1. Country and Sector Background
In the last decades, Mexico has made important progress in providing primary education access to most children. Today primary education coverage is nearly 90%, with about 86% completion rate; enrollment in lower secondary education is about 83% of 13-15 year-olds, with about 75% completion. Despite recent progress, however, universal coverage remains a challenge and the quality of basic education is still far below international standards. In the early 1990s, the Federal and state governments and the Teachers’ Union began a concerted effort to address these problems, undertaking bold policy reforms and placing greater emphasis on compensatory programs that provide extra support to education for specific disadvantaged groups (students living in rural or marginal urban areas, and handicapped, migrant and indigenous children). The main issues facing the Government’s compensatory education programs are as follows: (a) low readiness for learning among children entering school, (b) inadequate training for teachers working with at-risk students (c) poor fit between education programs and the needs of students and of the community, (d) deficient supervisory practices, (e) low secondary education coverage, (f) weak managerial and administrative capacity at the state level, (g) organization fragmentation of compensatory programs by level and type, (h) lack of critical inputs in schools located in poor, rural, indigenous communities and marginal urban areas. These issues are being addressed under the Government’s Education Development Program (PDE), which the Bank has been supporting since its inception. For the period 2001-2007, the SEP/CONAFE strategy focuses on improving the quality of education for students in the poorest areas by establishing minimum operational standards for all targeted schools, developing innovative
programs to address the needs of students, involving schools and communities in the decision-making process at the school level, and developing the institutional capacity of states to design and implement national education policies and compensatory programs.

2. Objectives
The Basic Education Development Program in its Phase I had as objectives to: (a) provide quality improvements in initial and basic education and non-traditional modalities of post-primary education; (b) improve the school supervision system; (c) develop and implement improved school-based school management strategies; (d) design and pilot new education modalities to better meet the needs of migrant children, children aged 9-14 in urban marginal areas, and indigenous children in general primary schools; and (e) strengthen institutional capacity for planning, programming, and evaluation at the federal and state levels and for system management. These goals were largely achieved. In fact, many targets were exceeded by substantial margins; compliance still needs to be documented with respect to two triggers, and only one of the triggers for the preparation of Phase II has not been achieved. The development objectives of Phase II are to: (a) consolidate and expand quality improvements in initial and basic education and non-traditional modalities of post-primary education, covering, inter alia, school supervision, teacher training, materials provision, and implementation of tested school-based management strategies; (b) strengthen education system management through support for the Government’s ongoing strategy to integrate the organization and management of basic education (pre-school through lower secondary); (c) operationalize a competitive fund at state-level to support education initiatives proposed by schools; and (d) continue strengthening states’ institutional capacity to plan, program, and evaluate the delivery of basic education services. Phase III objectives would focus on the fine-tuning of the basic education service provision mechanisms based on a more fully developed decentralization model.

3. Rationale for Bank’s Involvement
The Bank has contributed both technically and financially to the evolution of the Mexican compensatory education strategy. The lessons of each project have been incorporated in successive projects, and the Bank has been able to share lessons learned from experiences in other countries, many of which have been adapted to the Mexican context within the ongoing program. The proposed Phase II project represents a critical step toward consolidation of many dispersed efforts under one umbrella, with an integrated and coherent approach nationwide. In addition, the Bank’s continued support will help ensure continuity and would enhance the overall institutional memory at a time of transition within the Government. Finally, the Bank’s collaborative approach to the design of the program with SEP/CONAFE and SEPEs has resulted in increased dialogue and cooperation at many institutional levels.

4. Description
Phase II Program components include: I. Quality Improvements in Initial and Basic Education. The objective of this component is to expand quality-enhancing activities carried out in Phase I, covering additional targeted schools and communities at initial, preschool, primary, and lower-secondary levels, both in rural and marginal urban areas. It will
expand the innovative posprimaria program (a highly adaptable modality for lower secondary) successfully piloted in the first phase. Phase II will also provide the opportunity to rationalize and integrate nationwide organization and financing of all compensatory programs (initial education and basic education comprising preschool through lower-secondary levels). It will finance, inter alia, the following: (a) educational materials and equipment for students, teachers, and schools; (b) training for teachers, supervisors and other administrative staff; (c) support and technical assistance to community or school associations for school-based management activities and quality improvements (proyectos escolares); (d) improvement of the school supervision function; and (e) construction or rehabilitation of education infrastructure in targeted communities.II. Strengthening Institutional Capacity at Federal and State Levels. This component will further strengthen the management capacity of key sector entities at both federal and state levels through the following activities: (a) strengthening the SEP national management structure and evaluation system; (b) supporting the implementation of education planning and evaluation of education outcomes at state level; and (c) strengthening the role of the Secretariats of Education (SEPEs) to better provide basic education services by reinforcing their capacity to plan, program, budget, monitor and evaluate the delivery of these services. Activities to be financed include technical assistance at federal and state levels for: (i) the development more efficient management practices, (ii) the implementation of the national assessment, evaluation, and planning systems, and (iii) SEPEs’ institutional building priorities.

