carrying out of any Subproject within the administrative jurisdiction of said Eligible School or Participating School, the Borrower, through MINED, shall make available, on a grant basis, a portion of the proceeds of the Loan to said Eligible School or Participating School under an arrangement (the School Subsidiary Arrangement) to be entered between the Borrower, through MINED, and said Eligible School or Participating School on terms and conditions approved by the Bank as reflected in the model form of a School Subsidiary Arrangement set forth in the Project Operations Manual.			
Name	Recurrent	Due Date	Frequency
School Subsidiary Agreements	Yes		
<b>Description of Covenant</b>			
Upon selection of any given Eligible School or Participating School, and prior to the carrying out of any Subproject within the administrative jurisdiction of said Eligible School or Participating School, the Borrower, through MINED, shall exercise its rights and carry out its obligations under the School Subsidiary Arrangements in such manner as to protect the interests of the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower, through MINED, shall not assign, amend, abrogate, waive, terminate or fail to enforce any School Subsidiary Arrangement or any provisions thereof.			
Name	Recurrent	Due Date	Frequency
Annual Operational Plan	Yes	No later than December 31 of each year of Project implementation	Annual

**Description of Covenant**

The Borrower, through MINED, shall: (a) prepare and furnish to the Bank an annual operational plan (the POA) acceptable to the Bank, which plan must include the detailed description of the Project activities to be carried out during the calendar year following the date of presentation of said POA; and (b) immediately thereafter, carry out, or cause to be carried out, the pertinent POA in accordance with its terms and in a manner acceptable to the Bank.

**Team Composition****Bank Staff**

<b>Name</b>	<b>Title</b>	<b>Unit</b>	<b>UPI</b>
Diego Ambasz	Task Team Leader	LCSHE	258101
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Antonella Novali	Team Assistant	LCSHE	353322

**Non Bank Staff**

<b>Name</b>	<b>Title</b>	<b>Office Phone</b>	<b>City</b>

**Locations**

<b>Country</b>	<b>First Administrative Division</b>	<b>Location</b>	<b>Planned</b>	<b>Actual</b>	<b>Comments</b>
El Salvador					



## I. STRATEGIC CONTEXT

### A. Country Context

1. **El Salvador was severely impacted by the global economic crisis and the recovery is still fragile.** The U.S. recession and the resulting decline in remittances, investment, and foreign demand contributed to a contraction in El Salvador's real Gross Domestic Product (GDP) of 3.1 percent in 2009. Although positive, growth in 2010 (1.4 percent) was the lowest in Central America. External shocks also impacted social outcomes. After falling to its lowest levels in 2006 (30.7 percent), the poverty rate increased to 40 percent in 2008 and stood at 37.8 percent in 2009. The crisis also contributed to relatively high levels of unemployment and insecurity, particularly among youth, and contributed to an increase in crime rates.

2. **In response to these challenges, authorities prepared an Anti-crisis Plan for 2009-11.** The plan included actions to generate temporary jobs, increase the coverage of the social security system and improve access to popular housing and basic infrastructure, and violence mitigation. It sought to mitigate the immediate impacts of the crisis, especially among the most vulnerable segments of the population, while addressing longer-term development challenges such as social service delivery.

3. **Reducing poverty, economic and social inequality, social exclusion and violence among youth are important priorities of the current administration.** The Government's Development Plan for the period 2010-14<sup>1</sup> emphasizes programs that target the most vulnerable sections of the population, including children in poor rural and urban areas, who are particularly exposed to poverty and organized crime and violence, women and elderly individuals. Preventing exposure to crime and violence is of particular interest to the Government, insofar as the country is ranked as one of the most violent countries in the world.<sup>2</sup> In addition, improving the quality of education and increasing access beyond primary education are seen as necessary for improving competitiveness as well as reducing inequality.

### B. Sectoral and Institutional Context

4. **El Salvador has made striking progress in extending coverage in primary education and is focusing its efforts on improving the transition to and completion of secondary education, as well as improving equity, efficiency and quality.** School attendance reaches its peak when students are between 9 and 10 years old. Drop out behavior accelerates at age 13, before students have finished basic education (grades 1-9).<sup>3</sup> Of 100 students that start in grade 1, only 39 finish basic education, 28 enroll in upper secondary education, 22 complete it and,

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<sup>1</sup> Government of El Salvador (2010); "Five-Year Development Plan 2010-2014 (*Plan Quinquenal de Desarrollo 2010-2014*)", San Salvador, El Salvador.

<sup>2</sup> El Salvador ranks second in the world in terms of homicide rates per 10,000 inhabitants, right after Honduras. See UNODC (2011); "2011 Global Study on Homicide: Trends, Contexts, Data"; Vienna: United Nations Office for Drug and Crime.

<sup>3</sup> El Salvador's school education system consists of (i) a basic education cycle of 9 years, comprising primary education (grades 1-6) and lower secondary education (grades 7-9) and (ii) an upper secondary cycle of 2 years (grades 10-11) for general secondary schools. Vocational and technical education schools, outside the scope of this Project, involve an extra year of secondary education.

finally, 12 enroll in tertiary education. Among the poorest quintiles, only 60 percent of 16 year olds and 20 percent of 18 year-olds are attending school. Many tend to be over age, as close to 70 percent of students in the poorest quintiles do not complete 1<sup>st</sup> to 9<sup>th</sup> grade in nine years. Repetition levels in secondary education are high and is a factor contributing to drop-out. Quality is low even at the primary level and El Salvador is among the lowest performers in international tests and its achievement is below the level predicted by its income.<sup>4</sup> According to the 2008 Household Survey, “lack of interest” is cited by 45 percent of people who did not complete basic education, and is also important for about 30 percent of people who did not start secondary.<sup>5</sup>

**5. Several factors contribute to poor outcomes in secondary education, including those related to the organization and delivery of education and the pedagogical practices in schools.** Coverage was expanded in basic education in the last two decades, through the creation of small schools, mostly managed by communities under the former Community-Managed Schools Program (*Educación con Participación de la Comunidad – EDUCO*). These small schools are under-resourced and do not have the specialized teachers, equipped classrooms, laboratories, books and technology that are required for effective teaching in grades 7 to 9. In urban areas, both basic education schools and upper secondary schools operate two shifts, limiting the time for teaching and learning. Teachers are hired for only 25 hours and often work in different schools to get full time remuneration. This limits instructional time and prevents the organization of extra-curricular activities or student support activities that foster the development of cognitive and non-cognitive skills. In addition, many secondary teachers teach subjects for which they have had no specialized training. Finally, teachers do not always receive timely, on-site support from either school directors or education specialists to address the problems of student failure, repetition and drop out, nor is there adequate monitoring and support for at-risk students.

**6. The poor quality of education received by students prior to entry into lower secondary school is another factor impeding student progress and learning.** Many children enter late in grade 1 and a significant proportion of children, particularly the poor, do not receive any form of pre-school education. Recent household surveys show that while about 68 percent of children in the highest income quintile send their children to preschool, only 38 percent in the bottom quintile reported going to school. This, coupled with limited parental support in the case of poor children, leads to failure and repetition, which often leads to dropping out of school at the point of transition to higher cycles.

**7. Although El Salvador has incorporated community participation in school management to improve accountability, the challenge now is to build on these foundations to improve quality and student outcomes, especially in secondary education.** The EDUCO model has contributed to the expansion of access of basic education and has laid some of the foundations for improving quality. These include developing a strong institutional framework for improving accountability of community schools for teacher availability and assigning key public

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<sup>4</sup> See, for example, the Trends in Mathematics and Science Study or TIMSS (2007), and the Second Regional and Comparative Explanatory Study or SERCE (2008).

<sup>5</sup> See World Bank (2009); “Striving for More Quality with Less Inequality: Education in El Salvador,” Technical Report prepared for the NLTA *El Salvador: Human Development for Poverty Reduction*.

sector responsibilities to elected committees of parents, the Community Partnerships for Education (*Asociación Comunal para la Educación – ACEs*), such as the power to hire and fire teachers, to manage school funds and to undertake school renovations. Parental participation in school management was also mainstreamed in public schools through the creation of School Councils (*Consejos Directivos Escolares – CDEs*); these, however, had less authority, including no power to hire or fire teachers. Despite creating some of the ingredients for school effectiveness, such as developing a strong institutional framework for improving accountability, parental participation, and autonomy, the governance structure of schools under EDUCO could not address the problems of quality, high repetition and drop-out, especially in secondary education.<sup>6</sup>

8. **A critical element of the EDUCO model, but also one of the principal sources of conflicts within the schools, was the one-year renewable contract for EDUCO teachers, which was seen as the main instrument for ensuring teacher performance.** Teacher professionalization, through investments in continuous learning, was difficult. With respect to school directors, no specific job profile was defined as the leadership function was generally in the hands of the ACE and confined to administrative matters. Indeed, one of the challenges of improving accountability through monitoring teacher performance in these cases of community-based school management programs is that parents may lack the knowledge to monitor effective teaching practices and student outcomes. On top of that, oftentimes parents and students are spread over a large geographical area. As a result, governance mechanisms in secondary schools of this kind have to bear these details in mind, especially in the light of challenges like guaranteeing teacher career sustainability.

9. **The degree of fragmentation in the education system makes it difficult to improve efficiency and quality.** The administrative structure consists of the central Ministry of Education (MINED) and the Departmental Directorates (*Direcciones Departamentales – DDs*), which function at the Department level. The lack of a governance structure that is closer to the schools means that monitoring of student outcomes is difficult. In addition, the social environment in which schools function is not conducive to youth continuing in school. About 40 percent of adolescents, aged 13-17 years old, live without one or both parents, and often face risks of violence, gangs, substance abuse and teenage pregnancy.<sup>7</sup> The absence of extra-curricular activities, and a weak link between the community and secondary schools, reinforces the tendency to drop out.

10. **The high levels of repetition and dropout, and the lack of relevance and quality of this education, have serious economic and social consequences.** First, the educational attainment of the population and labor force are low relative to other middle income countries. For instance, only 64 percent of the youth reach secondary education in El Salvador, well below the average for the Latin America and the Caribbean (LAC) region which hovers around 89 percent. In 2008, only 60 percent of 20-24 year-olds had attained at least 9 years of education and 40 percent had at least 11 years of education. Second, a significant proportion of young

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<sup>6</sup> World Bank (2009); “The EDUCO School-Based Management Model.” Background paper prepared for the Regional Study on *Strengthening Accountability and Social Service Delivery in Central America*.

<sup>7</sup> World Bank (2010); “Youth Development and Economic Opportunities in El Salvador,” Technical Paper prepared for the NLTA on *El Salvador: Human Development for Poverty Reduction*.



people with less than secondary education engage in a long job-search process, remaining unemployed (or out of the labor force) for 5-10 years after leaving school, and often end up working in the informal sector. This is a major risk factor for the continuing cycle of violence among young people, teenage pregnancy and abandoned children. Homicide rates among youth were around 176 cases per 100,000 young males in 2005, the highest in the Latin America and Caribbean region.<sup>8</sup>

## **Government Program**

11. **MINED’s “Education Social Program 2009-2014”<sup>9</sup> emphasizes inclusive education as the organizing principle for all levels of school education.** Over the last two years, the MINED has begun the elaboration of its educational programs and interventions towards promoting inclusive education and pedagogical practices for pre-primary, primary and secondary education. This includes proposals to professionalize the teacher force, improve coverage of pre-primary education, pilot the improvement of science education at the primary level, and begin the reform of the curricula of technical secondary education. School governance structures were also reformulated, especially in regard to hiring teachers and principals.<sup>10</sup> Since 2009, the appointment of teachers to EDUCO schools is carried out similarly to the rest of the system. In parallel, the Ministry has also undertaken a diagnostic of its organizational structure to improve its effectiveness.

12. **A key program launched by the MINED is the Inclusive Full Time School (IFTS) model, which was begun by the previous administration as a pilot program in primary education.** The program addresses the problems of quality and exclusion of economically disadvantaged students, and is a first phase to a more comprehensive reform of the secondary school system. The IFTS model tackles problems of early drop out, repetition and poor learning outcomes among secondary students by providing stimulating and diverse learning experiences, a safe learning environment, teaching that is responsive to the social and developmental needs of young adolescents from diverse backgrounds, and school accountability for student results. The IFTS model has been implemented in other countries including Uruguay, Chile, Argentina and Mexico, albeit with variations in approach and focus areas.

13. **The IFTS involves two major types of changes at the school level, which are inter-linked and supporting governance reforms at the system level.** The first is an extensive pedagogical reform, incorporating academic and extra-curricular activities, and including the extension of the school day from 25 hours to 40 hours a week for lower secondary education. Second, to complement the pedagogical reform, a new school governance model is required in

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<sup>8</sup> World Bank (2010); “Accessing Good Quality Jobs: Priorities for Education, Social Protection and Science and Technology,” 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*.

<sup>9</sup> MINED (2009); “Transforming Education – Educational Social Program 2009-2014 ‘Let’s Go to School’”(Transformación de la Educación – Programa Social Educativo 2009-2014 ‘Vamos a la Escuela’); San Salvador, El Salvador.

<sup>10</sup> The current administration introduced changes limiting the authority of the ACEs with regards to management of teacher contracts, including hiring of teachers, and contract extensions. These responsibilities are now housed at the central level, as well as that of teacher evaluation; however, this last function, while documented in law, is not practiced. Other ACE functions related to school management and community participation remain unchanged, and are now similar to those of CDEs.

order to focus on student outcomes and support the goals of improving student retention and quality, as well as to achieve the broader objectives of accountability, transparency and efficiency. As part of the reform of secondary education, the MINED intends to introduce governance reforms. This would include creating clusters of schools that would help improve efficiency in the allocation of public resources by clusters sharing resources amongst themselves and a new governance mechanism at the cluster level.

14. **The MINED proposes to start a phased implementation of the reform by launching the IFTS in the secondary schools of 29 selected municipalities. These include 2 municipalities in each of the 14 Departments and 1 municipality in an indigenous area.** By targeting the lower and upper secondary cycles (grades 7 to 11), the approach would focus precisely on the age group at highest risk of dropping out of school. The MINED has already undertaken a re-organization to facilitate the implementation of the program, by creating the Department of Project Execution of IFTS (*Departamento de Proyectos de Ejecución de Escuelas Inclusivas de Tiempo Pleno – DPEIFTS*) within the National Directorate of Education (*Dirección Nacional de Educación – DNE*).

15. **Based on implementation experience and a robust evaluation, the model would be scaled up nationally.** The IFTS has received support from other donors. The pilot in 22 primary schools, started under the previous administration, is being financed by the Italian Cooperation. The United States Agency for International Development (USAID) has financed a diagnostic study on the creation of clusters of schools to optimize the use of school resources and is implementing a pilot in three clusters in 2011 to re-organize schools. The MINED has received a grant from the Spanish Fund for Latin America and the Caribbean (SFLAC) to finance a series of studies among which one is expected to define the responsibilities, structure and composition of these new governance bodies at the school and cluster level. This study would be completed in early 2012.

### **C. Higher Level Objectives to which the Project Contributes**

16. **The proposed Project is consistent with the priorities outlined in the World Bank's Country Partnership Strategy (CPS) for El Salvador FY2010-2012 (Report No. 50642-SV) discussed by the Executive Directors on November 24, 2009.** Strengthening the delivery of social services (specifically, improving the quality of primary education and expanding access to secondary education) and enhancing employment opportunities are strategic objectives of the CPS. By reducing repetition and drop out at the secondary level, the Project would contribute to raising the skill level of the labor force and reducing the risk factors for crime, violence and teenage pregnancy among young people.

17. **The proposed Project also complements other World Bank interventions, including Development Policy Loans (DPLs).** The Sustaining Social Gains for Economic Recovery Development DPL (P118036, Loan No. 7806-SV) supported strengthening institutional capacity and policy-making in MINED. The Public Finance and Social Progress DPL (P114910, Loan No. 7635-SV) supports the creation of fiscal space for social spending (including education), policy actions to improve transparency and accountability in the allocation of public resources and to increase the protection and social inclusion of vulnerable groups. The El Salvador Education Non-Lending Technical Assistance (NLTA) (P121532) provided international

technical assistance to MINED from Latin America and Singapore, to improve student-centered teaching in primary education through preparation of workbooks and re-design of in-service teacher training activities. The Project also complements the Income Support and Employability Project (P117440, Loan No. 7811-SV), which supports short-term employment and training of young people in the poorest municipalities and the development of an integrated social protection system; and the Strengthening Public Health Care System Project (P117157, Loan No. 8076-SV), which supports public health programs in poor municipalities. Finally the proposed Project builds on the findings of recent analytical work in El Salvador on human development policies to support good quality jobs, on governance and accountability mechanisms in education, and on youth and employment.<sup>11</sup>

## II. PROJECT DEVELOPMENT OBJECTIVES

18. The objective of the Project is to improve access, retention and graduation rates for students in the Lower Secondary Education and the Upper Secondary Education of the Borrower's public schools adopting the Inclusive Full Time School Model (IFTS Model).

### 1. Project Beneficiaries

19. **In the 29 municipalities, which were chosen through a careful selection process combining needs-based and IFTS feasibility-based criteria (see Annex 7), there are a total of 482 schools (primary and secondary, called "Eligible Schools").** Of these, a total of 270 schools (called "Participating Schools") that offer grades 7 to 11 - out of 3,007 public schools in the country offering such grades - would be transformed into IFTS and covered by the proposed Project.<sup>12</sup> These 270 schools would be subject to reorganization through a reallocation of students of grades 7 through 9, resulting in 201 schools that would remain for grades 7-11.<sup>13</sup> The 201 IFTS would be grouped into clusters of schools, within each municipality, with each cluster comprising some secondary and some primary schools.<sup>14</sup> Within this newly consolidated system, the beneficiaries of the Project would include:

- (a) **34,017 students in lower secondary education (grades 7 to 9) in Participating Schools**, who are expected to benefit prominently from the increase in the number of school hours and in the quality of the pedagogical inputs (this represents roughly 10 percent of the total number of students in public schools in grades 7-9);

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<sup>11</sup> These include: (i) World Bank (2010); "Accessing Good Quality Jobs: Priorities for Education, Social Protection and Science and Technology", 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*; (ii) World Bank (2009); "The EDUCO School-Based Management Model", Background paper prepared for the Regional Study on *Strengthening Accountability and Social Service Delivery in Central America*, and (iii) World Bank (2010); "Youth Development and Economic Opportunities in El Salvador," Technical Paper prepared for the NLTA on *El Salvador: Human Development for Poverty Reduction*.

<sup>12</sup> The Project Operations Manual would include the selection criteria for choosing Participating Schools.

<sup>13</sup> Only classes for grades 7 through 9 would be consolidated. The space used by grades 7 through 9 in the 69 schools that would lose those grades would be converted either into space to house other grades or into facilities to be used by several schools in the cluster.

<sup>14</sup> Note that out of the 270 schools containing grades 7 through 11, a total of 246 schools are either grades 1 to 9 (195 schools) or grades 1 to 11 (51 schools). Out of the remaining 24, 23 are grades 10 through 11 and one is grades 5 through 11.

