

SIMULTANEOUS DISCLOSURE

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

## **COLOMBIA**

### **MANAGEMENT SUPPORT PROGRAM FOR THE QUALITY EDUCATION FOR PROSPERITY PLAN**

**(CO-L1093)**

### **LOAN PROPOSAL**

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ELECTRONIC LINKS	
<b>REQUIRED</b>	
1.	Annual work plan for the first disbursement and the first 18 months of implementation <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36316150">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36316150</a>
2.	Monitoring and Evaluation Arrangements <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36305196">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36305196</a>
3.	Procurement Plan <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36316160">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36316160</a>
4.	Environmental and Social Management Report (ESMR) <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36307482">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36307482</a>
<b>OPTIONAL</b>	
1.	Technical Files <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36313735">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36313735</a>
2.	Draft Operations Manual <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36337596">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36337596</a>
3.	Cost-benefit Analysis <a href="http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36306162">http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=36306162</a>

## ABBREVIATIONS

AWP	Annual work plan
CERESs	Centros Regionales de Educación Superior [Regional Postsecondary Education Institutions]
CONPES	Consejo Nacional de Política Económica y Social [National Economic and Social Policy Council]
EDs	Education Departments
EIs	Educational institutions
FUT	Formulario Único Territorial [consolidated subnational reporting form]
ICAS	Institutional Capacity Assessment System
ICFES	Instituto Colombiano para el Fomento de la Educación Superior [Colombian Institute for the Promotion of Higher Education]
MEN	National Ministry of Education
NPV	Net present value
OECD	Organization for Economic Cooperation and Development
PND	Plan Nacional de Desarrollo [National Development Plan]
PRM	Project Risk Management System
SABER	Evaluation of public- and private-school students in 5th and 9th grades in urban and rural areas, by city or municipio
SENA	Servicio Nacional de Aprendizaje [National Learning Service]
SERCE	Second Regional Comparative and Explanatory Study
SFCH	Sistema de Fortalecimiento de Capital Humano [Human capital strengthening system]
SIGCE	Sistema de Gestión de Información de Calidad en la Educación [Information Management System for Quality in Education]
SIIF	Sistema Integrado de Información Financiera [Integrated Financial Information System]
SINEB	Sistema Nacional de Información de Educación Básica [National Primary Education Information System]
SNIES	Sistema Nacional de Información de Educación Superior [National Postsecondary Education Information System]
UPN	Universidad Pedagógica Nacional [National University of Education]

**PROJECT SUMMARY**  
**COLOMBIA**  
**MANAGEMENT SUPPORT PROGRAM FOR THE QUALITY EDUCATION FOR PROSPERITY PLAN**  
**(CO-L1093)**

Financial Terms and Conditions				
Borrower: Republic of Colombia			Amortization period:	25 years
			Grace period:	3 years
Executing agency: National Ministry of Education (MEN)			Disbursement period:	3 years
			Interest rate:	Based on LIBOR
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	Inspection and supervision fee:	*
IDB (OC)	46 million	100		
Local	-	-	Credit fee:	*
Total	46 million	100		
			Currency:	US dollars from the Single Currency Facility
			Local Currency Facility:	Option of converting to Colombian pesos
Project at a Glance				
<p><b>Project objective:</b>  The objective of this program is to support the Government of Colombia's efforts to reduce territorial inequalities and gaps in the coverage and quality of education, specifically by supporting the MEN in: (i) further modernizing its decentralized management, particularly so as to reach educational institutions; (ii) promoting citizenship competencies and education on the exercise of human rights in primary education; and (iii) increasing enrollment and graduation rates in technical/technology education by offering new high quality courses and strengthening existing ones (paragraph 1.19).</p> <p><b>Special contractual conditions:</b>  Approval of the Operations Manual by means of a Ministry of Education official act will be a condition precedent to the first disbursement (paragraph 3.6).  Special execution conditions: (i) prior to any MEN disbursement of funds awarded by competition to a beneficiary entity, the respective agreements between the MEN and each beneficiary entity (Departments of Education, teachers' colleges, or partnerships, as the case may be) will be concluded and enter into force and the audit reviews contracted (paragraph 3.2); and (ii) the MEN will ensure that each beneficiary entity receiving funds awarded by competition opens a special account to manage such funds and performs a quarterly reconciliation of such accounts, which will be verified by the respective audit review contracted to oversee the competitive fund (see paragraph 3.3).</p> <p><b>Exceptions to Bank policies:</b>  None.</p> <p>Project qualifies as:      SEQ [ X ]    PTI [ X ]    Sector [ X ]    Geographic [   ]    Headcount [   ]</p>				