5. Financing
Total (US$m) 370.0

6. Implementation
Nacional Financiera S.C.N.(NAFIN) will continue as the Borrower, with the guarantee of the United Mexican States. NAFIN is responsible for submitting withdrawal applications to the Bank, maintaining (along with CONAFE) separate records and accounts for all transactions under the loan, and having the deposit accounts audited in accordance with standard Bank requirements. The National Council for Educational Development (CONAFE), the agency responsible for compensatory programs, will have principal responsibility for implementation and will coordinate all implementation activities on behalf of SEP. CONAFE has extensive experience implementing Bank- and IDB-financed projects. CONAFE will exercise its project coordination responsibilities through a Compensatory Programs Unit (CPU), with participation of SEP’s normative units. The CPU is adequately organized and staffed to perform the required administrative, supervisory and financial management functions; in particular, its financial management unit has been recently strengthened with skilled staff. Its responsibilities include project execution activities; yearly work plan review consolidation and program execution; procurement; annual implementation review information preparation; liaison with state-level offices; and monitoring of project objectives, goals, processes, and deadlines in coordination with SEP and the SEPEs. The states, through their SEPEs, plan and execute compensatory education activities according to a set of national guidelines, which specify the targeted schools and communities, menu of supported activities, educational norms to be met, and procedures. The SEPEs prepare annual work plans for the compensatory
programs, including procurement plans for the coming year, which are consolidated by CONAFE at federal level. Procurement is carried out by CONAFE either at the central level (e.g., under ICB or NCB) or by state-level CONAFE Delegations in SEPEs or at the municipal or school level in the case of smaller contracts. The Delegations are the same units that implemented the PAREB and PIARE projects, as well as Phase I of PAREIB. The institutional capacity of CONAFE is deemed satisfactory. As under previous projects, education infrastructure program to be constructed or rehabilitated by municipalities is planned at the state level and consolidated by CONAFE for submittal to the Ministry of Finance. Authorized funds are channeled through the Borrower, NAFIN, which subsequently transfers allocations to each state on a quarterly basis through commercial banks.

7. Sustainability
The sustainability of Bank-financed education projects in Mexico, including PAREIB Phase I, has been demonstrated by the fact that successful interventions under these projects have been mainstreamed by SEP and subnational governments at state and municipal. Innovative models tested in PAREIB Phase I have been generalized to the entire system. The SEPEs in several states have begun to undertake their own compensatory programs, and several municipalities now finance additional community instructors for initial education. This process is expected to continue as the effectiveness of specific interventions is demonstrated and as the process of decentralization increasingly devolves responsibility to subnational governments. The active involvement of stakeholders at various levels of program operation helps ensure that new or modified activities will be continued after the end of PAREIB Phase III. At the community and school level, the success of parental participation in school councils, has given parents a greater awareness of their role in the education of their children, which bodes well for their continued participation.

8. Lessons learned from past operations in the country/sector
This proposal incorporates lessons learned from Phase I of the Program and all previous education projects in Mexico, as well as those with similar objectives elsewhere in Latin America. In summary, the main lessons are: (a) it is important to work within an overall policy framework; (b) achievement and sustainability of fundamental changes in organization and operation of educational processes require that ownership and participation be continuously reconfirmed and reinforced throughout project design and implementation; (c) for compensatory programs to be effective, targeting mechanisms should be as precise as possible; (d) it is the synergy of all of the key inputs and factors of student success that produces the most significant impact; (e) it is important to identify the factors that contribute most to student learning; (f) success of a long-term strategy for quality improvement requires sufficient flexibility to adapt program interventions to local needs and to evolving experience; (g) in-service teacher training must be combined with classroom-based technical assistance in order to produce lasting teaching/learning results.

9. Program of Targeted Intervention (PTI)   Y

10. Environment Aspects (including any public consultation)
Issues : There are no significant environmental issues.

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

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