(b) **7,038 students of upper secondary education (grades 10 to 11) in Participating Schools**, who are expected to benefit from better coordination with lower secondary education, and a better organizational and pedagogical structure to make education more relevant for the labor market (approximately 15 percent of the total number of students in public schools in grades 10-11);

(c) **1,118 full-time teachers in grades 7 to 11 in Participating Schools** whose technical and pedagogical skills are expected to be updated through professional development programs linked to the new IFTS model (about 13 percent of the total number of teachers in public schools in grades 7-11); an extra 1,216 full-time teachers of grades 1-6 will also receive training in order to ensure the effective implementation of the pedagogical aspects of the IFTS model;

(d) **482 school directors of the primary and secondary schools (Eligible Schools) in the 29 municipalities**, whose managerial skills are expected to improve as a result of the substantive capacity building foreseen in the Project (nearly 10 percent of the total number of school directors of public schools in the country).

(e) **482 primary and secondary schools (Eligible Schools) in the 29 selected municipalities**, which would also receive a one-time allocation for refurbishment of their infrastructure.

## 2. PDO Level Results Indicators

20. The PDO-level Results Indicators for the Project are as follows:

- Improvement in the Access Rate in lower secondary education,
- Improvement in the Retention Rate for lower secondary education,
- Improvement in the Graduation Rate for upper secondary education,
- Number of municipalities with clusters effectively implemented.

## III. PROJECT DESCRIPTION

### A. Project components

21. **The proposed five-year Project would finance activities in two components: (i) adoption of the IFTS model; and (ii) improvement of MINED's Institutional Capacity and the Schooling System's Governance.**

#### Component 1: Adoption of the IFTS Model

22. Component 1 supports the creation of appropriate teaching-learning conditions in selected schools to convert them to IFTSs. It would have 5 sub-components, as follows:

Sub-component 1.1: Supporting the production of training materials and the carrying out of different types of training in the Eligible Schools, including, *inter alia*: (i) certified training plans for teachers, school directors and MINED's technical staff; (ii) orientation training for teachers and school directors of said Eligible Schools; and (iii) specifically designed training for MINED's technical staff.

Sub-component 1.2: Supporting the acquisition of educational materials and equipment for classrooms, laboratories, libraries and teachers' rooms in the Participating Schools, including, *inter alia*: (i) information technology and communications equipments; and (ii) special additional equipment for students with special needs or disabilities.

Sub-component 1.3: Supporting the improvement of learning facilities in the Participating Schools through the carrying out of one or more of the following activities: (i) the renovation and construction of educational facilities (including, *inter alia*, classrooms, staff rooms, dining rooms, laboratories, specialized classrooms and workshops facilities, and arts and sports facilities); (ii) the acquisition of new furniture; and (iii) the provision of technical assistance in designing and supervising the activities under points (i) and (ii) herein.

Sub-component 1.4: Supporting the extension of the teaching schedule from 30 to 50 class hours per week in the Lower Secondary Education and the Upper Secondary Education of the Participating Schools through, *inter alia*, the financing of teachers' *Sobresueldo*.

Sub-component 1.5: (A) Carrying out of the following investments and/or activities in the Participating Schools: (i) the acquisition of general equipment for recreation, sport, art, culture and civic education; and (ii) the provision of transportation to: (a) students in the Lower Secondary Education whose residence is not within walking distance from their school; and (b) students in the Lower Secondary Education and the Upper Secondary Education, to allow them to use academic facilities of other nearby schools; and (B) carrying out of minor maintenance activities of school facilities and structures in the Eligible Schools.

## **Component 2: Improvement of MINED's Institutional Capacity and the Schooling System's Governance**

24. Component 2 supports the introduction of selected governance reforms at the Central, Departmental and cluster level, which would support the implementation of the IFTS. It consists of 4 sub-components, as follows:

Sub-component 2.1: Strengthening of MINED's policy-making, planning, implementation and monitoring capacity through, *inter alia*: (i) the development of new policies and regulations to make the Borrower's education management system more efficient, including the development of a teacher policy to regulate, *inter alia*, the recruitment, appointment, and evaluation process of public schools' teachers; (ii) the development and publication of education standards for school management, teaching activities and teachers' training; (iii) the improvement of monitoring and evaluation systems, including the design of web-based educational indicators which can be accessed by the general public; (iv) the creation of new strategies and instruments for assessing the students' performance, including, *inter alia*, the adoption of annual standardized tests for students to collect data on education quality and learning outcomes; and (v) the design and implementation of a communication strategy to increase the support and involvement of local communities in schools' activities.

Sub-component 2.2: Supporting the carrying out of a pilot program in selected Eligible Schools located in the Borrower's departments of Usulután, Sonsonate and La Libertad (in accordance with the criteria set forth in the Project Operations Manual), which program is

intended to introduce a new governance model based on clusters of schools to oversee the functioning of the Borrower’s public primary and secondary schools.

Sub-component 2.3: Providing technical assistance to MINED and its departmental directorates to strengthen their monitoring and evaluation systems.

Sub-component 2.4: Supporting the design and implementation of a Project impact evaluation system.

## B. Project Financing

### 1. Lending Instrument

25. The proposed Project would be financed through an IBRD Specific Investment Loan in the amount of US\$60 million over a five-year implementation period.

### 2. Project Cost and Financing

Project Components	Project cost (US\$ million)	IBRD Financing (US\$ million)	% Financing
1. Adoption of the IFTS Model	65.25	54.85	84
2. Improvement of MINED’s Institutional Capacity and the Schooling System’s Governance	4.00	4.00	100
<b>Total Baseline Costs</b>	<b>69.25</b>	<b>58.85</b>	<b>85</b>
Unallocated	1.00	1.00	
Total Project Costs	70.25	59.85	85
Interest During Implementation	0.00	0.00	
Front-End Fees	0.15	0.15	100
<b>Total Financing Required</b>	<b>70.40</b>	<b>60.0</b>	<b>85</b>

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

26. The Project’s design reflects lessons learned from international trends in secondary education, the World Bank’s experience in secondary education reform, implementation of the IFTS model in other LAC countries and El Salvador’s experience with education reform. These lessons, described below, have been incorporated in the Project design. Studies financed by Spanish Fund for Latin America and the Caribbean (SFLAC) are under way to further fine-tune the design.

(a) **Acquiring competencies and skills is essential for building social cohesion and knowledge societies.** Countries are trying to find different ways to broaden the curriculum without further overloading it. Promoting inter-disciplinary study is one way of achieving

this goal. It is necessary to avoid the sorting and streaming of students by ability, or providing an education that is only aimed at the high achievers, and instead explicitly include strategies to address the diversity of learner backgrounds.

**(b) Qualified and motivated teachers are necessary for introducing meaningful changes in classrooms.** A comprehensive policy is required to ensure recruitment of the right people, professional development, teacher deployment, class size and accountability mechanisms. School-based training and mentoring should complement training in conceptual knowledge of both the subject and pedagogy.

**(c) The IFTS model requires changes in the organization and management processes of the school in order to effect long-term pedagogical changes.** Key processes include teamwork between teachers and strong instructional leadership by the school director, annual planning to improve school performance and individual follow up of student progress.

**(d) The positive experiences of EDUCO in involving local communities in school management should be utilized.** Despite the fact that the participation of parents in school is rendered difficult at the secondary stage, El Salvador's strong tradition of citizen engagement, which has led to rapid expansion of primary education coverage, is a country-specific factor of great value.

**(e) Building political consensus for secondary education reform is a continuous process that requires concerted leadership by MINED and the government.** Building a shared vision for a multiplicity of stakeholders requires communication and consultation, both at the planning and implementation stages, transparency and accountability, and continuous adaptation of interventions to local needs. It also requires relevant data at the regional, local, school and student level to monitor progress and education managers who can make use of the data.

## IV. IMPLEMENTATION

### A. Institutional and Implementation Arrangements

27. **The Project would be implemented by the MINED.** The DPEIFTS is the Project coordination unit and would be responsible for the day to day management of Project activities, reporting to the DNE. This department is fully embedded in the DNE and is staffed by Ministry officials, to be supplemented through the Project with technical specialists on a short-term consultancy basis as needed (e.g. to assist with the preparation of Terms of Reference in technical areas such as infrastructure). The Project Coordinator, a MINED official, would be the head of the DPEIFTS. The DPEIFTS would be responsible for the coordination and definition of technical activities; coordination of the annual operating plan; development and implementation of an administrative and monitoring system; and the monitoring and evaluation of Project results.

28. **Fiduciary responsibilities for the Project would be managed by MINED's existing units.** Procurement and financial management would be managed through the Institutional Procurement and Contracting Unit (*Unidad de Adquisiciones y Compras Institucionales – UACI*) and the Institutional Financing Unit (*Unidad de Financiamiento Institucional – UFI*), respectively, both of which report directly to the Minister of MINED. UACI would be

responsible for the preparation and updating of the annual procurement plan; procurement of goods, work and recruiting of consultants based on technical specifications provided by the DPEIFTS; contract signings; and safekeeping Project procurement related documents. The UFI would be responsible for Project financial management including cash flow management; payments processing; submission of loan withdrawal; preparation of financial reports and coordination of audits. These units would be supported through the recruitment of a budget specialist, an accountant, a treasurer, and two full-time procurement specialists experienced with World Bank operations, financed by subcomponent 2.1.

29. **At the departmental level, Project activities would be supervised by the DDs of the MINED.** Among the main responsibilities of the DDs is to enter into School Subsidiary Arrangements on behalf of MINED with each Eligible School or Participating School. These arrangements would regulate the implementation of Subprojects financed under Component 1.5, outlining priority activities to be undertaken and providing detailed instructions to the rules governing the use of funds, including how allocations are determined, how resources are to be spent and accounted, and associated reporting mechanisms. At the school level, SubProjects would be signed and carried out by the ACEs and CDEs, in coordination with school directors. Upon signing School Subsidiary Arrangements, ACEs and CDEs would be responsible for approving Annual School Plans (*Planes Escolares Anuales* – PEA), prepared by school directors, reflecting priority activities according to each school’s needs and in-line with the School Subsidiary Arrangements.

30. **Each DD would be strengthened with one technical coordinator and one administrative coordinator financed by the Project.** The technical coordinator would assist clusters with the diagnostic process, including the rationalization of services across schools and allocation/deployment of resources (financial and human). The administrative coordinators would be responsible for overseeing the signing of School Subsidiary Arrangements and the payment of various tranches of financing and for providing technical assistance on administrative matters to ACEs and CDEs, as well as oversight of ACEs and CDEs.

## **B. Results Monitoring and Evaluation**

31. **The MINED through the Quality Monitoring Management Unit (*Gerencia de Seguimiento a la Calidad – GSC*) and in coordination with the Directorate of Planning (*Dirección de Planificación – DP*) would be responsible for Project Monitoring and Evaluation (M&E).** Project outcomes and results would be mainly tracked and analyzed using MINED’s institutional statistics and monitoring systems such as the Annual Alumni Census. The Project envisages supporting and strengthening MINED’s M&E capacity through sub-component 2.1 and 2.3. The ACEs and CDEs are responsible for overseeing the execution of the PEAs, and maintaining records on file for auditing purposes.

## **C. Sustainability**

32. **The sustainability of the operation would be facilitated through three factors.** These are: i) strong political engagement from the highest levels to support the expansion of the IFTS model; ii) sustainable medium-term financing through a fiscal sustainability plan; and iii) significant cost savings implied in the optimization of existing resources in the IFTS, such as



school infrastructure and personnel. The significant levels of counterpart financing are indicative of strong political commitment, and are realistic about fiscal capacity for bringing the IFTS model to national scale. Estimated savings from maximizing the use of existing infrastructure and the deployment of human resources throughout the sector.

## V. KEY RISKS AND MITIGATION MEASURES

### A. Risk Ratings Summary

<b>Stakeholder Risk</b>	<b>Moderate</b>
<b>Implementing Agency Risk</b>	<b>Moderate</b>
- Capacity	<b>Moderate</b>
- Governance	<b>Moderate</b>
<b>Project Risk</b>	<b>Moderate</b>
- Design	<b>Moderate</b>
- Social and Environmental	<b>Low</b>
- Program and Donor	<b>Low</b>
- Delivery Monitoring and Sustainability	<b>Moderate</b>
<b>Overall Implementation Risk</b>	<b>Moderate</b>

### B. Overall Risk Rating Explanation

33. **The recommended overall risk rating for the proposed Project is ‘Moderate.’** This largely reflects some degree of political uncertainty during the upcoming elections, although there is general support in the current administration for the Project objectives. The government’s team is highly committed, but there is a risk of a change in government after 2012 that may potentially affect implementation. Several mitigation measures were taken, among them an extensive series of consultations with key stakeholders that could provide the needed support in case political change occurs.

## VI. APPRAISAL SUMMARY

### A. Economic and Financial Analysis

34. **A cost-benefit analysis was used for assessing the impact of the reform in MINED’s budget.** The incremental costs for the implementation of the IFTS using the strategy of Integrated Systems (or grouping of schools around clusters) would be US\$70.4 million for the 29 municipalities that were selected for this Project. The arrangements imply that US\$60 million would be financed by the World Bank and the remainder by the Government.

35. **Assuming a conservative scenario, the estimation of this Project’s benefits shows that, after 5 years of implementation, roughly 22,500 students who would have dropped out**

**of school in the selected 29 municipalities during these next 5 years would be retained in the system.** The direct benefits of this Project in terms of access, retention, and graduation rates are expected to bear a positive impact in the labor market outcomes of these beneficiaries, as well. The Project presents a positive impact: the estimated Net Present Value of the total investment, under different scenarios of increase in the salary differential, ranges anywhere from US\$8.4 million to US\$60 million.

36. **The fiscal sustainability of the Project lies in the relatively low impact on MINED's current budget.** In fact, MINED's budget goes up by 1 percentage point in the first year, 2.1 percentage points in the second year, 2.4 percentage points in the third year, and then the impact of the Project starts decreasing gradually. The impact of the generalization of the model, however, would not be negligible and would represent an important increase of MINED's budget as a percentage of GDP. A more thorough analysis shows that simple measures of optimization of resources, like enforcing larger class size rules, may significantly dampen the budgetary impact of the future national roll-out, with a maximum increase of MINED's budget with respect to the current situation that is never higher than 8 percentage points in any given year. Yet, even such measures may be difficult to implement or enforce, therefore prompting some caution in regards to the fiscal sustainability not of the intervention supported by the Project, but of the future generalization of the reform, without a significant increase in resources for the education budget.

## **B. Technical**

37. **The proposed Project's technical design is based on emerging evidence at the regional and global levels on the effectiveness of full-time schools, and international good practice with regards to donor coordination and strengthening country systems.** For instance, evidence from Chile, Mexico and Uruguay shows that the pedagogical reform envisaged by the IFTS model requires the establishment of enabling conditions at the school level, including qualified teachers, appropriately equipped classrooms and school infrastructure, and support services for students. In terms of coordination, the Bank has worked closely with the MINED's other partners to maximize synergies and avoid any duplication in effort. With regards to institutional strengthening, the implementation arrangements build on and seek to enhance existing state structures.

38. **MINED has technical teams which are fully capable of undertaking the implementation of the pedagogical model embedded in the IFTS.** The DNE has the expertise needed for such a reform, as follows: a) the Pedagogical Administration Management Unit (*Gerencia de Gestión Pedagógica – GGP*) has developed the curricular design of the IFTS, accumulating further experience in the recent work with the 22 schools that have already started applying this model; b) the Teacher Training Higher Education School (*Escuela Superior de Maestros – ESMA*) has professionals which are specialized in teacher training and also has a management structure in three different locations with the capability of covering all departments of the country; c) the Comprehensive Citizen Support Management Unit (*Gerencia de Gestión Integral Ciudadana – GGIC*) is in charge of the Citizenship, Arts, Culture, Recreational Activities and Sports Programs, all of which are fully integrated within the IFTS model; and finally, d) the Quality Monitoring Management Unit (*Gerencia de Seguimiento a la Calidad – GSC*) and the Infrastructure Management Unit (*Gerencia de Infraestructura – GI*) are composed

of technical teams that have been working for years on the ground and have accumulated vast experience and knowledge. Notwithstanding the strength of MINED's technical staff, the institutional capacity assessments already undertaken point to the need of reinforcing these structures by hiring additional specialists, mainly in those areas that will bear direct responsibility over Project execution.

### **C. Financial Management**

39. **The Financial Management rating for this Project is Moderate. A Financial Management Assessment to evaluate the adequacy of financial management arrangements was performed**, in accordance with OP/BP 10.02 (Financial Management) and the Financial Management Manual for World Bank-Financed Investment Operations, from July 14-15, 2011 and was updated during Appraisal.

40. **MINED has experience implementing prior World Bank-financed projects, which overall have had suitable financial management arrangements.** The UFI has qualified and experienced staff. However, Project design envisages some specific features related to decentralized funds flow arrangements at the school level, co-financing of recurrent costs, and participation of several actors during Project implementation that would require establishing a robust financial management system, and close monitoring of activities at the local level considering the variety capacity of individual schools. The proposed financial management arrangement is acceptable with the strengthening of the UFI organizational structure with the three experienced staff on budgeting, accounting and treasury.

### **D. Procurement**

41. During Project preparation, a fiduciary mission assessed the procurement capacity of the UACI, including its resources and internal procedures, and its understanding and familiarity with World Bank guidelines, procedures, documents and the system for implementation of procurement plans (SEPA). Based on the information provided, the overall procurement risk for the Project is considered moderate. The procurement capacity is acceptable with the strengthening of the UACI with the two full-time procurement specialists.

### **E. Social (including Safeguards)**

42. **The proposed Project seeks to include all children and youth attending schools in selected geographic areas, and to offer universal access opportunities.** A social assessment was carried out by an independent multi-disciplinary team under the leadership of MINED. Moreover, free, prior and informed consultations took place in three future clusters, one of which was Izalco, the municipality with the highest density of Indigenous Peoples. One of the objectives of the assessment was to ensure there is broad community support to the Project. Schools included in the Project have diverse socio-economic and ethno-cultural background. Social assessment results point to the need to include sensitivity training for teachers and directors showing some initial resistance to clusters of schools. For the expansion of working hours, teachers suggest: first, a priori Legislation modifications are needed, and second, some negotiation of compensation and benefits for teachers. Parents agree on students mobilization for optimization of educational resources, provided that the topics of transportation, security, and

food are also resolved as part of the Project. Common reasons for dropping out of school are: delinquency and violence originating in/outside schools due to pressure to conform the “*maras*,” or seasonal migration for labor. Parents are hopeful that the IFTS will introduce opportunities, technical skills and socio-cultural values to keep youths in the system. Results of the assessment were discussed in a workshop at MINED, and informed the Project design.

43. **OP/BP 4.10 (Indigenous Peoples) is triggered and an Indigenous Peoples Plan (IPP) was formulated by the Borrower through consultations held in September 2011 with the education authorities, indigenous organizations, parents and students of indigenous schools mainly in the municipality of Izalco.** It is the first time that a World Bank education project includes an IPP in El Salvador. The objective of the IPP is to pilot a culturally-appropriate school cluster scheme in Izalco, the municipality with the largest Indigenous student population in the country. The strategy and lessons learned from this pilot may be applied to other clusters that include indigenous students as part of the Project. The IPP includes 5 components: (a) Promotion of the education school clustering strategy; (b) Sensitivity training within the MINED to recognize values and stimulate self-esteem among Indigenous Peoples; (c) Research and curriculum development; (d) Elaboration of culturally-adequate education materials; and (e) In-service teacher training. The Project includes financing for implementing the IPP. The IPP was disclosed on MINED’s website on October 3, 2011 and on the World Bank’s website on October 6, 2011.