(\*) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors during its review of the Bank's financial charges, pursuant to the applicable provisions of the Bank's policy on methods for the calculation of charges for ordinary capital loans. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, issues and rationale

- 1.1 **The sector's challenges and the new government's education policy.** In recent years Colombia has made significant progress in terms of raising enrollment rates at all levels of education and improving students' learning outcomes. However, gaps persist on both counts. Enrollment rates remain particularly low in regions with a higher incidence of poverty, exposure to armed conflict, and a larger proportion of indigenous and Afro-descendent populations. Enrollment also declines in the later years of secondary school and in postsecondary education. The postsecondary gross enrollment ratio is close to 40%, with two thirds studying at university and the other third in vocational technical/technology courses. On the learning achievement side, progress has been made but remains inadequate. In national performance tests, the level of 70% of primary and secondary students at public schools was insufficient. In international PISA tests, only 50% of young people had the skills to develop effectively in society.
- 1.2 Faced with these challenges, the Government of Colombia has presented a plan to improve educational quality,<sup>1</sup> which identified five priorities: (i) provide quality education; (ii) develop and implement an education policy for early childhood; (iii) close the gaps in enrollment rates and quality between rural and urban populations and public and private schools; (iv) provide education that is relevant for innovation and productivity; and (v) improve the model of education management. Additionally, the 2010-2014 National Development Plan (PND) highlights the role of education in reducing inequality and achieving equality of conditions for income generation. It also emphasizes the need to strengthen the management capacity of all the institutions involved in providing education services, from preschool through postsecondary education. Under the quality improvement strategy, the standout programs include: teacher work programs (*Adelante Maestros*), bilingual programs, technology access and use, and basic skills.
- 1.3 Within this education policy framework, the Government of Colombia has requested support from the Bank to run interventions focusing on: (i) improving the use and management of human, administrative, and financial resources, based on a decentralized approach; (ii) improving school environments by fostering a climate of peaceful coexistence that is conducive to learning; and (iii) increasing the enrollment and graduation rates in technical/technology education.
- 1.4 **Territorial disparities and management capacity.** Educational outcomes in terms of enrollment rates and quality vary widely from one region to another. With some exceptions, the departments in the Amazonia and Pacific regions have lower enrollment (27%, 82%, and 58% of children attend preschool, primary, and secondary schools, respectively) than those in the Caribbean and Andean regions

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<sup>1</sup> National Ministry of Education (2010). "Educación de calidad, el camino de la prosperidad" [Quality education, the road to prosperity].

(66%, 98%, and 89% for the same levels, respectively). Almost all the non-Andean departments have dropout rates of between 10% and 25%, while a majority of the departments in the Andean region have dropout rates of between 2% and 10%. The quality of education also varies from region to region, as reflected in the results of the SABER tests. The departments in the Andean region and the coffee-growing area have the best scores (27% satisfactory), while departments in the Orinoco and Pacific regions have the lowest scores (15% satisfactory).

- 1.5 The evidence suggests that those territorial entities with better management capacity (in particular, certified municipalities and those with greater capacity to contribute local financial resources) have seen a bigger rise in the enrollment rate and improvements in education quality among their population in recent years.<sup>2</sup> The possibility of contracting with private suppliers<sup>3</sup> has been the causal mechanism. Thus, one way of improving education indicators in low achievement territories would be to endow the corresponding education departments (EDs) and educational institutions (EIs) with greater management capacity and financial resources. To do so will require mechanisms to be put in place for central government control and supervision of the EDs, and for ED control and supervision of EIs.
- 1.6 The Government of Colombia, with the help of the Bank, has made significant progress in this direction. In 1999 the Bank approved the New School System Program (Loan 1202/OC-CO) for US\$26 million. This program financed actions to support sector decentralization and the strengthening of education management. Its achievements include: (i) improvement in management capacity at the Ministry of National Education (MEN) and in the EDs; (ii) use of information systems to monitor the efficient and equitable allocation of resources; (iii) development of standards for basic skills and assessment tests to determine students' performance; (iv) implementation of management processes in 57 EDs (using information technology tools and training key users); (v) design, development, and use of five information systems to support decision-making; and (vi) technology infrastructure for EDs. What was learned from this intervention was that additional efforts were necessary to build on these achievements, in terms of strengthening management at the most decentralized levels, namely the educational institutions, which do not have the academic, administrative, and financial management systems they need to operate.
- 1.7 **Citizenship competencies and climates conducive to learning.** The Colombian community and schools have been exposed to a climate of violence for several decades. According to [Chaux](#) (2011), 38% of students in Bogota report having been subjected to insults from classmates during a reference week, 33% had been the victim of physical assault over the past month, and 56% had been robbed during