#### **F. Environment (including Safeguards)**

44. **Project interventions imply a minimal degree of construction activities, thereby triggering OP/BP 4.01 (Environmental Assessment).** The bulk of activities involving construction would mostly be maintenance and renovation of schools. Given that exact school locations are unknown, the appropriate Environmental Assessment tool is the Environmental and Social Management Framework (ESMF). MINED carried out an inventory of the land tenure status of the 482 Eligible Schools to receive funds for maintenance under the Project and found that the majority of schools are located on properties registered to MINED without other types of land occupation (e.g. social units or commercial activities). Whereas 482 schools have been identified for support under the Project, only 201 would include infrastructure investments such as rehabilitation and expansion that go beyond basic maintenance of existing structures. For these works, an ESMF was prepared and disclosed on MINED’s website on October 3, 2011 and on the World Bank’s website on October 6, 2011. The ESMF includes screening criteria agreed on by the Government, to screen out any investments requiring land acquisition or involuntary resettlement as defined under OP 4.12 (Involuntary Resettlement). The ESMF provides a description of the following: the environmental mitigation and monitoring measures to be taken during implementation; eligibility criteria; waste disposal measures; construction site management criteria, including proper safety protocols for construction workers, including the use of personal protective equipment; dust and noise control; and institutional arrangement for supervision and oversight of environmental measures. Safety measures also ensure that students and teachers attending the schools where any construction activities are taking place are not negatively affected.

**Annex 1: Results Framework and Monitoring**  
**EL SALVADOR: Education Quality Improvement Project**

<b>Project Development Objective (PDO):</b> The objective of the Project is to improve access, retention and graduation rates for students in the Lower Secondary Education and the Upper Secondary Education of the Borrower's public schools adopting the Inclusive Full Time School Model (IFTS Model).												
PDO-Level Results Indicators	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR 3	YR 4	YR 5				
<b>Indicator One:</b> Improvement in the Access Rate for lower secondary education	<input type="checkbox"/>	Percentage	96.3	96.5	96.8	97.4	98.1	98.8	Annual	School Census	Directorate of Planning	<ul style="list-style-type: none"> <li>Number of students enrolled in 7<sup>th</sup> grade in year <i>t</i> (net of 7<sup>th</sup>-grade repeaters in year <i>t-1</i>) as a proportion of the total number of 6<sup>th</sup>-grade students who were promoted to 7<sup>th</sup> grade at the end of year (<i>t-1</i>).</li> <li>Indicator will be calculated for all schools in the 29 selected municipalities only.</li> </ul>
<b>Indicator Two:</b> Improvement in the Retention Rate for lower secondary education	<input type="checkbox"/>	Percentage	95.1	95.2	95.5	96.2	97.1	98.4	Annual	School Census	Directorate of Planning	<ul style="list-style-type: none"> <li>Number of students in grades 7-9 that remain in school during the academic year as a proportion of the total number of students of grades 7-9.</li> <li>Indicator will be calculated for all schools in the 29 selected municipalities only.</li> </ul>
<b>Indicator Three:</b> Improvement in the Graduation Rate for upper secondary education	<input type="checkbox"/>	Percentage	75.0	75.3	75.7	79.2	84.2	91.7	Annual	Information System for Academic Attendance (SIRAI)	National Directorate of Education	<ul style="list-style-type: none"> <li>Number of students that graduate from 11<sup>th</sup> grade at the end of school year <i>t</i> as a proportion of the number of students enrolled in 10<sup>th</sup> grade at the beginning of school year (<i>t - 1</i>).</li> <li>Indicator will be calculated for all schools in the 29 selected municipalities only.</li> </ul>

PDO-Level Results Indicators	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR 3	YR 4	YR 5				
<b>Indicator Four:</b> Number of municipalities with clusters effectively implemented	<input type="checkbox"/>	Number	0	3	14	21	26	29	Annual	Administrative Acts from Clusters	Department of Project Execution of Inclusive Full-Time Schools	<ul style="list-style-type: none"> <li>• A cluster will be considered effectively implemented in a given municipality if, at least, 4 out of the 6 factors described below are in place for all schools within all clusters in that given municipality: <ul style="list-style-type: none"> <li>✓ New pedagogical approach implemented</li> <li>✓ Longer school day implemented</li> <li>✓ School directors and teachers of all grades trained in the features of the new model</li> <li>✓ Schools earmarked for civil works fully completed, including furniture.</li> <li>✓ Educational equipment and material delivered</li> <li>✓ Territorial reorganization of IFTS schools within the cluster completed.</li> </ul> </li> </ul>

## INTERMEDIATE RESULTS INDICATORS (IRIs)

### Component One: The IFTS model

Intermediate Results Indicators	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR 3	YR 4	YR 5				
<i>IRI 1:</i> Direct Project beneficiaries (number), of which female (percentage)	<input checked="" type="checkbox"/>	Number (Percentage)	0	7,162 (49%)	16,673 (50%)	31,319 (51%)	38,562 (51%)	43,871 (50%)	Annual	Records from Implementation Status Reports at the end of each year	Department of Project Execution of Inclusive Full-Time Schools	<ul style="list-style-type: none"> <li>• Direct beneficiaries of the Project will be calculated only for those 29 selected municipalities and will be:               <ul style="list-style-type: none"> <li>✓ 34,017 students in lower secondary education (grades 7 to 9);</li> <li>✓ 7,038 students in upper secondary education (grades 10 to 11);</li> <li>✓ 2,334 full-time teachers from grades 1-11;</li> <li>✓ 482 school directors</li> </ul> </li> </ul>
<i>IRI 2:</i> Number of additional qualified primary teachers resulting from Project intervention	<input checked="" type="checkbox"/>	Number	0	230	530	879	1,077	1,216	Annual	Exams records from training sessions	ESMA ( <i>Escuela Superior de Magisterio</i> – Higher Education Teacher Training Institution)	<ul style="list-style-type: none"> <li>• Number of full-time equivalent teachers of grades 1-6 who were accredited through passing all mandatory IFTS courses (modules).</li> <li>• The mandatory modules will be of two types: a) pedagogical; b) subject-matter based.</li> <li>• Indicator will be calculated for all schools in the 29 selected municipalities only.</li> </ul>
<i>IRI 3:</i> Number of additional qualified secondary school teachers and number of additional qualified school directors resulting from Project intervention	<input type="checkbox"/>	Number	0	155	424	714	858	943	Annual	Exams records from training sessions	ESMA ( <i>Escuela Superior de Magisterio</i> – Higher Education Teacher Training Institution)	<ul style="list-style-type: none"> <li>• Number of full-time equivalent teachers of grades 7-11 and number of school directors who were accredited through passing all mandatory IFTS courses (modules).</li> <li>• The mandatory modules for teachers will be of two types: a) pedagogical; b) subject-</li> </ul>

Intermediate Results Indicators	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR 3	YR 4	YR 5				
												<p>matter based. The mandatory modules for school directors will be of two types: a) pedagogical; b) management.</p> <ul style="list-style-type: none"> <li>Indicator will be calculated for all schools in the 29 selected municipalities only.</li> </ul>
<p><i>IRI 4:</i> Number of additional qualified MINED technical staff (at the central and departmental level) resulting from Project intervention</p>	<input type="checkbox"/>	Number	0	14	46	64	74	82	Annual	Exams records from training sessions	ESMA ( <i>Escuela Superior de Magisterio – Higher Education Teacher Training Institution</i> )	<ul style="list-style-type: none"> <li>Number of MINED technical staff (central and departmental level) who pass all mandatory modules of training workshops designed for this purpose.</li> <li>Indicator will be calculated for all technical staff from MINED’s headquarters and from all 14 Departmental Directorates involved with the direct implementation of the IFTS model in the 29 selected municipalities.</li> </ul>
<p><i>IRI 5:</i> Number of IFTS that are being renovated and/or equipped with educational material and equipment according to the IFTS standards</p>	<input type="checkbox"/>	Number	0	35	95	141	176	201	Annual	Certificate of delivery of furniture, educational material and equipment for IFTS accreditation.	Infrastructure Management Unit	<ul style="list-style-type: none"> <li>The complete list of these standards will be developed with the help of the SFLAC grant studies and will be known midway through year 1 of implementation.</li> <li>The standards will be published by a Ministerial Decree.</li> <li>Indicator will be calculated for all Participating Schools in the 29 selected municipalities only.</li> </ul>



Intermediate Results Indicators	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR 3	YR 4	YR 5				
<i>IRI 6:</i> Number of new classrooms built under the Project, including necessary furniture	<input type="checkbox"/>	Number	0	0	334	497	639	723	Annual	Certificate accrediting the completion of civil works for classrooms	Infrastructure Management Unit	<ul style="list-style-type: none"> <li>New classrooms will be built only in Participating Schools, i.e. those with grades 7 through 9 and earmarked for civil works in the 29 selected municipalities.</li> </ul>
<i>IRI 7:</i> Number of IFTS being renovated under the Project	<input type="checkbox"/>	Number	0	0	95	141	176	201	Annual	Certificate accrediting the completion of civil works	Infrastructure Management Unit	<ul style="list-style-type: none"> <li>Although all Eligible Schools will receive a one-time allocation for maintenance expenditures, renovations of classrooms or educational facilities will be undertaken only in Participating Schools.</li> </ul>
<i>IRI 9:</i> Number of students in grades 7 to 9 that have 40 weekly hours of pedagogical activities coordinated by the school	<input type="checkbox"/>	Number	0	6,249	13,455	24,163	29,796	34,017	Annual	Records from Implementation Status Reports at the end of each year	Department of Project Execution of Inclusive Full-Time Schools	<ul style="list-style-type: none"> <li>Indicator will be calculated for all Eligible Schools (29 selected municipalities only).</li> </ul>
<i>IRI 10:</i> Number of students transported to school in the cluster	<input type="checkbox"/>	Number	0	2,187	4,709	8,457	10,429	11,906	Annual	Records from Implementation Status Reports at the end of each year	Department of Project Execution of Inclusive Full-Time Schools	<ul style="list-style-type: none"> <li>Indicator will be calculated for all Eligible Schools (in the 29 selected municipalities).</li> </ul>

Intermediate Results Indicators	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR 3	YR 4	YR 5				
<b>Component Two: Strengthening Institutional Capacity and Governance of Education</b>												
<i>IRI 11:</i> Municipalities with a monitoring system at the cluster level	<input type="checkbox"/>	Number	0	3	14	21	26	29	Annual	Records from Implementation Status Reports at the end of each year	Department of Project Execution of Inclusive Full-Time Schools	<ul style="list-style-type: none"> <li>The monitoring system will have to comprise, at least, a) the adoption of annual standardized tests for students to collect data on education quality and learning outcomes, and b) the adoption of a system of indicators to monitor evolution of access, retention and graduation rates at the cluster level.</li> </ul>
<i>IRI 12:</i> Municipalities that implemented the communication strategy for the IFTS	<input type="checkbox"/>	Number	0	3	14	21	26	29	Annual	Records from Implementation Status Reports at the end of each year	Department of Project Execution of Inclusive Full-Time Schools	<ul style="list-style-type: none"> <li>The communication strategy will have to comprise, at least, a) a publicity spot in the local media; b) a communication campaign (posters, brochures, etc.) within each eligible school; c) one workshop for the community in each cluster to be created within each municipality.</li> </ul>
<i>IRI 13:</i> Municipalities that have undertaken a process evaluation of the governance system	<input type="checkbox"/>	Number	0	3	6	7	7	7	Annual	Records from Implementation Status Reports at the end of each year	Department of Project Execution of Inclusive Full-Time Schools	<ul style="list-style-type: none"> <li>The process evaluation will be a qualitative assessment of the performance of the new governance model piloted in 7 selected municipalities.</li> <li>Indicator to be calculated for all clusters to be created in the 7 selected municipalities for which pilots of the new governance model will be created.</li> </ul>

Intermediate Results Indicators	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR 3	YR 4	YR 5				
<i>IRI 14:</i> Municipalities with an Impact Evaluation started	<input type="checkbox"/>	Number	0	3	14	21	26	29	Annual	Records from Implementation Status Reports at the end of each year	Department of Project Execution of Inclusive Full-Time Schools	<ul style="list-style-type: none"> <li>Baseline information for the Impact Evaluation will be collected in the 1<sup>st</sup> year of the Project.</li> </ul>

**Annex 2: Detailed Project Description**  
**EL SALVADOR: Education Quality Improvement Project**

**The proposed five-year Project would finance activities in two components: (i) adoption of the IFTS model; and (ii) Improvement of MINED’s Institutional Capacity and the Schooling System’s Governance.**

**Component 1: Adoption of the IFTS Model**

**1. Component 1 would have 5 sub-components, as follows:**

Sub-component 1.1: Supporting the production of training materials and the carrying out of different types of training in the Eligible Schools, including, *inter alia*: (i) certified training plans for teachers, school directors and MINED’s technical staff; (ii) orientation training for teachers and school directors of said Eligible Schools; and (iii) specifically designed training for MINED’s technical staff.

Sub-component 1.2: Supporting the acquisition of educational materials and equipment for classrooms, laboratories, libraries and teachers’ rooms in the Participating Schools, including, *inter alia*: (i) information technology and communications equipments; and (ii) special additional equipment for students with special needs or disabilities.

Sub-component 1.3: Supporting the improvement of learning facilities in the Participating Schools through the carrying out of one or more of the following activities: (i) the renovation and construction of educational facilities (including, *inter alia*, classrooms, staff rooms, dining rooms, laboratories, specialized classrooms and workshops facilities, and arts and sports facilities); (ii) the acquisition of new furniture; and (iii) the provision of technical assistance in designing and supervising the activities under points (i) and (ii) herein.

Sub-component 1.4: Supporting the extension of the teaching schedule from 30 to 50 class hours per week in the Lower Secondary Education and the Upper Secondary Education of the Participating Schools through, *inter alia*, the financing of teachers’ *Sobresueldo*.

Sub-component 1.5: (A) Carrying out of the following investments and/or activities in the Participating Schools: (i) the acquisition of general equipment for recreation, sport, art, culture and civic education; and (ii) the provision of transportation to: (a) students in the Lower Secondary Education whose residence is not within walking distance from their school; and (b) students in the Lower Secondary Education and the Upper Secondary Education, to allow them to use academic facilities of other nearby schools; and (B) carrying out of minor maintenance activities of school facilities and structures in the Eligible Schools.

Details for all of the subcomponents are as follows:

*Sub-component 1.1: Professional Development and Training (PDT)*

2. **This sub-component would finance a series of training activities.** The Project would finance the technical assistance, the production of training materials and the operating costs of training. Four types of training are envisaged: (i) the preparation of the “certified training plan” and training materials on the IFTS pedagogical model for teachers, school directors and technical staff from MINED; (ii) the training of school directors and teachers working in the IFTS according to the PDT; (iii) orientation training for school directors and teachers of primary schools in the selected clusters and (iv) the training of MINED technical staff.

3. **Certified training plans are a cumulative and systematic sequence of training group activities organized by modules.** Some modules will be mandatory for all teachers and directors of the IFTS and MINED technical staff with which it is intended to arrive at mastery of the fundamentals of the pedagogical model of the IFTS: the curricular content sequencing and prioritization, the criteria and process for developing good teaching evaluations to guide the improvement of teaching and learning. In addition, it will be mandatory for the teachers of lower and upper secondary education (teaching grades 7 to 11) to take modules by subjects. There will be special modules for teachers who are teaching in different specialties or cycle to their initial training. Other modules are optional courses for teachers. The mandatory modules will be attended in-service time, and the optional courses will be at extra times.

4. **The evaluation of each module will focus on the effective transfer in the classroom and evidence of their results (class notebooks, teaching evaluations, and other student’s productions).** Teachers and school directors will receive a certificate once they have completed each module. The successful completion of these certification modules will add up credits/bonus points for graduate and undergraduate degrees that teachers are enrolled in.

5. **The Pedagogical Administration Management Unit (*Gerencia de Gestión Pedagógica – GGP*), in conjunction with the Teacher Training Higher Education School (*Escuela Superior de Maestros – ESMA*), will be responsible for the preparation of the certified training plans for teachers and school directors.** The GGP will establish the curriculum of the certified training plans, specifying the purposes, conceptual and methodological content, and evaluation criteria for courses.

6. **The ESMA in coordination with the National Directorate of Education Management at the Departmental Level (*Dirección Nacional de Gestión Departamental – DNGD*) will be in charge of organizing and delivering the certified training plan to school directors and teachers of the IFTS and selected clusters which will be delivered by ESMA specialists.** ESMA will be the body responsible for awarding the certificates and linking them with other teacher education alternatives/courses. The modules will be taught by ESMA’s staff. The Project will finance the hiring of additional professional specialists to design and deliver the certified courses. The selection process for those specialists will be established by the current ESMA rules which include assessing academic background, previous experience, and other ways of ensuring the competence of the applicant to be a teacher (personal interviews, simulation class, and participation in instances of induction).

*Sub-component 1.2 Educational materials and equipment*

7. **This sub-component would finance educational materials and equipment for classrooms, laboratories, libraries and teacher rooms in the Participating Schools with lower secondary education.** This would include ICT equipment, general equipment for art, culture, recreation, sport and citizenship classes, and special additional resources for students with special needs or disabilities. The provision of these new inputs to the IFTS schools would contribute to improving teaching/learning in academic subjects and arts and the organization of extra-curricular activities. Teachers would be taught in the use of equipment through the in-service training programs and other technical support provided within the cluster. An indicative list of equipment, procurement methods and costs for IFTS is shown in Table A2.1. The Project would finance technical assistance needed for the preparation of the manuals that will provide detailed instructions on how to use equipment.

**Table A2.1: Indicative List of Equipment, Procurement Methods and Costs for IFTS**

Equipment	Description	Procurement Method	Individual Amount (US\$ per school)
1. Computer equipment	Set of up to 10 computers plus energy source, network installation, printer	Centralized	11,000
2. Natural sciences laboratory	To be determined, with equipment for observation, measurement, handling of materials, and transformation of substances	Centralized	6,500
3. Multimedia equipment	TV, data projectors, digital cameras	Centralized	2,000
4. Recreational equipment	Classroom and outdoor games	Centralized	350
5. Art equipment	Musical instruments and other art equipment	Centralized	1,200
6. Sport equipment	Balls, nets, hoops, ropes, etc.	Centralized	750
7. Teaching libraries	Books for teacher training	Central selection of a list for decentralized procurement	500
8. Student library	Reference books for the classroom		2,000
9. Inputs for eligible expenditures	Reactants for science laboratories (US\$750 per year, for 3 years)	Centralized	2,250
<b>TOTAL</b>			<b>30,200</b>

*Sub-component 1.3: Improvement of learning facilities*

8. **The IFTS model requires the expansion and renovation of existing schools that would become IFTS, to provide the pedagogical conditions necessary to improve student retention, graduation and learning.**<sup>15</sup> This includes the construction and renovation of classrooms, staff rooms, dining rooms, kitchens, laboratories, specialized classrooms and workshops, water and sanitation facilities, and arts and sports facilities. This sub-component would finance: (i) renovation and construction of educational facilities and provision of furniture to implement IFTS in the Participating Schools, and (ii) design and supervision of works. It is estimated that 723 new classrooms would be required to accommodate students in grades 7 to 9 who would be at school on a full-time basis. Classrooms would be provided with furniture that enables the implementation of the IFTS.

*Sub-component 1.4: Extension of the teaching schedule*

9. **This sub-component would ensure that the number of teachers needed for the lower and upper secondary grades teach exclusively and full time in each IFTS (Participating School) by extending the hours of those teaching 30 hours per week to a full-time schedule of 50 class hours per week.**<sup>16</sup> This would entail teacher overtime payments (“sobresueldos”) and/or increases in the number of class hours. As established in the Law of the Teaching Profession (*Ley de Carrera Docente*), the necessary overtime payments would be allotted to each cluster to reach full-time dedication of teaching staff in lower secondary grades. A greater number of class hours would be assigned to teachers at both lower and upper secondary levels. Approximately 90 teachers from lower secondary education would be paid overtime payments, and with this, it is estimated that there would be sufficient full-time teaching staff to teach the lower secondary grades (after re-organization). There would also be an increase in the teaching load for teachers of upper secondary grades, as a result of the reform. The MINED estimates that 1,176 additional weekly class hours would be paid to teachers of upper secondary grades in the 29 municipalities.

*Sub-component 1.5: Investments and/or Activities (Subprojects) in the Participating and Eligible Schools*

10. **This sub-component would finance operational costs at the school level, revolving around the following three activities:** (i) acquisition of general equipment and materials, for example, instructional and classroom textbooks for recreation, sport, art, culture and civic education; (ii) maintenance of school facilities and structures; and (iii) transportation to students attending grades 7 to 9 if their residence is not within walking distance of an IFTS and other transportation for students in grades 7 to 11 to utilize academic facilities in the cluster and for extra-curricular activities. These would be financed through Subprojects, to be governed through School Subsidiary Arrangements signed between MINED (represented at DD level) and the CDEs and ACEs. Indicative Subproject amounts would average approximately US\$13,700 per

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<sup>15</sup> Maintenance would be financed through Sub-Projects under Sub-Component 1.5.

<sup>16</sup> The number of working hours for teachers in grades 7- 9 will go from 30 to 50, and for teachers in grades 10 – 11, it will pass from 40 to 50. Class hours for grades 7-11 will be 40 per week.

school per year (around US\$24,000, including counterpart financing)<sup>17</sup>, and would be determined as a function of estimates made at the DDs of school needs using MINED's administrative projections for enrollments (by catchment areas). Maintenance is expected to account for about half of the funds, with equipment/materials and transport each accounting for about one quarter of the Subproject amounts. ACEs and CDEs have several years of experience in acquiring such items, and these expenditures are considered operating costs.

11. **Transportation.** Transportation needs would be determined within each cluster (number of students, routes, etc.) as part of the rationalization process undertaken by technical coordinators based in the Departmental Directorates. The indicative cost of transportation is estimated to average out to US\$48 per student requiring transport per year. The services would be provided by local service providers – municipalities, private operators, NGOs etc – for which agreements would be signed between the organizations and the DDs, and financed at the school level. It is estimated that about 11,906 students would use this transportation to complete the lower secondary education in the corresponding school, or taking advantage of library, laboratory, or sport facilities, among others.

## **Component 2: Improvement of MINED's Institutional Capacity and the Schooling System's Governance**

12. Component 2 consists of 4 sub-components, as follows:

Sub-component 2.1: Strengthening of MINED's policy-making, planning, implementation and monitoring capacity through, *inter alia*: (i) the development of new policies and regulations to make the Borrower's education management system more efficient, including the development of a teacher policy to regulate, *inter alia*, the recruitment, appointment, and evaluation process of public schools' teachers; (ii) the development and publication of education standards for school management, teaching activities and teachers' training; (iii) the improvement of monitoring and evaluation systems, including the design of web-based educational indicators which can be accessed by the general public; (iv) the creation of new strategies and instruments for assessing the students' performance, including, *inter alia*, the adoption of annual standardized tests for students to collect data on education quality and learning outcomes; and (v) the design and implementation of a communication strategy to increase the support and involvement of local communities in schools' activities.

Sub-component 2.2: Supporting the carrying out of a pilot program in selected Eligible Schools located in the Borrower's departments of Usulután, Sonsonate and La Libertad (in accordance with the criteria set forth in the Project Operations Manual), which program is intended to introduce a new governance model based on clusters of schools to oversee the functioning of the Borrower's public primary and secondary schools.

Sub-component 2.3: Providing technical assistance to MINED and its departmental directorates to strengthen their monitoring and evaluation systems.

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<sup>17</sup> In 2011, a total of approximately US\$75 million was executed through similar School Subsidiary Arrangements.



Sub-component 2.4: Supporting the design and implementation of a Project impact evaluation system.

Details for all of the subcomponents are as follows:

*Sub-component 2.1: Strengthening the Capacity of MINED*

**13. This sub-component would be the primary responsibility of the Quality Monitoring Management Unit (“Gerencia de Seguimiento a la Calidad” or GSC) in conjunction with the DNGD and would finance technical assistance and training to enhance the institutional capacity of the MINED to undertake a series of activities:**

- (i) **Development of policies, regulations and laws, including:** (a) creation of new regulations to establish the governance body of the IFTS, which would replace the current Community Partnerships for Education (*Asociaciones Comunes para la Educación – ACE*) and School Councils (*Consejos Directivos Escolares – CDE*) in the selected clusters; (b) development of a teacher policy that includes teacher evaluation to help ensure that each teacher is employed under his/her area of specialization and help simplify the appointment process for teachers;
- (ii) **Development and publication of education standards,** including: (a) standards for school management; (b) standards for teachers and teacher training;
- (iii) **Development and use of planning tools and instruments** for: (a) delivery of education services, by organizing school clusters and schools/classes to respond to changes in demand; (b) tracking resource flows from the central levels of administration to local service providers in order to assure transparency and accountability (for instance, Public Expenditure Tracking Surveys);
- (iv) **Strengthening of Monitoring and Evaluation Systems,** including the development of Web-based Educational Indicators for the public and non-specialists, and the establishment and regular updating of Internet/Intranet-based web pages and graphic support materials. This would draw on data from the annual census of schools, teachers and students to directly generate key indicators to monitor progress against MINED’s priority goals such as: the flow of students, access, promotion, repetition, drop out, overage, and provision of teachers and infrastructure conditions at the school level;
- (v) **Strengthening the system of learning assessment,** including the development of strategies and instruments for assessing students in IFTS; analyzing the annual national tests – Skills and Learning Outcomes Tests for Upper Secondary Education Graduates (*Prueba de Aptitudes y de Aprendizaje para Egresados de Educación Media*) - to provide information on quality and learning outcomes; and providing feedback to curriculum developers, teacher trainers, cluster level bodies, school directors and teachers;

- (vi) **Implementation of a communication strategy of the IFTS model**, with a particular emphasis on fostering an active participation of the community in schools. The communication strategy is being prepared through a SFLAC Grant executed by MINED.

*Sub-component 2.2: Enhancing Local Governance Mechanisms to Support the Clusters of IFTS*

14. **This sub-component would pilot a governance model at the cluster level to oversee the functioning of the schools within the clusters in 3 Departments.** The new governance structure would be piloted to replace the school-based management systems in place (ACEs and the CDEs). The design of these cluster level structures, including their role, functions and composition, is currently being designed through a study looking at accountability, transparency and management efficiency. The study would provide recommendations on the most appropriate structure, building on the strengths and comparative advantages of each actor (central director, school director, parent committees, departmental ministry officials, etc). This sub-component would finance the following activities: (i) training at the cluster level, including technical specialists and directors; and (ii) a process evaluation to distill the lessons from the pilot, to inform the possible generalization of the model.

*Sub-component 2.3: Monitoring and Evaluation*

15. **This sub-component would undertake capacity building activities to strengthen the monitoring and evaluation of the Project.** Specifically, the Project would provide technical assistance at the central MINED level and would cover associated administrative costs (including the audit). Second, the sub-component would provide technical assistance to Departmental Directorates (DDs), including the hiring of Departmental technical coordinators and administrative coordinators in each of the 14 departmental offices to supervise the implementation of the IFTS in the 29 selected municipalities, and training in strategic planning and Project management (including administrative and fiduciary matters). The sub-component would also place a special emphasis on strengthening systems, instruments and skills for monitoring and evaluation.

*Sub-component 2.4: Impact Evaluation*

16. **This sub-component would finance the hiring of a consultant firm to design and implement an impact evaluation of the IFTS.** The assessment is expected to be of quasi-experimental nature (non-randomized) and based on comparing the evolution of key indicators (educational and social outcomes) in a sample of schools that make part of the “intervention or experiment” group (schools within the 29 municipalities), and a similar sample of schools that involve a comparison group composed of an approximately similar number of schools and students for areas that would not benefit from the IFTS model or the Integrated System but which are structurally similar to the “experiment” group. When performing the impact evaluation, a careful collection of socio-economic status (SES) factors and previous trends of educational indicators for both the experiment and control groups would be undertaken at baseline and at different times of the implementation of the Project. The Directorate of Planning (*Dirección de Planificación – DP*) would be in charge of supervising the impact evaluation in close coordination with the DNE.

**Annex 3: Implementation Arrangements**  
**EL SALVADOR: Education Quality Improvement Project**

**Institutional and Implementation Arrangements**

1. **The Project would be implemented by the Ministry of Education (MINED).** The National Directorate of Education (*Dirección Nacional de Educación – DNE*) under the coordination and leadership of the Vice Ministry of Education would be responsible for overall Project coordination, supervision and monitoring. To ensure the effective implementation of the IFTS model, the organizational structure of the DNE has been modified. Pursuant to Ministerial Agreement Number 15-1019 dated August 12, 2011 the DNE has been restructured. Directly reporting to the DNE a new Department of Project Execution of IFTS (*Departamento de Proyectos de Ejecución de Escuelas Inclusivas de Tiempo Pleno – DPEIFTS*) has been created. This Department would manage and coordinate the implementation of the IFTS model at the central level and the governance system for the clusters of schools.

2. **In the context of this operation, the DPEIFTS would be the Project Coordination Unit, reporting to the DNE.** The DPEIFTS would coordinate overall Project implementation and monitor achievement of intended results. This Department would be strengthened by hiring specialized staff (technical consultants, as needed). The Project Coordinator, a MINED official, would be the head of the DPEIFTS. The DPEIFTS would be responsible for the coordination and definition of technical activities; coordination of the annual operating plan; development and implementation of an administrative and monitoring system; and carrying out supervision tasks. The Operations Manual outlines the structure and profiles of personnel of the Department.

3. **Fiduciary responsibilities for the Project would be managed by MINED’s existing units.** Procurement and financial management would be managed through the Institutional Procurement and Contracting Unit (*Unidad de Adquisiciones y Compras Institucionales – UACI*) and the Institutional Financing Unit (*Unidad de Financiamiento Institucional – UFI*), respectively. MINED’s UACI would be responsible for the preparation and updating of the annual procurement plan; procurement of goods and recruiting of consultants based on technical specifications provided by the DPEIFTS; contract signings; and safekeeping Project procurement related documents. The UFI in turn, would be responsible for Project financial management including cash flow management; payments processing; submission of loan withdrawal; preparation of financial reports and coordination of audits. These units would be supported through the recruitment of a budget specialist, an accountant, a treasurer and two full-time Procurement specialists experienced with World Bank operations. These costs will be financed through subcomponent 2.1. Detailed specifications on Project financial management, procurement, and auditing procedures are included in the Operational Manual.

4. **The preparation of architectural and engineering designs, financial and physical monitoring and the design/execution of the investment plan would be implemented by MINED through the Department of Project Execution for IFTS (*Departamento de Proyectos de Ejecución de Escuelas Inclusivas de Tiempo Pleno*) and the Infrastructure Management Unit (*Gerencia de Infraestructura*) supported by the hiring of consultants on an on-demand basis.**

## Implementation Arrangements

### (i) Project Administration Mechanism

5. Table A3.1 shows the distribution of specific responsibilities for each Project component and sub-component.

**Table A3.1: Implementation Responsibilities**

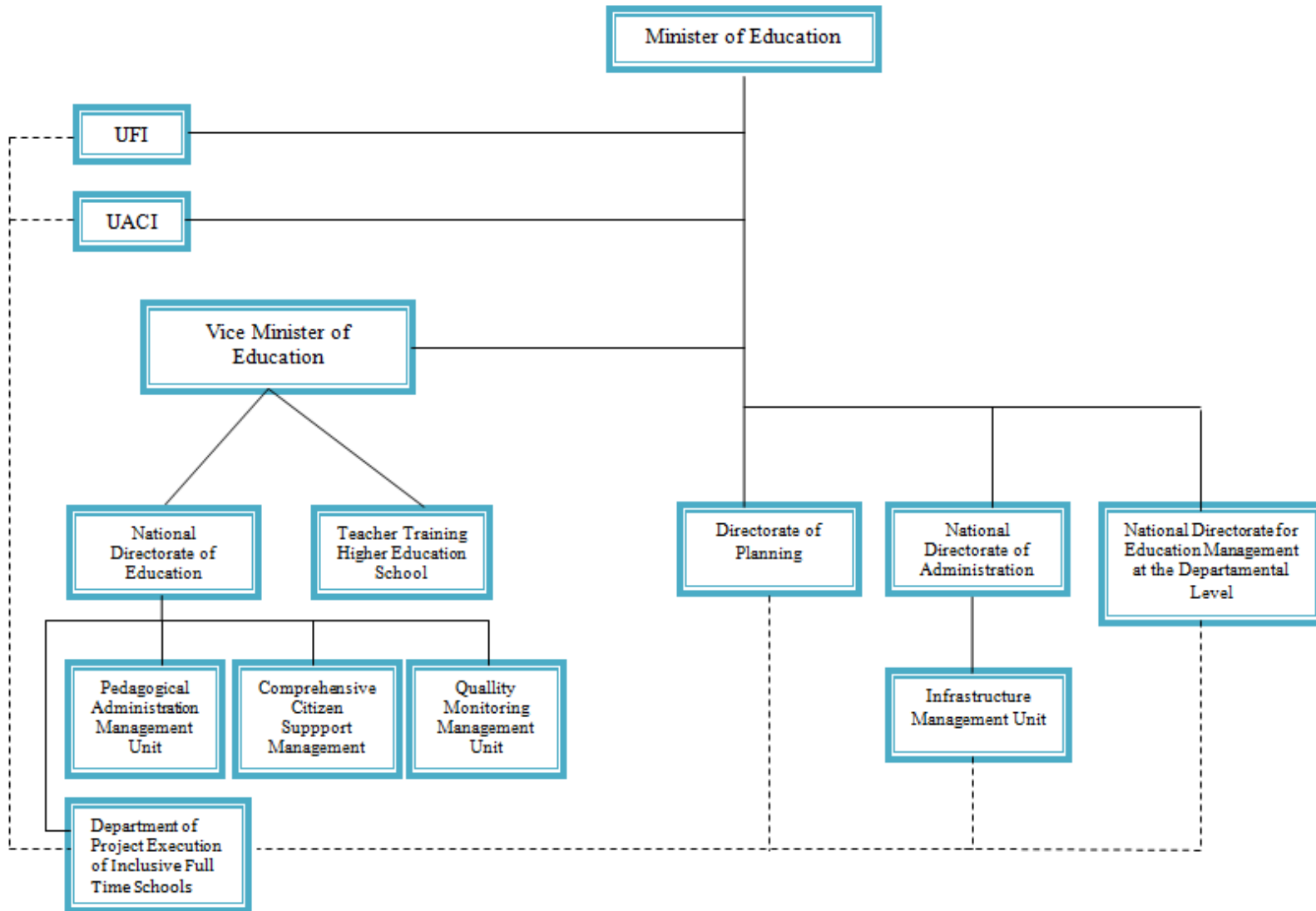
Organization	Roles	Subcomponents
1. National Directorate of Education, in coordination with some other units within MINED (see Figure A3.1)	Content for training of principals, teachers, technical experts, and school and local organisms	Sub-component 1.1
	Contracting of goods and services, works	Sub-component 1.2
		Sub-component 1.3
		Sub-component 1.4
	Formulation and implementation of the budget in the clusters (recurrent costs)	Sub-component 2.3
	Legal framework, management and implementation of ministerial agreements	Sub-component 2.3
	Overall policy direction of IFTS model, clustering strategy, and school organization	Sub-component 2.3
	Technical assistance for the process of strategic and operational planning	Sub-component 2.1:
	Guidelines for the implementation of monitoring and evaluation	Sub-component 2.3
Management and implementation of specific programs from other sources of financing (USAID, AECID, others)	Sub-component 2.3	
Party to the cooperation and collaboration agreements for the implementation of the strategic and operational plans aligned	Sub-component 2.1 and 2.2	

	with the reform	
2. Departmental Directorates of Education	Technical assistance to the strategic and operational plan of each school in the cluster	Sub-component 2.3
	Requests transfers of resources to ACEs and CDEs	Sub-component 1.5
	Management of teacher bonuses and class hours	Sub-component 1.4
	Administrative and financial monitoring	Sub-component 2.3
	Technical assistance to the clusters, for the coordination between schools, financial resource collaboration processes in the schools, for ACEs and CDEs	Sub-component 2.3
	Organize training activities in the clusters	Sub-component 1.1
3. Community Partnerships for Education (ACEs) and School Councils (CDEs)	Training on the IFTS model, clustering and organization of schools	Sub-component 1.1
	Drafting of and collaboration mechanisms for the Annual School Plans ( <i>Planes Escolares Anuales</i> – PEA), to integrate them into the strategic plan of the clusters	Sub-component 1.5
	Receive training on the roles for the establishment of the commissions for governance and management	Sub-component 2.2 (Pilot)
	Selection of teachers. Extension of the teaching schedule	Sub-component 1.4
	Purchasing processes in each school in the framework of the	Sub-component 1.5

	integrated plan	
4. Directorate of Planning (MINED)	Impact Evaluation	Sub-component 2.4

6. Each responsible unit would appoint Project Leaders to coordinate the implementation of their respective actions (sub-component). Project Leaders would be in permanent contact with DPEIFTS to obtain advice and support for preparing and implementing Project activities. Project Leaders would assume responsibility for preparing technical documentation (i.-e., operational plans, procurement plans, terms of reference, technical specifications, etc.), however, DPEIFTS experts would facilitate this work and provide technical assistance.

**Figure A3.1 Organizational Structure for Project Implementation**



## (ii) Financial Management

7. **A Financial Management (FM) Assessment to evaluate the adequacy of financial management arrangements was performed**, in accordance with OP/BP 10.02 (Financial Management) and the Financial Management Manual for World Bank-Financed Investment Operations, from July 14-15, 2011, and was updated during Appraisal.

8. **MINED has experience implementing prior World Bank-financed projects, which overall have had suitable financial management arrangements.** The UFI has qualified and experienced staff. However, Project design envisages some specific features related to decentralized funds flow arrangements at the school level, co-financing of recurrent costs, and participation of several actors during Project implementation that would require establishing a robust financial management system, and close monitoring of activities at the local level considering the variety capacity of individual schools. The Project's inherent and control risks are rated as Moderate. The proposed financial management arrangement is acceptable with the strengthening of the UFI organizational structure with three experienced staff on budgeting, accounting and treasury, who will be financed by the Project.

9. **Programming and Budgeting.** The preparation of the annual program and budget will follow local regulations established by the Ministry of Finance (MEF) and specific regulation and instructions that may be issued by MINED. The Project will be included in the public investment information system and once approved by the National Assembly would be reflected in the annual budget proposals of MINED. On the basis of the approved budget, the implementing entity would adjust as needed its Annual Operational Plan (*Plan Operativo Anual* – POA) which would be reviewed by the World Bank.

10. **Accounting Policies and Information System.** The regulatory Financial Management (FM) framework in El Salvador includes the (i) Financial Management Law (*Ley de Administración Financiera*) which governs the formulation, approval, execution and monitoring of the budget, the treasury system operations, the government accounting system and the investment and public credit functions; (ii) the annual Law of the General Budget of the State; and (iii) the MEF regulations and manuals. Project transactions will be recorded following the accrual accounting basis. The Project would comply with local rules in terms of accounting and will continue using the General Chart of Accounts established by SAFI, complemented by a matrix which would link budget structure with Project components/sub-components. This system may be complemented by an auxiliary information system to allow the preparation of financial reports.