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<sup>2</sup> [Faguet, J.P. and F. Sánchez](#) (2009) "Decentralization and Access to Social Services in Colombia". CEDE Document 2009-06.

<sup>3</sup> [Cortés, D.](#) (2010) "Do more decentralized local governments do better? An evaluation of the 2001 decentralization reform in Colombia". DT 84, Economics Department, University of Rosario.

that year. Moreover, 25% of students reported that a classmate had brought a knife into school in the past year and 10% said they felt so unsafe that they avoided certain areas of their school.

- 1.8 The school climate and students' learning outcomes are closely related (PISA 2009, International Civic and Citizenship Education Study 2009, and SERCE 2006). School environments with less vandalism, physical or verbal violence, and less racial, linguistic, and social discrimination are associated with better learning by students, even after controlling for socioeconomic, geographic, and educational variables.<sup>4</sup> Alleviating climates of school violence, a goal in and of itself, would also reduce dropout rates and improve students' learning outcomes.
- 1.9 The low level of citizenship competencies (i.e., cognitive, social, emotional, and communication skills that make it possible for citizens to operate as constructive members of society) is among the key factors contributing to the existence of school climates that are ill-suited to learning. In the case of Colombia, the International Civic and Citizenship Education Study (2009) showed that 50% of all students in eighth grade were not familiar with the basic notions of equality, social cohesion, and freedom as the principles of democracy; that is to say, they lacked minimum levels of citizenship competencies.<sup>5</sup> Moreover, there is little teacher training in the competencies that would enable them to create environments conducive to learning. Data from the SABER-PRO tests in Colombia found that 16% of recent graduates in education had a limited ability to deal with social situations in the school environment, 67% of graduates obtained a mid-range score, and only 16% had a medium-high score.
- 1.10 Since 2003 the MEN has run a series of interventions to raise the level of citizenship competencies among students. One of the most successful interventions was *Aulas en Paz* [Classrooms in Peace], inspired by the Socio-Emotional Learning approach. Programs of this type place the emphasis on the development of abilities over academics (for example, teaching children how to cope with conflicts and adverse situations in a practical way) and they have multiple components (focusing on various aspects of the schools and families). The results of a 2008 evaluation of the program showed a 9% drop in assaults on classmates and a 6% drop in insults after the first school year. Evaluations of similar programs in Canada and the United States showed a reduction in delinquency, increased graduation rates, and improvements in academic performance. Alongside *Aulas en Paz* other initiatives implemented include: *Eduderechos* [human rights education], *Cultura de la Legalidad* [culture of lawfulness], *Enseñanza para la Comprensión y Construcción de Ciudadanía* [teaching for citizenship building and understanding], *Rede@prender* [citizenship competencies education development network],

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<sup>4</sup> [OECD](#) (2010). "PISA 2009 Results: Overcoming Social Background: Equity in Learning Opportunities and Outcomes (Volume II)." OECD. December 2010. See also [Duarte, Bos, and Moreno](#), *Los Docentes, las Escuelas y los Aprendizajes Escolares en América Latina según el SERCE, IDB/EDU*. [Teachers, Schools, and Learning in Latin America according to SERCE] Technical Note 8. 2011.

<sup>5</sup> [ICFES](#) (2010). "International Civic and Citizenship Education Study (ICCS), 2009. Executive Summary."