11. **Project Operational Manual (POM) and Internal Controls.** Overall processes and procedures followed are adequate, to disburse funds, control, collect, record and generate financial information. Project specific financial management arrangements will be documented in a FM section of the POM. This section at least will include (i) budgeting formulation and approval process under the Project; (ii) internal control procedures; (iii) funds flow arrangements (payment procedures); (iv) information system and reporting arrangements (including format of Project financial reports); and (v) auditing arrangements.

12. **Financial Reporting and Monitoring.** On a semi-annual basis, for monitoring purposes, UFI will prepare unaudited Interim Financial Reports (IFRs) required for the Project,



comprising: i) a statement of sources and uses of funds and cash balances; (ii) a statement of cumulative investments; (iii) a reconciliation of the advance to the Designated Account with the corresponding bank statement; (iv) a report on the status of transfers to each Departmental Directorate (DD) made and documented for decentralized payments; and (v) explanatory notes. MINED will be required to submit IFRs to the World Bank, not later than 45 days after the end of each semester.

13. On an annual basis, MINED will have to prepare annual financial statements for the Project, for the year and as of the end of the year, comprising the same financial statements mentioned above. These financial statements will be required to be audited and submitted to the World Bank not later than six months after the end of the Government's fiscal year or any other period agreed with the World Bank. The format and core content of the financial statement have been agreed with UFI.

14. **Audit Arrangements.** Annual Project financial statements will be audited in accordance with International Standards on Auditing issued by the International Federation of Accountants, by an independent audit firm and in accordance with terms of reference both acceptable to the World Bank. Audited financial statements will be furnished for the World Bank's review not later than six months after the end of each fiscal year or at the end of the period agreed with the World Bank; and audit costs will be financed out of loan proceeds. Auditors should submit an opinion: (i) on the Project financial statements; (ii) on the Statement of Expenditures (including detailed results of the review performed; (iii) on the Designated Account; and (iv) management letter on internal control.

15. **Funds Flow and Disbursement Arrangements.** IBRD financing will be managed by MINED and funds will flow from the World Bank Loan account to a USD Designated Account (DA). Counterpart financing will follow local regulations and comprise resources from the National Treasury. The funds flow arrangements under the Project would follow centralized arrangements at MINED, except for Subprojects under subcomponent 1.5 which will be carried out by the schools and follow decentralized arrangements. Component 1 activities will be partially financed with loan proceeds and local counterpart financing; while Component 2 activities will be fully financed with loan proceeds.

16. On centralized payments to providers of goods, civil works, and services, MINED through UFI would make periodic requests to the General Treasury Directorate (DGT) of MEF to transfer funds from the Project's DA to the Project's operational account (opened in a commercial bank) to carry out payments.

17. **Subcomponent 1.4 will finance the payment of teacher overtime (*sobresueldos*) for additional hours worked by teachers.** Bank funds will be used to cover teachers' incremental salary excluding health and pension benefit payments (which represent 9.25 percent of the incremental salary: 3 percent for a health benefit and 6.25 percent for a pension benefit). The overtime payment, established annually by law (Law of Salaries), will follow traditional MINED procedures. That is to say that additional hours worked by teachers will be reported by each school to the Departmental Directorate, which in turn will report the information to MINED and MINED will transfer the salary top-up directly to teachers based on the information provided. For supporting documentation, MINED will prepare a separate list (*planilla*) of teachers receiving overtime. Teacher overtime payments would then be governed as follows: First, the

DNE would establish the guidelines to be followed, including remuneration levels for extra work. At the DD level, estimations are made for which subjects would require additional hours, within the authorized budget. These estimations are then communicated to schools. At the school level, teachers are selected by school directors to carry out the extra work. ACEs and CDEs then report on the additional work performed.<sup>18</sup>

18. On decentralized payments, funds would flow from MINED to MINED's DDs and from DDs to schools. MINED will apply its experience and mechanisms built to transfer and monitor funds at the local level. First, all participating schools will sign a School Subsidiary Arrangement with MINED (represented by DD), which sets out duties and responsibilities of each school for decentralized implementation. Secondly, DDs would open exclusive bank accounts to receive Project financing. Thirdly transfer of funds from the DA to the DD exclusive bank account - under subcomponent 1.5 - will be made based on the approved Subsidiary School Arrangement (submitted by the schools and approved by MINED). Upon approval by MINED, DD would request funds to carry out the arrangements. Upon DD request of funds MINED will request DGT to carry out transfers to the operational account of MINED, who in turn will carry out transfers to specific bank accounts of DDs, exclusively opened to receive Project loan proceeds and counterpart financing to be later transferred to schools.

19. On an annual basis, the ACE and CDE schools will be required to submit expenditures supporting documentation and bank account statement to the corresponding DD for technical and financial review; to validate information and to update the information system called the *Sistema de Modalidades de Administración Escolar Local* (SMAEL) Subsequent transfers will be authorized by MINED once DD verifies prior transfers have been adequately documented (rendido) by schools. MINED and DDs will monitor transfers through the information system SMAEL at any time and all original supporting documentation will be maintained for post-review and audit purposes for up to one year after the final withdrawal from the loan account.

20. The World Bank will disburse loan proceeds using the disbursement methods of advance, reimbursement and direct payment. A Project Designated Account (DA) in U.S. dollars will be opened by the General Treasury Directorate (DGT) of the MEF and maintained in the Central Reserve Bank (BCR) to be used exclusively for deposits and withdrawal of loan proceeds for eligible expenditures. Partial advances may be made to the DA as long as the aggregate amount advanced does not exceed the ceiling of US\$2,500,000, estimated to be adequate for Project execution for a period of at least three months. The Disbursement Letter establishes requirements for reporting eligible expenditures for disbursement processing.

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<sup>18</sup> In 2011, an estimated 30,000 teachers were paid overtime.

**Table A3.2: Disbursement Table**

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in US\$)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) (A) Goods, works, Consultants' services and Training under Subcomponents 1.1; 1.2; and 1.3 of the Project	42,300,000	100%
(1) (B) <i>Sobresueldo</i> under Subcomponent 1.4 of the Project	700,000	33%
(2) Goods, works, Consultants' services, Operating Costs and Training under Subcomponent 1.5 of the Project	11,850,000	57%
(3) Goods, works, Consultants' services, Operating Costs and Training under Component 2 of the Project	4,000,000	100%
(4) Front-end Fee	150,000	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions
(5) Unallocated	1,000,000	
<b>TOTAL AMOUNT</b>	<b>60,000,000</b>	

**(iii) Procurement**

21. Procurement for the proposed Project would be carried out in accordance with the World Bank's Guidelines: Procurement under IBRD Loans and IDA Credits, dated January 2011; and Guidelines: Selection and Employment of Consultants by World Bank Borrowers, dated January 2011; and the provisions stipulated in the Loan Agreement. The general description of various items under different expenditure categories is described below. For each contract to be financed by the Loan, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the World Bank in the Procurement Plan. The Procurement Plan would be updated at least annually or as required to reflect actual Project implementation needs and improvements in institutional capacity.

22. **Procurement of Works:** Works procured under this Project would include, *inter alia*, extensions, remodeling, and renovation of existing schools (cafeterias, teacher's lounge, specialized classrooms, kitchens, labs, water supply, etc) under Component 1. International Competitive Bidding (ICB) processes would be followed for all contracts estimated to cost US\$3,000,000 or above. Packages amounting to under US\$3,000,000 in the aggregate may be

procured using National Competitive Bidding (NCB) processes. Shopping procedures may be used for contracts amounting up to US\$250,000. Procurement of works would be done using the Bank's standard bidding documents (SBD) for all international competitive bidding (ICB) procurement. For national competitive bidding (NCB) or Shopping methods, documents agreed with or satisfactory to the World Bank would be used.

23. **Procurement of Goods:** Goods procured under this Project would include, *inter alia*, lab equipment, school furniture, and equipment to improve teaching/learning techniques, work libraries, computers, art equipment, sport equipment, and recreation equipment. The World Bank's SBD would be used for all ICB, and National SBD acceptable to and as agreed with the World Bank for all NCB. Procurement of goods using the Shopping method would use request for quotations documents acceptable to and agreed with the World Bank. All ICBs would be subject to prior review. The first two NCB and Shopping contracts per year, regardless of the estimated amount, as well as all direct contracting would be subject to prior review by the World Bank.

24. **Procurement of Non-Consultant Services:** Non-Consulting Services procured under this Project would include, *inter alia*, trainings, communication services, and reproductions under Component 1. To the extent possible, services would be grouped in packages above US\$150,000 that would be procured through ICB. Contracts for services estimated to cost below US\$150,000 but more than US\$10,000 would be procured following NCB with SBDs acceptable to and agreed with the World Bank. Contracts for services estimated to cost less than US\$10,000 would follow Shopping procedures. All ICBs would be subject to prior review. The first two NCB and Shopping contracts per year as well as all direct contracting would be subject to prior review by the World Bank.

25. **Selection of Consultants:** Contracts for employment of firms would include, *inter alia*, services for different types of studies such as redesigns of schools, environmental impact, a promotion and communication campaign of, a training program, effectiveness and implementation of the IFTS model, school management standards, teachers' competencies, baseline indicators, strategies, as well as work supervision, surveys, Project monitoring and evaluation, and financial audits. Selection methods for consultants would include: Quality-and Cost-Based Selection (QCBS), Quality-Based Selection (QBS), Selection Based on the Consultants' Qualifications (CQS), Selection under a Fixed Budget (FBS) and Least-Cost Selection (LCS). Contracts for employment of individuals would include hiring of trainers, as well as technical, procurement, financial management and administrative staff, and technical services provided by individuals for, *inter alia*, data collection, studies, strategies, baseline indicators, work supervision, and surveys. Selection procedures of individuals for these services would be included in the POM. Short lists of consultants for services estimated to cost less than US\$200,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. Contracts for consultancy services (firms) estimated to cost above US\$200,000 per contract, all Single Source selection of consulting firms; and individual consultants estimated to cost above US\$35,000 would be subject to prior review by the World Bank. Methods to be used for Selection of Consultants are described below (Thresholds for Procurement Methods and Prior Review).

26. **Operational Costs:** The Project would finance Operational Costs consisting of expenses incurred by the Borrower for the implementation, management, coordination and supervision of the Project, including operation and maintenance of office equipment, maintenance and repair of vehicles, teachers' *Sobresueldo*, minor maintenance of Eligible Schools' facilities, transportation cost of students, rental of offices, utilities, nondurable and/or consumable office materials.

27. **Training:** Under the sub-component 1.1, the Project would finance training, which includes the selection of consultants using an individual consultant methodology according to the Project. The cost of refreshments, transportation for training meetings, and costs of supplies and materials necessary for the trainings would be procured as non-consulting services under the Project.

### **Assessment of the agency's capacity to implement procurement**

28. On July 11-14, 2011, the World Bank carried out an assessment of the procurement capacity of the UACI. The Bank assessed the UACI's resources and internal procedures, as well as its understanding and familiarity with the Bank's guidelines, procedures, documents, and *Sistema de Ejecución de Planes de Adquisiciones - SEPA*.

### **Organization and Functions**

29. The UACI is responsible for all procurement transactions, as well as for the preparation and monitoring of the procurement plan, while the technical unit of the DPEIFTS is responsible for providing the technical inputs for the procurement of goods, works and consulting and non-consulting services. All procurement decisions would be approved by the Project Coordinator, upon recommendations received from the UACI and the relevant technical specialist.

30. The UACI is currently staffed with thirty (30) people. The number of staff and the organization structure for procurement activities is considered adequate for the workload prior to effectiveness of this Project. Each of the procurement staff has a defined list of tasks to be undertaken in the procurement cycle, and the procurement specialist is the one in charge of supervising that all the procurement processes that are described in SEPA are in compliance with the World Bank's guidelines and procedures.

### **Risk Assessment**

31. The overall procurement risk assessment for the Project is considered **moderate**. This rating is based on (i) staff knowledge of the World's Bank's Guidelines; (ii) the challenge of managing a considerable number of procurement processes under the Project with the current procurement staff; and (iii) coordination within MINED, between the DPEIFTS and the UACI.

32. To mitigate these risks the following measures have been agreed: (i) a detailed POM, including organizational procedures within MINED, between the DPEIFTS and the UACI; (ii) hiring two procurement specialist with prior experience of World Bank-financed projects; (iii) close monitoring and supervision by the Bank; and (iv) the use of SEPA for Procurement Plans and Project Management.

33. The procurement capacity of the UACI would be reassessed once a year after the starting of the Project in order to determine whether the procurement risk rating should be modified.

### Action Plan

34. Most of the issues/risks concerning procurement during implementation of the Project have been identified and the time frame to mitigate these risks proposed as follows:

**Table A3.3: Action Plan**

Action	Time Frame
Two Procurement Staff should be hired to support the UACI	No later than 90 days after the Effective Date
Procurement Staff should receive procurement training	Once a year (Indicative); and The first training should take place during the first three months after Effectiveness of the Project (Indicative)
Monitoring and Supervision	Once a year an ex post review and supervision should be carried out (Indicative).

### Procurement Plan

35. The procurement plan for the first eighteen months of Project implementation is available in the Project database and on the World Bank's external website. In agreement with the Project Team, the procurement plan will be updated annually or as required to reflect actual Project implementation needs and improvements and institutional capacity. See Table A3.3 for the Template for the Procurement Plan.

**Table A3.4: Template for Procurement Plan (Goods, and Non-Consulting Services):**

1	2	3	4	5	6	7	8	9
Ref. No.	Contract (Description)	Estimated Cost	Procurement Method	Prequalification (yes/no)	Domestic Preference (yes/no)	Review by Bank (Prior / Post)	Expected Bid-Opening Date	Comments

## Threshold for Procurement Methods and Prior Review

Threshold for Procurement Methods and Prior Review (in US\$ thousands)

	Procurement Method	Prior Review Threshold	Comments
1.	ICB and LIB (Goods)	Equal/Above \$ 250,000	All
2.	NCB (Goods)	\$ 25,000 - \$ 250,000	First two
3.	Shopping (Goods)	Up to \$ 25,000	First two
4.	ICB (Works)	Equal/Above <\$ 5,000,000	All
5.	NCB (Works)	\$ 250,000 - \$ 5,000,000	First two
6.	Shopping (Works)	Less than \$ 250,000	First two
7.	ICB (Non Consulting Services)	Equal/Above \$ 250,000	All
8.	NCB (Non Consulting Services)	\$ 25,000 - \$ 250,000	First two
9.	Shopping (Non Consulting Services)	Less than \$ 25,000	First two

ICB: International Competitive Bidding

NCB: National Competitive Bidding

	Selection Method	Prior Review Threshold	Comments
1.	QCBS/QBS/FBS/LCS/CQS/Methods (Firms)	Equal/Above \$ 200,000	All
2.	QCBS/QBS/FBS/LCS/CQS/Methods (Firms)	Less than \$ 200,000	First two
3.	Single Source Selection (SS)	Regardless of value	All
4.	Individual Consultants (IC)	Equal/Above \$ 59,000	First two
5.	Individual Consultants (IC)	Less than \$ 50,000	First two

QCBS: Quality and Cost Based Selection

QBS: Quality and Based Selection

CQS: Consultant's Qualification Selection

LCS: Least Cost Selection

FBS: Fixed Budget Selection

## Frequency of Procurement Supervision

36. In addition to the prior review supervision to be carried out by the Bank, based on the capacity assessment of the Implementing Entity annual post reviews should be carried out.

## Environmental and Social Safeguards

37. **Project interventions imply a minimal degree of construction activities, thereby triggering OP/BP 4.01 (Environmental Assessment).** The bulk of activities involving construction would mostly be maintenance and renovation of schools. Given that exact school locations are unknown, the appropriate Environmental Assessment tool is the Environmental and Social Management Framework (ESMF). MINED carried out an inventory of the land tenure

status of the 482 Eligible Schools to be refurbished under the Project and found that the majority of schools are located on properties registered to MINED without other types of land occupation (e.g. social units or commercial activities). Whereas 482 schools have been identified for support under the Project, approximately 200 would include infrastructure investments such as rehabilitation and expansion that go beyond basic maintenance of existing structures. For these works, an ESMF was prepared and disclosed on MINED's website on October 3, 2011 and on the World Bank's website on October 6, 2011. The ESMF includes screening criteria agreed on by the Government, to screen out any investments requiring land acquisition or involuntary resettlement as defined under OP 4.12 (Involuntary Resettlement).

38. The ESMF also provides an overview of El Salvador's environmental legislation as it applies to Project activities and the measures contractors should follow in order to be in compliance. It includes detailed specifications on areas of potential impact and the mitigation measures that are to be implemented in case a Project supported activity might have a potential environmental impact. It provides clear instructions on the appropriate measures to be adopted with respect to construction.

39. MINED's Infrastructure Management Unit, with World Bank support, will review and supervise the scope of current technical specifications and Terms of Reference for all works, thereby ensuring environmental compliance.

40. The proposed Project will support the Government to implement measures necessary to mitigate potential environmental effects. Of particular importance is the need to ensure that construction waste is disposed of in an environmentally sound manner. On the management of environmental risks of small-scale construction works, the World Bank environmental guidelines have been incorporated in the POM and SBDs for civil works.

41. The Project will not procure pesticides nor will they be used for disease vector control under the purview of the Project. Thereby the OP 4.09 (Pest Management) is not triggered.

42. **OP/BP 4.10 (Indigenous Peoples) is triggered and an Indigenous Peoples Plan (IPP) was formulated by the Borrower with support of the education authorities, indigenous organizations, parents and students of indigenous schools mainly in the municipality of Izalco.** It is the first time that a World Bank education project includes an IPP in El Salvador. The objective of the IPP is to pilot a culturally-appropriate school cluster scheme in Izalco, the municipality with the largest Indigenous student population in the country. The strategy and lessons learned from this pilot may be applied to other clusters that include indigenous students as part of the Project. The IPP includes 5 components: (a) Promotion of the education school clustering strategy; (b) Sensitivity training within the MINED to recognize values and stimulate self-esteem among Indigenous Peoples; (c) Research and curriculum development; (d) Elaboration of culturally-adequate education materials; and (e) In-service teacher training. The Project includes financing for implementing the IPP. The IPP was disclosed on MINED's website on October 3, 2011 and on the World Bank's website on October 6, 2011.