*Pedagogía Protección para la Niñez* [Education for child protection], and the MERCOSUR Children's Parliament Initiative. This process has involved 3,348 teachers, 74 territorial entities, and 1,020 educational institutions in the last few years. Based on the lessons learned from these experiences, the MEN has produced the basic elements of an intervention for EDs and EIs focused on boosting their capacity to develop citizenship competencies and human rights education.

- 1.11 **Relevant high-quality vocational technical/technology education.** Postsecondary education in Colombia faces the problems of low enrollment rates and significant territorial inequality. There is also an imbalance between technical/technology courses and the range of courses on offer from the universities, such that the mix is very different from that in other countries with a similar level of development. The range of postsecondary education offered is also concentrated in the country's large cities. The Capital District of Bogota accounts for almost a third of all educational institutions, followed by Medellín and Cali, such that, overall these three cities offer half of all postsecondary education slots in Colombia. By contrast, the departments of Vichada, Amazonas, and Vaupés together offer just 0.1% of the country's postsecondary training.<sup>6</sup> In terms of the distribution among modes of postsecondary education, enrollment rates are approximately 13% in vocational technical/technology training, and 24% in the case of university education. To cite a pair of examples for which recent data are available, in Uruguay these figures are 31% and 34%, respectively, and in New Zealand they are 41% and 38%, respectively.<sup>7</sup> Young Colombians receive very little tertiary education, and a larger proportion attends universities than institutions offering technical/technology education.
- 1.12 Moreover, the subjects included in tertiary education curricula are unattractive to students, as they bear little relation to the needs of the labor market. A study by the National University of Education (UPN) highlights this lack of appeal and of connection to the labor market as the third most important reason why young people drop out of postsecondary education (the first two being financial and work-related issues). One in four young people who dropped out of postsecondary education did so because the course of studies he or she was pursuing did not meet their expectations.<sup>8</sup> The lack of relevance of the educational options offered is a result of a mismatch between the training offered and the skills in demand in the labor market. Initially, the instrument to address the mismatch was the creation of sector productivity forums (*mesas*), promoted by the National Learning Service (SENA). Currently, forums of this kind are operating in the leather, footwear, and leather goods sector in Antioquia, the aeronautical industry in the department of Atlántico, and the telecommunications and IT sector in Bogota, among others.

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<sup>6</sup> Source: MEN National Information System on Postsecondary Education.

<sup>7</sup> Source: UNESCO and MEN National Information System on Postsecondary Education.

<sup>8</sup> [Universidad Pedagógica Nacional](#) (UPN) (n.d.). La Deserción Estudiantil: Reto Investigativo y Estratégico Asumido de Forma Integral por la UPN [Student dropout rate. Research and strategic challenge comprehensively taken up by the UPN].

These forums have created channels for dialogue between businesspeople and educators, although the volume of economic activity they represent is still small. There are currently fewer than 100 forums facilitating dialogue at the national level. One important challenge is to increase the number of sector forums so as to reach departments with more limited opportunities for postsecondary education and sectors that, preferably, are given priority as drivers of growth in the *Prosperidad para Todos* [Prosperity for All] National Development Plan.

- 1.13 The shortage of training of young human capital and the existing imbalances bring problems downstream in the labor market, as employers have difficulty finding suitable staff to fill vacancies, and young people have difficulty finding quality jobs. This creates a human capital accumulation trap that has reached worrying levels in Colombia. Data from the 2010 Quality of Life Survey show that around 15% of young Colombians aged between 15 and 24 are not studying or working.
- 1.14 Internationally, the mismatch between education and demand for skills has been tackled using a variety of tools, including training, internships, employment services, and certification. A recent success story is the *Chile Califica* program, which has managed to enhance young people's employability by means of training based on skills and certification within the labor market. A review for Latin America and the Caribbean of programs using various combinations of the tools described above shows an increase in employment rates among young people that can be as high as 12% (although in some cases, the impact has been nonexistent). A key factor in the success of these interventions has been the existence of a developed system of vocational training centers able to identify labor-market needs ([Ibarrarán y Rosas, 2008](#)).
- 1.15 In Colombia, the 2010-2014 "Prosperity for All" National Development Plan establishes the policy of the Human Capital Strengthening System (SFCH) with National Economic and Social Policy Council (CONPES) decision 3674 of 2010. It created the tools for the national government to: (i) make the SFCH more relevant; (ii) enable the recognition and certification of competencies, skills, and knowledge; and (iii) link the various mechanisms for strengthening the quality of the human capital formation sector. The two strategies implemented by the MEN in recent years are also worth mentioning. First, Regional Postsecondary Education Institutions (CERESs) were created in 2003 as a good way of reducing the concentration of education services and raising enrollment rates in postsecondary education, particularly in remote seats of municipios. In eight years of operation, 28,300 young people in 31 of the country's departments have been reached through 162 CERESs offering 748 programs. Second, the Project to Strengthen Technical and Technology Education in Colombia was implemented, which included a component specifically addressing technical/technology training programs in the CERESs. Another component of this project, which this loan is intended to help continue, financed investment projects to strengthen the availability of relevant educational options. These investment projects, selected through a competitive fund, required the existence of partnerships between departmental and local