**Table A3.5: Key Elements of the IPP**

<b>Component</b>	<b>Brief Description</b>	<b>Activities</b>	<b>Responsible</b>	<b>Aprox Cost (US\$)</b>
1. Project promotion and diagnosis <i>in situ</i> (clustering of schools)	Diagnostic analysis by stakeholders (responsible Directorates, indigenous leaders, teachers and students, principals and civil society. Promotion and dissemination of the benefits of territorial reorganization of schools (clustering), and planning.	-Workshop for diagnosis.  -Creation of the Consultative Committee ( <i>Comité Consultivo</i> ).  -Schools encounters to coordinate cluster-level activities.	DNE, <i>Sonsonate</i> Departmental Directorate.	5,000
2. Sensitivity campaign	Sensitivity training on the value of intercultural education, cultural diversity, identity, and territorial reorganization of schools (clustering) of education, at three levels: (a) Central and Departmental MINED; (b) indigenous school communities proper; (c) communities at large.	Terms of Reference for campaign	MINED in coordination with the <i>Sonsonate</i> Departmental Directorate.	15,000
3. Curricular adaptations	Research, inventory of existing materials in Nahuat, oral tradition, proposals to adapt and improve the curriculum and extracurricular activities. Support from NGOs and universities.	Assembly organized by Consultative Committee ( <i>Comité Consultivo</i> ), for planning.	DNE, <i>Sonsonate</i> Departmental Directorate, Local universities.	10,000
4. Educational materials	Based on results of point 3 above, review existing materials and propose texts, chapters, reading materials to be included in the curriculum.	Meetings of Consultative Committee ( <i>Comité Consultivo</i> ), to select/prioritize materials.	DNE, <i>Sonsonate</i> Departmental Directorate, Local universities	50,000
5. In-service teacher training	Review/introduction and delivery of in-service teacher training of pedagogical skills to teach intercultural education. It includes training of teachers in the Nahuat language.	Review of present in-service training, and introduction of teaching of intercultural education.	DNE, ESMA, <i>Sonsonate</i> Departmental Directorate, local universities.	20,000

43. **Implementation arrangements for the IPP.** The agency responsible for the implementation of the IPP is the Comprehensive Citizen Support Management Unit (*Gerencia de Gestión Integral Ciudadana – DIC*) within the National Directorate of Education (DNE). Since 2006, the DGIC, with financial support from UNESCO and UNICEF supports an intercultural bilingual program and the revitalization of the “nahuat” language and cultural values in Izalco. The DGIC will operate with the support of the National Directorate of Education Management at the Departmental Level (*Dirección Nacional de Gestión Departamental – DNGD*), the Department of Project Execution of IFTS (*Departamento de Proyectos de Ejecución de Escuelas Inclusivas de Tiempo Pleno – DPEIFTS*), and the Sonsonate Departmental Directorate. Implementation will be closely coordinated with local organizations such as the Quetzalcoatl Organization (*Asociación de Desarrollo Comunal del Cantón Mizata, Municipio de Teotepeque, La Libertad – ADESCOMIZ*) and the Municipal Government of Común (*Gobierno Municipal del Común*).

44. **Financing of the IPP.** The Project includes financing of the activities under the IPP plus all other activities planned for the clusters of schools under Project components.

45. Mechanisms to supervise and monitor agreed plans. The IPP includes mechanisms to supervise and monitor the plans agreed by MINED and the schools attended by Indigenous Peoples in the different clusters. The DGIC will be responsible for the supervision and monitoring of indigenous students attending schools included in the Project.

### **Social Risks and Issues**

46. **Social or economic vulnerabilities perpetuate exclusion among certain groups of population.** A challenge for the Project will be to retain in schools students who are forced by their parents to work at an early age, or who are forced to accompany their parents during seasonal migration. According to the social assessment results, transportation, food and safety will need to be provided to students in order to implement the reorganization (clustering) program.

47. **Delinquency among youths and socio-economic pressure to conform the “maras” may continue to keep students outside the education system.** The Project will create cohesion among youths from different schools within the cluster, who share common interests in science, technology, sports, arts, etc. with the purpose of keeping them interested in learning as part of the commonly known “life plan” (*plan de vida*) promoted by some schools. The purpose of forming clusters will be to retain students and assist them in planning for the future.

48. **Teenage pregnancy.** The Project will coordinate with existing local organizations to ensure pregnant youths do not drop out of school due to pregnancy, and continue their education after child delivery.

49. **Invisibility and self-exclusion of Indigenous Peoples.** The present Salvadoran Constitution makes no specific provisions for the rights of Indigenous Peoples, or for their ability to participate in decisions affecting their lands, culture, traditions, or the allocation of natural resources. However, in September of 2007, El Salvador ratified the Declaration of Human Rights

of Indigenous Peoples, creating a legal support for special attention to Indigenous Peoples. The Project will seek to break the circle of historical self-exclusion of some Indigenous Peoples, and create culturally-adequate mechanisms to work with youths speaking an indigenous language or having a culture which diverts from the mainstream, to enforce their sense of identity and self-worth.

**(iv) Monitoring and Evaluation arrangements**

50. Implementing effective monitoring is key to ensure the achievement of Project objectives. Project outcomes and results would be mainly tracked and analyzed using MINED's institutional statistics and monitoring systems. The Project through its Monitoring and Evaluation sub-component 2.3 would support the development of a monitoring system to track and evaluate Project implementation and its specific indicators described in Annex 1.

**Annex 4: Operational Risk Assessment Framework (ORAF)  
EL SALVADOR: Education Quality Improvement Project  
Stage: Board**

<b>Project Stakeholder Risks</b>	<b>Rating: Moderate</b>			
<b>Description :</b> There is a risk to the Project that the level of support from different stakeholders may decrease over time.	<b>Risk Management:</b> The Project foresees financing an extensive series of consultations with all key stakeholders in order to gain the needed buy-in and understanding of the importance of the new program and the significant implications it may bring on access, retention and graduation.			
	<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: Ongoing</b>	<b>Status: Ongoing</b>
<b>Implementing Agency Risks (including fiduciary)</b>				
<b>Capacity</b>	<b>Rating: Moderate</b>			
<b>Description:</b> There is a risk that the existing capacity of MINED to implement this Project may not be insufficient.	<b>Risk Management:</b> The organizational structure of the DNE has been recently modified to facilitate the implementation of the Education Social Plan 2009-2014 which prioritizes the creation of the IFTS model. Directly reporting to the DNE, a new Department of Project Execution of Inclusive Full Time Schools (DPEIFTS) has been created. The DPEIFTS would be responsible for supervising day-to-day Project implementation. In order to ensure the provision of timely and effective technical support to officials responsible for Project components, the DPEIFTS would contract technical support to strengthen its institutional and organizational capacity and would be financed by the Project.			
	<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: Ongoing</b>	<b>Status: Ongoing</b>
	<b>Risk Management:</b> The team undertook a thorough capacity assessment for the UACI during preparation. As for procurement, the results showed a satisfactory capacity with a moderate procurement risk. Based on these findings, the Project team recommended some mitigation measures focused on procurement personnel and training. To mitigate these risks the following measures have been agreed: (i) a detailed POM, including organizational procedures within MINED, between the DPEIFTS and the UACI; (ii) hiring two procurement specialist with prior experience of World Bank-financed projects; (iii) close monitoring and supervision by the Bank; and (iv) the use of SEPA for Procurement Plans and Project Management.			
	<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: No later than 90 days after the Effective Date</b>	<b>Status: Ongoing</b>
<b>Risk Management:</b> Concerning financial management, the team undertook a thorough capacity assessment for both the UFI during preparation and found that UFI has prior experience implementing WB-financed projects, which overall have had suitable implementation of financial management				

	<p>arrangements. It was agreed that, in order to strengthen the UFI's organizational structure and support Project implementation, three additional experienced staff on budgeting, accounting and treasury would be hired and will be financed by the Project.</p> <table border="1"> <tr> <td><b>Resp: MINED</b></td> <td><b>Stage: Implementation</b></td> <td><b>Due Date: No later than 60 days after the Effective Date</b></td> <td><b>Status: Ongoing</b></td> </tr> </table> <p><b>Risk Management:</b> The Project would provide technical assistance to Departmental Directorates (DDs), including the hiring of Departmental technical coordinators and administrative coordinators in each of the 14 departmental offices to supervise the implementation of the IFTS in the 29 selected municipalities, and training in strategic planning and Project management (including administrative and fiduciary matters).</p> <table border="1"> <tr> <td><b>Resp: MINED</b></td> <td><b>Stage: Implementation</b></td> <td><b>Due Date: Ongoing</b></td> <td><b>Status: Ongoing</b></td> </tr> </table>	<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: No later than 60 days after the Effective Date</b>	<b>Status: Ongoing</b>	<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: Ongoing</b>	<b>Status: Ongoing</b>
<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: No later than 60 days after the Effective Date</b>	<b>Status: Ongoing</b>						
<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: Ongoing</b>	<b>Status: Ongoing</b>						
<b>Governance</b>	<b>Rating: Moderate</b>								
<p><b>Description:</b> There is a risk that the level of cooperation and coordination between MINED and the organizations at local level may not be coordinated enough to make the future system work cohesively and efficiently.</p>	<p><b>Risk Management:</b> The Project is expected to undertake an extensive series of capacity building activities in each municipality in order to ensure that the departmental, municipal, and cluster-related counterparts are adequately staffed and trained for the future running of the IFTS pilots.</p> <table border="1"> <tr> <td><b>Resp: MINED</b></td> <td><b>Stage: Implementation</b></td> <td><b>Due Date: 12 months after Effectiveness</b></td> <td><b>Status: Ongoing</b></td> </tr> </table> <p><b>Risk Management:</b> The Project would require the definition of an intensive monitoring and evaluation mechanism to follow up on the Subcomponent 1.5: Investments and/or Activities (Subprojects) in the Participating and Eligible Schools, and bidding processes, especially for any needed refurbishing of school buildings.</p> <table border="1"> <tr> <td><b>Resp: MINED</b></td> <td><b>Stage: Implementation</b></td> <td><b>Due Date: 6 months after Effectiveness</b></td> <td><b>Status: Ongoing</b></td> </tr> </table>	<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: 12 months after Effectiveness</b>	<b>Status: Ongoing</b>	<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: 6 months after Effectiveness</b>	<b>Status: Ongoing</b>
<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: 12 months after Effectiveness</b>	<b>Status: Ongoing</b>						
<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: 6 months after Effectiveness</b>	<b>Status: Ongoing</b>						
<b>Project Risks</b>									
<b>Design</b>	<b>Rating: Moderate</b>								
<p><b>Description:</b> There is a risk that Project design may be politicized and not fully aligned with the technical criteria decided for the implementation of the IFTS model</p>	<p><b>Risk Management:</b> The World Bank and the MINED teams engaged in a series of workshops and technical discussions in order to define the final design of the Project's components, but also very clear criteria for the selection of the municipalities where clustering of schools will be implemented.</p> <table border="1"> <tr> <td><b>Resp: World Bank/MINED</b></td> <td><b>Stage: Preparation</b></td> <td><b>Due Date: Appraisal</b></td> <td><b>Status: Finalized</b></td> </tr> </table>	<b>Resp: World Bank/MINED</b>	<b>Stage: Preparation</b>	<b>Due Date: Appraisal</b>	<b>Status: Finalized</b>				
<b>Resp: World Bank/MINED</b>	<b>Stage: Preparation</b>	<b>Due Date: Appraisal</b>	<b>Status: Finalized</b>						
<b>Social &amp; Environmental</b>	<b>Rating: Low</b>								
<p><b>Description:</b> There is a risk that: a) the environment could be affected by minor</p>	<p><b>Risk Management:</b> An Indigenous Peoples Planning Framework was prepared to identify the most optimal approach to ensuring inclusion and socio-culturally appropriate benefits for Indigenous</p>								

construction activities; b) Project might not be culturally appropriate for all the Indigenous Peoples it could affect.	Peoples.			
	<b>Resp: MINED</b>	<b>Stage: Preparation</b>	<b>Due Date: Appraisal</b>	<b>Status: Finalized</b>
	An Environmental and Social Management Framework (ESMF) was prepared to address the environmental mitigation and monitoring measures to be taken during implementation; Subproject eligibility criteria; waste disposal measures; and construction site management criteria. Sites for construction will be chosen where there is no prior commercial or domestic activity and where the government has clear ownership of land.			
	<b>Resp: MINED</b>	<b>Stage: Preparation</b>	<b>Due Date: Appraisal</b>	<b>Status: Finalized</b>
<b>Program &amp; Donor</b>	<b>Rating: Low</b>			
<b>Description:</b> There is a risk that partnering with other complementary donor programs may affect the smoothness in implementing the Project.	<b>Risk Management:</b> The World Bank and Government have an active dialogue with all donors to facilitate coordination and to ensure that operations are complementary. This active dialogue is expected to be further deepened during Project implementation.			
	<b>Resp: World Bank</b>	<b>Stage: Implementation</b>	<b>Due Date: Ongoing</b>	<b>Status: Ongoing</b>
<b>Delivery Monitoring &amp; Sustainability</b>	<b>Rating: Moderate</b>			
<b>Description:</b> There is a risk that financing of activities within the new model may not be sustainable beyond Bank funding in the future.	<b>Risk Management:</b> The risk of a potential decrease in financial support for the IFTS model, especially, as the country moves from a pilot to a generalization of the IFTS model to many other school districts/municipalities would be mitigated by a substantive communication strategy.			
	<b>Resp: MINED</b>	<b>Stage: Implementation</b>	<b>Due Date: 24 months after Effectiveness</b>	<b>Status: Not Yet Due</b>
<b>Implementation Risk Rating: Moderate</b>				

**Annex 5: Implementation Support Plan**  
**EL SALVADOR: Education Quality Improvement Project**

1. **The Strategy for Implementation Support was developed based on the nature of the Project and its risk profile.** The Strategy seeks reduced risks and bottlenecks that may prevent progress during Project implementation and thus relies on increased supervision and technical support focused on the following:
2. **Implementation support would include the review of technical specifications and SBDS to ensure fair competition.** The team would also review the planning and design of works to ensure that technical contractual obligations are met. Finally, the team would review all technical documents for which public education specialist support would be needed. A civil works specialist and public education specialists would conduct site visits on a semi-annual basis throughout Project implementation and would provide support on a timely basis.
3. **Financial Management supervision would include on-site and off-site supervision.** On site supervision missions would be carried twice a year to the extent possible, to review Project implementation. The review would include a transaction review to verify the eligibility of expenditures. However, depending on Project performance and risk ratings, supervision intensity could be modified during the Project's life. Off-site supervision would comprise desk reviews of IFRs and audited financial statements. Desk reviews would be complemented through virtual communications to assure a correct implementation of observations/recommendations and provide technical assistance during the Project's implementation period.
4. **Given the moderate risk for procurement, an action plan has been developed to strengthen the capacity of UACI.** Actions include support to designing technical specifications in coordination with DPEIFTS, defining adequate price estimates, grouping effectively goods in bidding packages, maximizing bidder participation thereby increasing the level of competition; and eliminating the risk of collusion in Shopping processes, accelerating contract award and signing; and hiring a number of individual consultants adequately remunerated. The World Bank would conduct independent procurement reviews of contracts with a sample not less than a quarter of the total number of contracts awarded by MINED.
5. **During preparation, the World Bank team identified capacity building needs to improve procurement management and efficiency.** Procurement specialist would provide timely support. Procurement supervision would be carried out on a timely basis as required. Training would be provided by the World Bank's financial management specialist and the procurement specialist before the commencement of Project implementation, and during Project implementation.
6. **Semi-annual inputs from the environmental and social specialist would be required throughout the Project lifetime.** The MINED would have to ensure that service providers receive adequate training on environmental safety measures and thus the environment specialist would ensure that training is provided to relevant counterpart staff. Likewise, service providers would need to ensure that the Project's benefits reach the intended population and that the intervention is culturally appropriate. Supervision would focus on the implementation of the

agreed IPP. Semi-annual formal supervision missions and field visits would ensure that safeguard measures are followed.

7. **The World Bank team would continue to work closely with international cooperation agencies.** During implementation, members from the World Bank team in the Country Office would work closely with other international agencies and the MINED to review the execution of the Project.

8. **Formal supervision and field visits would be conducted at least three times a year.** Specific missions to regions would occur to address needs presented in the audit reports and studies.

Main focus in terms of support to implementation:

<b>Activity</b>	<b>Frequency</b>	<b>Responsible</b>
Formal supervision and field visits would be conducted.	At least three times a year.	Project Team
Work closely with international cooperation agencies	At least three times a year.	Project Team and Country Office
Conduct site visits throughout Project implementation and provide support on a timely basis.	On a semi-annual basis	Civil Work specialist and education specialists
Work closely with MINED to ensure that the Project's benefits reach the intended population and that the intervention is culturally appropriate. Supervision would focus on the implementation of the IPP.	Semi-annual formal supervision missions and field visits would ensure that safeguard measures are followed.	Social Specialist
Work closely with MINED to ensure that service providers receive adequate training on environmental safety measures and that safeguard measures are followed.	Semi-annual formal supervision missions and field visits	Environmental Specialist
Training would be provided by the World Bank's financial management specialist and the procurement specialist before the commencement of Project implementation, and during Project implementation.	The first training should take place during the first three months after effectiveness of the Project (Indicative)	Procurement and FM
On site supervision missions will be carried out to review Project implementation.	On a semi-annual basis	Procurement
On site supervision missions will be carried out twice a year to the extent possible, to review Project implementation.	On a semi-annual basis	Financial Management



**Table A5.1: Skills Mix Required**

<b>Skills Needed</b>	<b>Number of Staff Weeks</b>	<b>Number of Trips</b>	<b>Comments</b>
Task Team Leader	20	2 Supervision Missions (SMs) per year	Task leadership
Education Specialist	30	2 SMs/year	Technical review of Project documents and M&E
Procurement Specialist	25	2 SMs/year	Procurement training and supervision
Operations Analyst	25	2 SMs/year	Operations support and supervision
Financial Management Specialist	20	2 SMs/year	Financial management and disbursement training and supervision
Environmental Specialist	4	2 SMs/year	Environmental training, supervision, and reporting
Social Specialist	6	2 SMs/year	Social safeguards supervision and reporting
Civil Works Specialist	20	2 SMs/year	Support supervision of the design and execution of works

**Table A5.2: Partners**

<b>Name</b>	<b>Institution/Country</b>	<b>Role</b>
Carmen María Salman de Henríquez	United States Agency for International Development (USAID)	Support the formulation of strategic plans for the territorial reorganization of schools within clusters.
Etienne Perazzo	Spanish Agency for Cooperation and Development (AECID)	Providing technical assistance through the Spanish Fund for Latin America and the Caribbean (SFLAC)
Ketti Tedeschi	Italian Development Cooperation	Support the implementation of 60 schools (22 in 2011 and 38 in 2012) piloting the IFTS model throughout the country.

**Annex 6: Economic and Financial Analysis**  
**EL SALVADOR: Education Quality Improvement Project**

**I. Introduction**

1. **This section documents the costs associated with the introduction of the IFTS model and undertakes an economic and financial analysis of the Project of the Government’s expected strategy of expanding the model in 29 municipalities across the country.** The implementation of the IFTS model involves a two-fold intervention, a new pedagogical model and a new governance model, and is operationalized in the case of El Salvador within the context of an Integrated System, which comprises a cluster of schools that use resources in a collective way, maximizing economies of scale in the allocation of these resources across them.

2. **The *economic analysis* in this annex is undertaken using a simple cost-benefit methodology for assessing the impact of the reform.** Projections of costs and benefits are made with and without the Project, under the assumption that this particular intervention will help increase the future flow of individuals’ incomes as a likely direct effect of the increase in the years of schooling of the population. Also, this simulation regards the cost of the Project as the incremental educational expenditure needed for this particular intervention regardless of the source of financing. The annex also carries out a *financial analysis*, where an assessment of the sustainability of the intervention beyond the Project’s closing time is analyzed by looking at the expected impact in terms of the current education budget.

3. **The simulation exercise is undertaken for the 29 municipalities for which the new clusters will be formed.** Data on number of students, teachers, classes, and number of classrooms were taken from the School Census 2009 prepared by the Ministry of Education (MINED). The whole simulation exercise assumes a favorable macroeconomic context with a moderate growth (3.5 percent annual growth of the GDP) and low inflation (2 percent annual rate).

**II. Costs**

4. **The key features of the reform supported for the Project are the following:**

- An extension of the school day (from 25 weekly hours to 40 weekly hours of pedagogical activities) for all classes in grades 7 to 9;
- Resources for a given set of schools that will form the cluster are now pooled: The school itself is not the unit of analysis and costing anymore, instead we have the *cluster* (or group of educational facilities that worked as individual schools and will now function as “school sites” or “campuses” belonging to a given cluster, with one of them retaining the status of “central direction” or “headquarter” of the new “mega-school”);
- A full optimization in the employment status of teachers is undertaken at the level of the cluster, according to the number of hours that need to be covered for each class: In other words, the logic is that class size rules (maximum number of students per class) determine the number of classes for any given grade in any given cluster. Each of these classes entails a given number of school hours to be provided and the sum of

all these hours is the total educational demand that this cluster faces. Then, the stock of existing teachers in the cluster is allocated optimally to ensure the slack is minimized at all times. For example, if 400 teaching hours need to be covered under the new system and the current stock of teachers is 8 full-time teachers and 5 part-time teachers, this will mean that the new stock of teachers will move to 10 full-time teachers (10\*40) and that 3 part-time teachers will become redundant.<sup>19</sup>

**5. There are therefore incremental recurrent and capital expenditures to be incurred by the Project.** Recurrent costs are associated with: a) the larger number of teaching hours that need to be paid to comply with the longer school day and to ensure the optimization of staff around a full-time status; b) the accrued costs of transportation of those students whose mobility across school sites will be required; and c) other costs associated with some activities needed to fully operationalize the IFTS model (e.g. monitoring and evaluation activities). Capital expenditures will involve the construction and/or renovation of educational facilities within the selected municipalities, along with educational materials and equipment that should support and complement these investments. There will also be teacher training activities that cannot be classified as either capital expenditures or recurrent expenditures but that need to be factored in the analysis as significant incremental costs.

**6. The incremental recurrent expenditures can be split into the payment of salaries and other non-salary costs.** Salaries were estimated on the basis of the number of teaching hours that need to be added to comply with the longer school day in grades 7 to 9 of those schools in the 29 selected municipalities. For estimating these incremental costs, two assumptions were used: a) that the stock of teachers is maximized in regards to their full-time status, automatically lifting any teacher not working full-time to that status until covering the needed number of teaching hours; b) an average salary for a full-time teacher of approximately US\$10,000 per year – including the social security and retirement contributions of about 14 percent of the basic salary and the payment of the 13<sup>th</sup> salary<sup>20</sup>. Non-salary costs include, among other things, the cost of transportation to be borne for those 7<sup>th</sup> - 9<sup>th</sup> grade students that will need to be transported across school sites.

**7. The incremental capital expenditures need to be dissected into civil works and equipment, furniture, and materials.** Concerning the investment in *infrastructure*, the estimations were made on the basis of the number of classrooms needed to cover all classes in grades 7-9 in the 29 selected municipalities where the IFTS will be implemented. In terms of civil works, this implies the construction or renovation of about 700 school spaces of roughly 50 square meters each, on average, including common classrooms, classrooms for practical lessons and multi-purpose classrooms. Finally, a preliminary assessment of the situation of these 29

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<sup>19</sup> The assumption here is that the full-time equivalency is fully fungible across hours, or that every teacher can be thought to lead one class of 40 hours per week. This assumption is valid for the “classroom teachers” (teachers for grades 1 and 2, for example), but certainly not valid for “subject-matter teachers” (e.g. Biology teachers for grades 5 and 6).

<sup>20</sup> A part-time teacher, i.e. one that works 30 hours instead of the 50 hours that will determine full-time status in the 29 municipalities where clusters will be created from now on, is currently earning a salary of roughly \$7,500. For those that attempt to reach full-time status by working extra hours, the additional salary is approximately \$200. This means that the conversion of part-time teachers to full-time teachers will not imply a doubling of the allocation for salaries for these teachers, but a 37% incremental cost with the current situation.

municipalities on the ground revealed that there are important needs in terms of additional bathrooms and circulation spaces. For the estimation of the infrastructure costs, an average value of US\$450 per square meter was used. On the basis of these costs, the infrastructure needs were evaluated to entail US\$33.6 million. In regards to the investment in *equipment, furniture, and materials*, a total expenditure of about US\$4.5 million was estimated.

8. **Finally, the incremental costs arising from the training of school directors and teachers was estimated.** Training on the IFTS model, including new pedagogical practices, new management procedures and new tools for assessing student learning, will be needed and the cost for these activities was priced at US\$4.5 million.

9. **The incremental costs for the implementation of the IFTS model through grouping schools around clusters will be US\$70.4 million.** As is shown in the Data Sheet of the document, this incremental cost is equivalent to the total cost of the Project regardless of the source of financing. The arrangements imply that US\$60 million will be financed by the World Bank and the remainder by the Government of El Salvador. A detailed breakdown of the incremental costs per the description above is shown on Table A6.1 below.

**Table A6.1: Incremental Costs of the Education Quality Improvement Project**  
(US\$ millions)

Year	Incremental recurrent expenditures			Incremental capital expenditures			Other incremental expenditures (training)	Total incremental expenditures
	Salaries	Other non-salary expenditures	Total recurrent expenditures	Infra-structure	Equipment, furniture & materials	Total non-recurrent costs		
Year 1	0.1	2.6	2.7	2.7	0.5	3.5	1.0	7.2
Year 2	0.2	5.8	6.0	6.0	1.5	9.5	1.0	16.5
Year 3	0.4	5.6	6.0	6.0	1.5	13.5	1.0	20.5
Year 4	0.6	5.4	6.0	6.0	0.5	8.5	1.0	15.5
Year 5	0.8	6.3	7.1	7.1	0.5	3.1	0.5	10.7
<b>Total</b>	<b>2.1</b>	<b>25.7</b>	<b>27.8</b>	<b>27.8</b>	<b>4.5</b>	<b>38.1</b>	<b>4.5</b>	<b>70.4</b>

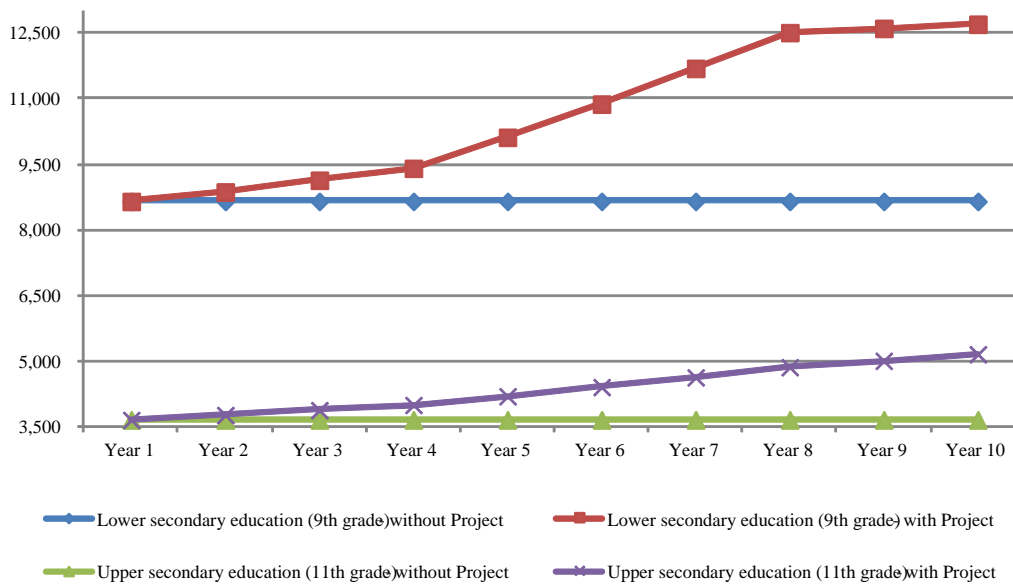
#### IV. Benefits

10. **Assuming a conservative scenario, the estimation of the Project’s benefits shows that, after 10 years of implementation, roughly 27,000 students who would have dropped out of school in the selected 29 municipalities during these next 10 years will be retained in the system.**<sup>21</sup> In effect, the estimates show that approximately 20,000 more students are expected to complete lower secondary education (9<sup>th</sup> grade) and nearly 7,000 more students are expected to complete upper secondary education (11<sup>th</sup> grade). Figure A6.1 shows the time trajectory of these

<sup>21</sup> The estimates assume an improvement in the retention rates (i.e. students that promote a given grade X in year  $t$  and effectively enroll in grade  $(X+1)$  in year  $(t+1)$ ) over time, with a 3% annual improvement rate in the first four years, and a 7%-7.5% from year 5 until year 8, once the project completes the formation of all clusters in the 29 municipalities. Years 9 and 10 show a normal deceleration due to “ceiling effects.”

benefits, under the assumption that the current baseline for 9<sup>th</sup>- and 11<sup>th</sup>-grade graduates remain as is as of today.<sup>22</sup> Table A6.2 shows the projected number of total enrollment for both lower secondary education (7<sup>th</sup> to 9<sup>th</sup> grade) and upper secondary education (10<sup>th</sup> and 11<sup>th</sup> grade) for the 29 selected municipalities for the period of 10 years. This table shows that the total number of students that are expected to be direct beneficiaries of the Project in the 29 municipalities is roughly 51,000, with about 39,000 lower secondary students and 11,000 upper secondary students. As is seen there, the increase in the number of beneficiaries in lower secondary education due to the improvement in the quality of education in these 29 municipalities would be around 27 percent for lower secondary education, and 38 percent for upper secondary education, after 10 years.

**Figure A6.1**  
**Students expected to graduate from lower and upper secondary education in the next 10 years, with and without Project**



<sup>22</sup> These time trends assume that the number of 9<sup>th</sup>-grade and 11<sup>th</sup>-grade graduates is constant over time, for the sake of simplicity in comparison with the baseline. Actually, since demographic statistics for these 29 municipalities are not reliable, the analysis did not incorporate demographic shifts. It did not incorporate, either, the potential effects of the increase in the coverage rates at all grades, in other words, the possibility of attracting out-of-school students into school again. If any, these two effects will countervail each other due to the potential magnitudes associated with both.

**Table A6.2: Total number of students who will benefit from the implementation of the IFTS for the next 10-year period in the 29 selected municipalities**

Years since Project start	Beneficiaries (by cohort)						
	Lower secondary education IFTS, by grade				Upper secondary education IFTS, by grade		
	7th	8th	9th	Total	10th	11 <sup>th</sup>	Total
Year 1	12,289	10,054	8,655	30,998	4,791	3,667	8,458
Year 2	12,412	11,439	9,257	33,108	4,911	4,072	8,983
Year 3	12,536	11,900	10,848	35,284	5,034	4,272	9,306
Year 4	12,661	12,380	11,624	36,665	5,159	4,530	9,689
Year 5	12,788	12,503	12,093	37,384	5,288	4,798	10,086
Year 6	12,916	12,628	12,214	37,758	5,421	5,024	10,445
Year 7	13,045	12,755	12,336	38,135	5,556	5,258	10,814
Year 8	13,175	12,882	12,459	38,517	5,695	5,445	11,140
Year 9	13,307	13,011	12,584	38,902	5,837	5,581	11,418
Year 10	13,440	13,141	12,710	39,291	5,983	5,721	11,704

11. **The direct benefits of this Project in terms of access, retention, and graduation rates are expected to bear a positive impact in the labor market outcomes of these beneficiaries, as well.** According to the latest household survey for El Salvador (2009) the differential average salary and average income by years of education completed is not negligible. Indeed, salaries tend to increase relatively fast with each extra year of education completed in the secondary education system (lower and upper). Finishing lower secondary education (9<sup>th</sup> grade), as opposed to just primary school (6<sup>th</sup> grade), results in a salary differential of 17.2 percent per year; finishing the upper secondary education cycle (11<sup>th</sup> grade) as opposed to just the lower secondary education cycle (9<sup>th</sup> grade) results in a salary differential of 27.2 percent. Table A6.3 below further displays these differentials in monetary terms.

**Table A6.3: Average monthly salaries and incomes, by years of education**  
(in US dollars, rounded)

Years of education	Salaries	% difference with respect to preceding level	Income	% difference with respect to preceding level
<b>National average</b>	<b>278</b>		<b>307</b>	
No education	145		159	
Primary education (6 years)	197	8.4	219	9.2
Lower secondary education (9 years)	231	17.2	258	17.9
Upper secondary education (11/12 years)	294	27.2	329	27.6
Tertiary education (13+ years)	601	104.3	681	106.8

Source: Own elaboration on the basis of El Salvador Household Survey (2009)

12. **The differential salary earned by years of education is the basis for the calculation of the economic value of the stream of benefits for the Project.** For those students that are estimated to complete only the 9<sup>th</sup> grade, the benefits will be estimated as *half* of the net present value (NPV) of the differential between completing just a primary education and finalizing 9<sup>th</sup>

grade or the lower secondary education cycle.<sup>23</sup> For those that are expected to complete the whole secondary education cycle, the benefits will be estimated as *half of* the net present value (NPV) of the differential between completing the lower secondary education cycle (9<sup>th</sup> grade) and the upper secondary education cycle.

**13. It is important to note that the economic analysis of the Project focuses on the benefits that can be reasonably estimated, but there is a host of additional benefits which are much harder to quantify and will therefore not be incorporated into the analysis.** Among them, we find: *a) poverty reduction and reduced inequality* (completing more years of education helps lift people out of poverty and should, hopefully, contribute to increase the equality of opportunities and, potentially, decrease the asymmetries in terms of income distribution); *b) use of public resources* (through a higher efficiency in educational expenditures, on a per student basis, but also through indirect future gains, for example, in public health through more educated citizens who may prevent diseases better); *c) prevention of youth violence and crime* (increasing the school day should work as a significant deterrent for youth to have the time to join delinquent groups or gangs, and therefore, indirectly help communities where these problems are pervasive).

#### **V. Estimation of the internal rate of return (IRR) of the Project**

**14. The analysis of the IRR of the Project was based on a cost-benefit analysis to determine the economic viability of the intervention.** The main assumptions used were the following:

- A 10-year period for calculating the streams of benefits and costs of the Project. From the 6th year onwards, only recurrent costs were kept, since infrastructure costs will not be needed and regular maintenance costs are included in the recurrent costs.
- A discount rate of 10 percent.
- Current market prices for the estimation of costs and benefits.
- Half of the salary differential expected to be earned by those students who will be retained in the education system as a result of the reform (explained above), including 3 scenarios:
  - a) No real annual increase in the salary differential over time (pessimistic scenario);
  - b) A 1.5 percent annual increase in the salary differential, assumed as an extra economic benefit of the Project (moderate scenario);
  - c) A 3 percent annual increase in the salary differential, assumed as an extra economic benefit of the Project (optimistic scenario).

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<sup>23</sup> The reason why we only take 50 percent (half of) the NPV is because of potential selection bias effects. The literature on rates of return from earning functions stresses that the “pure” rates of return estimated by these functions tend to overestimate the real benefits because of the effect of the positive correlation between earnings and other variables that cannot usually be controlled for in these regressions (like socio-economic background). Roughly half of the value of rates of return obtained by methods that cannot adjust for selection bias is erased once proper methods can be incorporated. See Glewwe, P. (2002); “Schools and Skills in Developing Countries: Education Policies and Socio-Economic Outcomes”, *Journal of Economic Literature*, 40(2), pp. 436-482.

- A working life of 47 years (between 18 and 65 years old) for the direct beneficiaries of the Project (students).<sup>24</sup>

15. **Based on the aforementioned assumptions, the Project is expected to bear a positive impact, even under the most conservative scenario.** In fact, the estimated NPVs of the total investment under different scenarios of increase in the salary differential range anywhere from US\$8.4 million to US\$50 million, which shows the potential impact that the Project may have. The IRR for the Project, under the pessimistic (or more conservative scenario), is 13 percent. Under the other two scenarios, however, no IRRs can be calculated due to typical technical problems in the calculation of the IRRs.<sup>25</sup> In sum, the NPVs are the relevant measure here and a summary of them for each scenario and year, for each of the first 10 years, is presented on Table A6.4 below.

**Table A6.4: Net Present Value of the IFTS Project, under different scenarios**  
(US\$ million)

	Pessimistic scenario (0% annual increase in salary differentials)			Moderate scenario (1.5% annual increase in salary differentials)			Optimistic scenario (3% annual increase in salary differentials)		
	NPV Benefits	NPV Costs	NPV Total	NPV Benefits	NPV Costs	NPV Total	NPV Benefits	NPV Costs	NPV Total
Year 1	8.5	9.5	-1.0	9.9	9.5	0.4	11.8	9.5	2.2
Year 2	8.4	11.6	-3.1	10.0	11.6	-1.6	12.0	11.6	0.4
Year 3	8.5	10.5	-2.0	10.2	10.5	-0.3	12.5	10.5	2.0
Year 4	8.3	12.0	-3.7	10.1	12.0	-1.9	12.5	12.0	0.5
Year 5	7.9	8.7	-0.8	9.7	8.7	1.0	12.3	8.7	3.6
Year 6	7.4	3.1	4.3	9.2	3.1	6.1	11.8	3.1	8.7
Year 7	6.9	2.8	4.1	8.8	2.8	5.9	11.3	2.8	8.5
Year 8	6.4	2.6	3.8	8.3	2.6	5.7	10.9	2.6	8.3
Year 9	5.9	2.3	3.6	7.8	2.3	5.4	10.4	2.3	8.0
Year 10	5.5	2.1	3.3	7.3	2.1	5.2	9.9	2.1	7.7
<b>Total</b>	<b>73.6</b>	<b>65.2</b>	<b>8.4</b>	<b>91.2</b>	<b>65.2</b>	<b>25.9</b>	<b>115.3</b>	<b>65.2</b>	<b>50.0</b>

<sup>24</sup> The assumption of 47 working years does not factor in either unemployment spells or time to get a job for the sake of simplicity. However, more precise estimations could consider these “quantity-related” factors. It is believed, though, that the creation of different scenarios for salary differentials may partially address these issues through “price effects.”

<sup>25</sup> In the case of the moderate scenario presents an alternation of positive and negative flows for the first five years, which is the typical downside in the calculation of IRRs. Similarly, the most optimistic scenario envisaged in these simulations only presents positive cash flows, even from year 1 on, so it does not have the typical negative sign for year 1 needed for the calculation of the IRR.



## VI. Fiscal Sustainability of the Project

16. **In order to analyze the fiscal sustainability of the Project, the first step was to calculate the incremental expenditure over MINED's budget generated by the intervention in the selected 29 municipalities during a period of 10 years.** First, a projection of MINED's budget without the implementation of the Project was undertaken. Under this scenario, MINED's budget was assumed to increase proportionally to the increase in the Gross Domestic Product (GDP). Under this assumption, MINED's budget would remain constant, as a proportion of the GDP, throughout the 10-year period (3.08 percent of GDP, see Scenario A in Table A6.5 below). Second, the full incremental costs to be borne by the implementation of the Project for the 29 selected municipalities were incorporated into the analysis. As Scenario B in Table A6.5 below shows, the economic impact of the Project on MINED's current budget is not significant: MINED's budget goes up by 1 percentage point in the first year, 2.1 percentage points in the second year, 2.4 percentage points in the third year, and then the impact of the Project starts decreasing gradually.