governments, the productive sector, academia, and civil society organizations so as to ensure the relevance of the vocational training offered.

- 1.16 The Project to Strengthen Technical and Technology Education in Colombia financed 40 partnerships (10 in farming, 7 in agribusiness, 13 in manufacturing industry, and 10 in the services sector), with a direct presence in 27 departments (along with the Bogota Capital District), and the involvement of 97 professional associations, 129 companies, 63 postsecondary EIs, and 532 secondary EIs. This made it possible to serve 42,958 postsecondary students and 175,186 secondary students. This program resulted in an expanded range of technical/technology educational options in the targeted municipios, with strong private-sector participation, which is an indicator of the high degree of relevance of the educational options created.<sup>9</sup> There is no estimate yet of the impact on the employability of the young people taking part, but positive results are expected. The lesson from this review of outcome indicators, however, is that the strategy of financing partnerships makes it possible to build closer links between training and the demand for skills.
- 1.17 **Program strategy.** This program aims to support the Government of Colombia in its efforts to reduce the lags and territorial inequalities, in terms of both enrollment rates and quality of education.<sup>10</sup> To do so, its actions will be focused on three fronts, aiming to solve the three problems mentioned above. Improving decentralized management requires progress to be made on equipping the EIs with effective management tools so they can perform their decentralized education administration tasks efficiently and so the MEN can adequately oversee the use of transferred resources. Strengthening students' citizenship competencies complements the country's recent efforts to curb violence and bolster respect for and exercise of human rights and, in turn, produce better school environments, with positive impacts on learning quality. Increasing the coverage and relevance of technical/technology education improves young people's employment prospects, supports economic development, and boosts the country's competitiveness.
- 1.18 Additionally, the program is consistent with the Bank's current country strategy with Colombia as regards improving the quality and coverage of social services. Moreover, it is explicitly mentioned in and fully in line with the new country strategy that will be in force during program implementation. In relation to education, this new strategy envisages the following: (i) train managers and provide information technology tools for school management and administration by territorial entities and EIs, focusing particularly on those that have obtained the lowest scores on academic performance indicators; (ii) implement citizenship competencies education nationwide, so as to foster the creation of school climates

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<sup>9</sup> National Ministry of Education (2010) "Proyecto de Fortalecimiento a la Educación Técnica y Tecnológica en Colombia" [Project to strengthen technical/technology education in Colombia], MEN report.

<sup>10</sup> The actions of the Bank's program complement other actions by the Government of Colombia included in the PND focused on the same objectives, such as the strategy of targeting underperforming schools at the national level, the basic reading and writing skills plan, and the strengthening of postsecondary education.

conducive to learning at the primary and secondary levels; and (iii) link technical training supply to labor market demand, by implementing the strategies and actions set out in Conpes 3674 and the PND, in order to improve the quality of training and its job relevance. This also reflects the shared priorities of the Government of Colombia and the IDB Group (Report on the Ninth General Increase in the Resources of the IDB, AB-2764), since the education sector will contribute to the targets of poverty reduction and equity enhancement.