17. **The second step in the fiscal sustainability analysis was to undertake a comparison with the situation of a full generalization of the IFTS model to the whole country.** For this purpose, two scenarios were used. In the first scenario (scenario C in Table A6.5), the national roll-out of the IFTS model to all schools was assumed, including the grouping of schools around clusters or Integrated Systems. For scenario C, therefore, the incremental cost per student calculated in the case of the 29 municipalities (US\$122 per year) is extrapolated to all students in grades 7 through 11. Upon an assumption of gradual incorporation of these students into the IFTS model, MINED's budget does increase relatively significantly in this case, reaching 3.6 percent of GDP or an increase of 16.2 percentage points with respect to the scenario without Project. With a full national roll-out of the IFTS to the whole country, MINED's budget would therefore raise to US\$143 million by year 6, but then would start going down once the period of heavy infrastructural investment subsides.

18. **A third and final step in the fiscal sustainability analysis is to build on the generalization of the intervention to the whole country undertaken for scenario C, but with an extra assumption that some further optimization of resources across schools in a given cluster can be achieved (scenario D on Table A6.5).** In this case, it is assumed that the size of classes can be increased through enforcing a class size rule of 40 students per class.<sup>26</sup> As a result, the incremental cost per student would decrease approximately 30 percent, with a more moderate impact on MINED's budget, compared to scenario D. In this case, MINED's budget would increase 8 percentage points by year 5, and going down thereafter.

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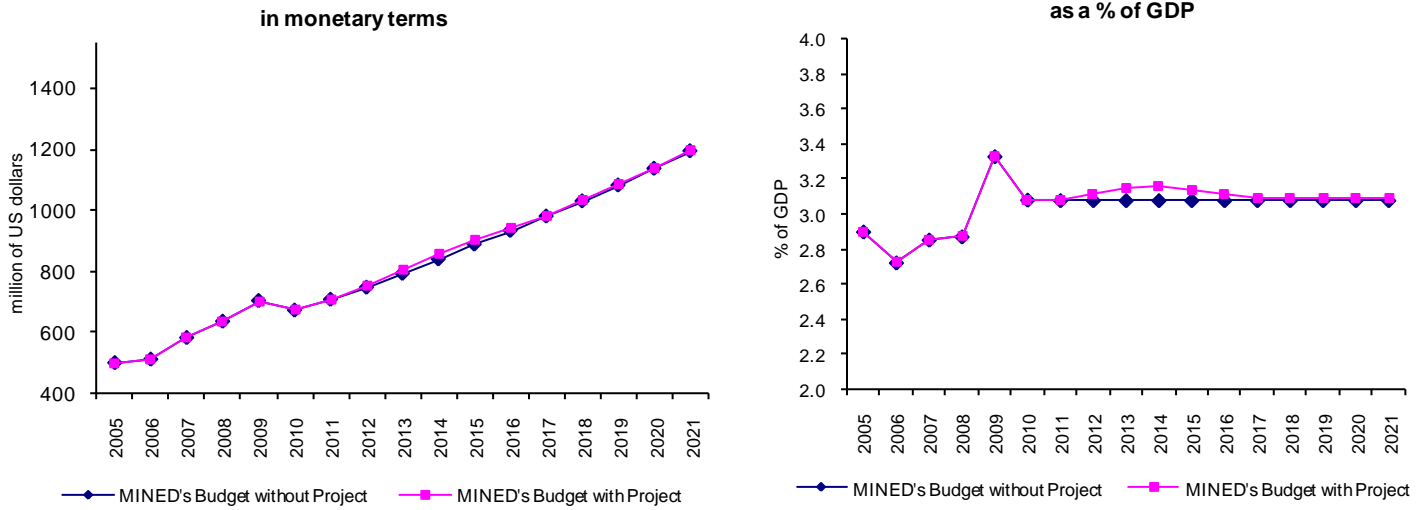
<sup>26</sup> It is worth noting that the optimization of resources through class-size rules enforcements is just one cost-saving option. However, it is simulated here as scenario D because the Government of El Salvador is committed to recurring to such measures to optimize further within each given cluster. Therefore, infrastructure permitting, this seems to be the direction the Government will follow when the system get generalized.

**Table A6.5: Projection of MINED's Budget, by scenarios of implementation**

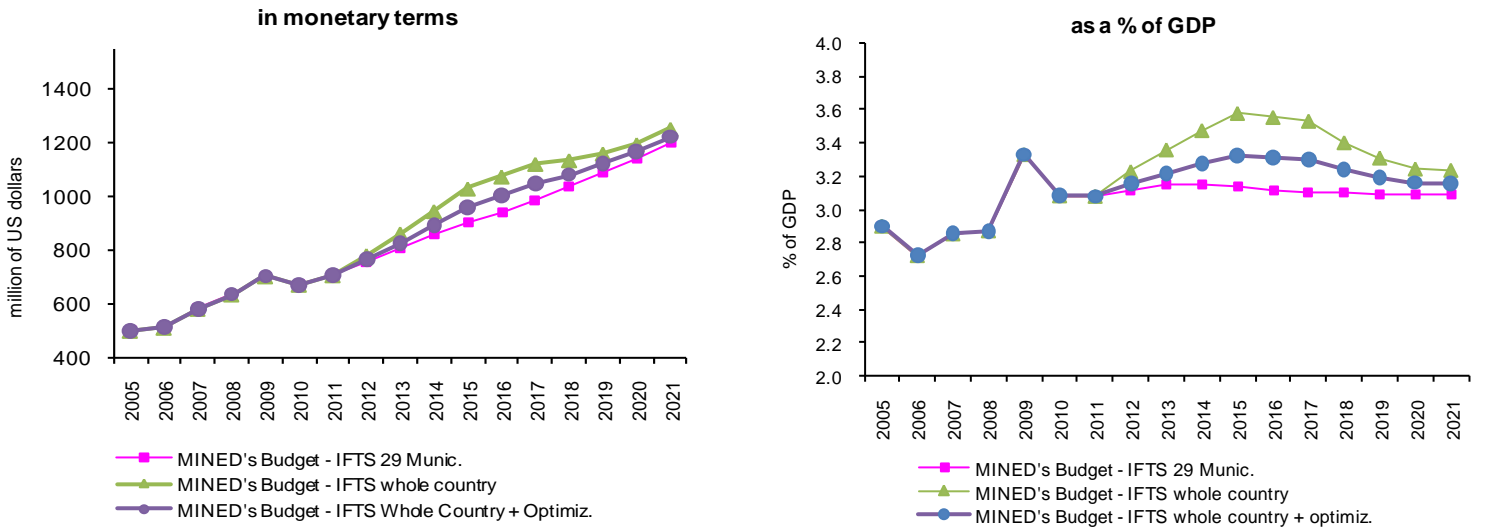
	Base year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>A) MINED's Budget without IFTS Project (Baseline)</b>	707	746	792	839	887	932	980	1,029	1,081	1,136	1,193
<i>% annual variation</i>		5.6	6.1	6.0	5.8	5.1	5.1	5.1	5.1	5.1	5.1
<i>as % of GDP</i>		3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08
<b>B) MINED's Budget with IFTS implemented in 29 municipalities</b>	707	753	808	860	903	943	985	1,035	1,087	1,141	1,199
<i>% annual variation</i>		6.6	7.3	6.4	5.1	4.4	4.5	5.0	5.0	5.0	5.0
<i>as % of GDP</i>		3.11	3.14	3.15	3.13	3.11	3.10	3.10	3.10	3.09	3.09
<i>nominal increase with respect to baseline scenario</i>		7.2	16.5	20.5	15.5	10.3	5.5	5.5	5.5	5.5	5.5
<i>% increase with respect to baseline scenario</i>		1.0	2.1	2.4	1.7	1.1	0.6	0.5	0.5	0.5	0.5
<b>C) MINED's Budget with IFTS implemented in whole country</b>	707	782	863	947	1,031	1,076	1,123	1,137	1,162	1,196	1,254
<i>% annual variation</i>		10.6	10.4	9.6	8.9	4.4	4.4	1.2	2.2	3.0	4.8
<i>as % of GDP</i>		3.23	3.36	3.47	3.58	3.55	3.53	3.40	3.31	3.24	3.24
<i>nominal increase with respect to baseline scenario</i>		35.9	71.7	107.6	143.4	143.4	143.4	107.6	80.7	60.5	60.5
<i>% increase with respect to baseline scenario</i>		4.8	9.1	12.8	16.2	15.4	14.6	10.5	7.5	5.3	5.1
<b>D) MINED's Budget with IFTS implemented in whole country, plus class size enforced (optimization)</b>	707	764	827	892	958	1,003	1,050	1,082	1,121	1,166	1,223
<i>% annual variation</i>		8.1	8.2	7.9	7.4	4.7	4.7	3.0	3.6	4.0	4.9
<i>as % of GDP</i>		3.15	3.22	3.27	3.32	3.31	3.30	3.24	3.19	3.16	3.16
<i>nominal increase with respect to baseline scenario</i>		17.6	35.1	52.7	70.3	70.3	70.3	52.7	39.5	29.6	29.6
<i>% increase with respect to baseline scenario</i>		2.4	4.4	6.3	7.9	7.5	7.2	5.1	3.7	2.6	2.5

19. **The time trajectory of all scenarios until 2021 is presented in Figure A7.1.** All scenarios are presented in terms of the impact of the reform on MINED's budget both in monetary terms and as a proportion of the GDP. As is seen there, the impact of the generalization of the model of intervention financed by this Project is not negligible. However, even with simple measures of optimization of resources, the impact of a national roll-out can be significantly dampened.

**Figure A6.2: Fiscal Impact of the IFTS Project, in terms of MINED's Budget**



**Figure A7.3: Fiscal Impact of the IFTS Project, in terms of MINED's Budget Scenarios with Nationwide Roll-out of IFTS model**



## Annex 7: The Inclusive Full-Time School (IFTS) Model

1. **The proposed Project would support the first phase of a comprehensive educational reform, comprising the introduction of the IFTS model for students in grades 7 to 11 in 29 municipalities and of reforms in the governance of the school education system.** Promoting social development and inclusion is a key objective of the current administration. MINED's "Education Social Program 2009-2014"<sup>27</sup> lays out a vision for inclusive education, emphasizing the creation of conditions for all children to access and complete secondary education of quality. The IFTS model aims to address the problems of early drop out, repetition and poor learning outcomes among secondary students in traditional schools, by providing stimulating and diverse learning experiences, a safe learning environment, teaching that is responsive to the social and developmental needs of young adolescents from diverse backgrounds, and school accountability for student results.

2. **The IFTS model involves two major types of changes at the school level, which are inter-linked:** (i) an extensive pedagogical reform, incorporating academic and extra-curricular activities, and including the extension of the school day from 25 hours to 40 hours a week for the lower secondary education; and (ii) a new model of school governance which emphasizes strong educational leadership by the school director, team work by teachers and partnership of school actors with the local community.

3. **The main pedagogical features of the IFTS, which are expected to increase student retention, graduation and learning are:**

- a) Incorporating the principles of inclusion in institutional and classroom practices through the application of:
  - Effective teaching methods, focusing on building the knowledge, skills, competencies of students (reading comprehension, speaking and writing, mathematical skills; ability to use technology; problem solving, team work) rather than mere memorization of fragmented contents;
  - Using educational assessment to assess student learning, and thus diagnose the effectiveness of teaching methods and appropriateness of materials, instead of using it for certification and promotion only;
  - Adaptation of the curriculum to students of different background and capacities;
  - Promotion rules for grades 1 to 6 based on the *cycle* concept established by MINED instead of the more traditional grade-to-grade promotion model that is currently being applied at schools despite MINED regulations;
  - Reinforce the extra-curricular activities by opening space for artistic expression, sports, reading and other activities that generate positive connection with free time.

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<sup>27</sup> MINED (2009); "Transforming Education – Educational Social Program 2009-2014 'Let's Go to School'" (*Transformación de la Educación – Programa Social Educativo 2009-2014 'Vamos a la Escuela'*); San Salvador, El Salvador.

- b) Improving the school climate and enhancing opportunities for adolescents and young people through:
- Training activities complementary to the traditional curriculum, to enable a comprehensive development (artistic activities, sports, preparation for the labor market, work with local economic enterprises, etc.);
  - Solidarity/voluntary activities to strengthen ties of young people among themselves and with the community to which they belong;
  - Activities to prevent school failure (organization of study groups, tutoring and reinforcement prior to exams, helping students with repeated absences, life skills training, student counseling etc.).
- c) The extension of the school day also has a pedagogical rationale, both from the point of view of providing adequate time to meet the desired learning objectives, and of providing opportunities through extra-curricular activities to develop the capacities and interests of students, which in turn reinforces cognitive skills. The extension of the school day also makes it possible for the government to transform teachers' status from part-time into full-time, as well as reallocating and training specialized teachers for specific disciplines.<sup>28</sup>

4. **The pedagogical reform envisaged by the IFTS requires the establishment of enabling conditions at the school level, including qualified teachers, appropriately equipped classrooms and school infrastructure, and support services for students.** The experience in other Latin American countries that have implemented a Full Time School Model, such as Chile, Mexico and Uruguay, show that the following factors are critical: (i) teachers with sound disciplinary knowledge, deep understanding of the curriculum and trained in student-centered teaching and assessment, who invest continuously in their own professional development; (ii) teaching that is organized by cross-disciplinary teams; (iii) classrooms that are equipped with educational resources and appropriate technology; (iv) adequate facilities and time for teachers and students to participate in arts, sports and extra-curricular activities; (v) a safe learning environment for all students; and (vi) student support services such as transport, food, health and counseling services. In regards to the provision of school lunch to students of grades 7 through 9, who will be staying at school longer, the Government is considering the best arrangements for securing this type of support service. With funds from the SFLAC Grant, the Government will undertake a study to assess alternatives. In the meantime, school lunches will be provided outside of the Project through the existing school snack mechanism.

5. **To complement the pedagogical reform, a new school governance model is required in order to focus on student outcomes.** This includes defining the role of the school director, administrators and teachers; creating appropriate organizational structures for collaboration between teachers and for partnership with communities; creating mechanisms for monitoring students' progress in learning; and the school taking responsibility for and corrective action when students do not learn. The MINED proposes to provide continuous training to school

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<sup>28</sup> It is important to clarify that students will become full-time when they attend 40 hours of classes (or educational activities) per week, whereas teachers will become full-time when they move to teach 40 hours of in-front-of-the-class activities and 10 hours of other teacher activities (like planning, correcting homework, meeting in teams, etc.).

directors and teachers in leadership and management skills and training of parents to understand and support the school's mission.

6. **MINED also proposes to introduce changes in the governance of the school education system in order to support the goals of improving student retention and quality, through the IFTS, as well as to achieve the broader objectives of accountability, transparency and efficiency.** The successful implementation of the IFTS requires several supporting policies, reforms and new institutional mandates of different levels of the education administration.

- a) First, a new teacher policy for primary and secondary education needs to be developed to simplify the appointment process for teachers, ensure that each teacher is employed according to his/her area of specialization and organize in-service teacher training aligned with the new pedagogical approaches of the IFTS.
- b) Second, in order to support and monitor the IFTS, an organizational structure would be piloted that is closer to the school than the current *Direcciones Departamentales*, which operate at the Departmental level. This new governance mechanism would provide support to a cluster of schools by analyzing and managing student flows through the education system; organizing grades and sections and allocating teachers according to demand; regularly monitoring student outcomes, specifically student retention and completion in the medium term and student learning over the longer term; identifying and organizing professional development needs for teachers; targeting financial and technical support to schools according to objective criteria and monitoring results; and interacting with the new school level governance bodies and the broader community.
- c) Third, the pedagogical renewal and change in school governance, necessitates a change in the role of MINED to establish regulations and frameworks for student learning outcomes, quality assurance, criteria for allocating resources, planning, developing the institutional and governance framework to establish relationships of accountability amongst schools, students and policy-makers and report on the achievement of goals.

7. **The proposed new governance structure currently being piloted with the support of USAID at the local level, would support clusters of schools, and has the specific aim of improving the efficiency of public resources.** Under the USAID experience, the clusters would be managed by the Integrated System ("*Sistema Integrado*") of the IFTS model, the proposed name for the new governance structure. Strategies to improve educational quality, including the IFTS model, require a heavy investment in facilities, teachers and materials, and are difficult to implement in the context of constrained public funding, small schools and declining national trends for school age-population. Rather than adopt the route of school consolidation (closing small schools and creating larger schools), MINED envisages that the Integrated System will manage a cluster of schools that share school spaces, specialized laboratories, playgrounds and other school facilities. Each cluster will comprise about 15 basic education schools and 2-3 upper secondary schools, within a radius of about 5-10 km. Within each cluster, the Ministry expects to re-organize/consolidate lower secondary grades (grades 7-9), to increase the number of students (to about 40 per class) and classes per school and hence optimize the use of teachers,

classroom space and specialized educational resources, such as laboratories and technology. The Integrated System will also link the IFTS to the primary schools in each cluster and introduce the new pedagogical approach at the primary level through training of primary school teachers.

8. **The Project will work with a sample of 29 municipalities that were chosen through a careful selection process combining needs-based and IFTS feasibility-based criteria (see Table A7.1 below).** The 29 municipalities were selected with the sole purpose of ensuring national representativeness. The selection process entailed the following steps: 1) ranking all school districts in the country according to the weighted index of criteria in Table A8.1 below; 2) choosing the two school districts with the largest index within each of the 14 departments of the country; c) if a given school district encompassed more than 1 municipality, the municipality with the highest number of schools would be chosen to represent that school district; d) if a given department of the country had already been chosen as IFTS pilot by the Italian Cooperation (3 municipalities in 3 different departments<sup>29</sup>), then that department would only select one extra municipality. As a result of this selection process, the final list involved 28 municipalities, at two municipalities per department. However, only one exception was made in the case of the Department of Sonsonate, where the municipality of Izalco, the one with the largest density of indigenous population in El Salvador was selected as an extra unit.

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<sup>29</sup> These are the municipalities of Zaragoza (Department of La Libertad), Nueva Granada (Department of Usulután), and Sonsonate (Department of Sonsonate).

**Table A7.1 Criteria and methodology used for the selection of the 29 municipalities**

Number	Description	Unit of measure	Value for school district	
1	Number of shifts offered at schools in the district	1 = only 1 shift (either morning or afternoon); 0 = double shift	Sum of 1s and 0s across all schools in the school district	I F T S  F E A S I B I L I T Y
2	Class size (grades 7 to 11)	1 = average class size for given school < 20; 0 = average class size for given school >=20	Sum of 1s and 0s across all schools in the school district	
3	Number of schools with 8+ classes	1 = schools with 8+ classes; 0 = schools with less than 8 classes	Sum of 1s and 0s across all schools in the school district	
4	% of classrooms not utilized by the school	Percentage for each school	Percentage for all schools in the school district	
5	% of classrooms in good or fair condition	Percentage for each school	Percentage for all schools in the school district	
6	Availability of infrastructure for IFTS (kitchen, cafeteria, teachers' room, recreational space)	1 = for the availability of each of the infrastructure elements; 0 = for the lack of any infrastructure elements	Sum of values across all schools in the school district	
7	Availability of infrastructure for cluster (labs, library, sports facilities, computer lab)	1 = for the availability of each of the infrastructure elements; 0 = for the lack of any infrastructure elements	Sum of values across all schools in the school district	
8	Overage rates for grades 7-9	Percentage for each school	Percentage for all schools in the school district	N E E D S
9	Repetition rates for grades 7-11	Percentage for each school	Percentage for all schools in the school district	
10	Drop-out rates for grades 7-11.	Percentage for each school	Percentage for all schools in the school district	

**Note:** All indicators were given an identical weight in the calculation.