## **B. Objectives, components, and cost**

- 1.19 The objective of the program is to support the Government of Colombia's efforts to reduce territorial inequalities and gaps in the coverage and quality of education, specifically by supporting the MEN in: (i) further modernizing its decentralized management, particularly so as to reach the educational institutions; (ii) promoting citizenship competencies and education on the exercise of human rights in primary education; and (iii) increasing enrollment and graduation rates in technical/technology education by offering new high quality courses and strengthening existing ones.
- 1.20 **Component 1. Modernizing decentralized management** (US\$12 million). The objective is to improve educational institutions' academic, administrative, and financial management by designing and implementing management tools and providing training for principals and education departments.
- 1.21 The planned activities are: (i) development and implementation of tools with which to monitor and evaluate budgetary and financial management at the national, ED, and EI levels. These tools include: technical support for the development of the interface between the consolidated subnational reporting form (FUT) and the National Primary Education Information System (SINEB). These reporting mechanisms allow the MEN to provide feedback for the EDs' financial management and the financial management information system in the EIs; (ii) consulting assignments for the design of academic, administrative, and financial management training courses for school administrators; and (iii) implementation of training at EDs and for EI administrators on management techniques (including: courses for approximately 5,300 EI principals on academic, administrative, and financial management, and workshops with the 94 EDs on information systems supporting EI administrative and financial management).
- 1.22 **Component 2. Developing citizenship competencies** (US\$12 million). The objective is to strengthen the capacity of EIs at the preschool, primary, and secondary levels to create democratic environments that influence the perception of school climate and boost students' performance.
- 1.23 The planned activities are: (i) design and administration of a competitive fund to finance projects that enhance citizenship competencies in 60 EDs and 50 teachers' colleges, including technical assistance, training, purchase of teaching materials, and support for the corresponding EIs; (ii) technical support for EDs to manage citizenship competencies activities with other agents at the local and regional

levels; (iii) financing for some 15 research projects on school climate, democratic learning environments, and the development of citizenship competencies; (iv) training of about 2,500 teachers, school administrators, and guidance teachers on citizenship competencies and projects on education for the exercise of human rights; (v) design and implementation in beneficiary schools of a set of indicators measuring the school climate, democratic learning environments, and the development of citizenship competencies; and (vi) design and incorporation of a citizenship competencies development component in the SABER PRO test for students at teachers' colleges.

- 1.24 **Component 3. Strengthening technical/technology education** (US\$18 million). The objective of this component is to increase the coverage and improve the relevance of vocational technical/technology education, by enrolling approximately 15,000 new students in programs that meet the productive, competitive, and development needs of each region, so as to bring dropout rates down to near 20%.
- 1.25 The planned activities are: (i) financing, through a competitive fund, of some 30 partnership projects bringing together local postsecondary EIs, territorial governments, the local productive sector, and civil society in order to offer approximately 120 academic technical/technology programs. Where necessary, these may envisage modifications to the curricula of training courses currently offered, with the corresponding adaptation (construction or remodeling) of available infrastructure (classrooms, laboratories and workshops) and the hiring of teachers and school administrators, among others; (ii) institutional strengthening of the partnerships strategy through the improvement of technical/technology information systems, technical support for local entities taking part in the partnerships to ensure the quality of technical/technology options, and social communication actions to stimulate demand for these programs; and (iii) training of teachers and school administrators at postsecondary EIs offering vocational technical and technology training on strategic and technical topics.
- 1.26 **Costs.** The cost of the program is US\$46 million, which will be financed by the Bank from the Single Currency Facility of the Ordinary Capital. The option of converting to Colombian pesos under the framework of the Local Currency Facility is available. There will be no local counterpart.

**Table I-1. Itemized budget (US\$ thousands)**

<b>Activities</b>	<b>IDB</b>	<b>Local</b>	<b>Total</b>	<b>%</b>
<b>1. Component 1. Modernizing decentralized management</b>	<b>12,000</b>	<b>-</b>	<b>12,000</b>	<b>26.08</b>
1.1 Tools for budgetary and financial management at the national, ED, and EI levels	1,000	-	1,000	
1.2 Administrative and academic management and planning tools for EIs	1,100	-	1,100	
1.3 Training of EDs and EI administrators on management techniques	9,900	-	9,900	
<b>2. Component 2. Developing citizenship competencies</b>	<b>12,000</b>	<b>-</b>	<b>12,000</b>	<b>26.08</b>
2.1 Fund for EDs and teachers' colleges	8,700	-	8,700	
2.2 Technical support for EDs for management with other local and regional agents	250	-	250	
2.3 Research projects	750	-	750	
2.4 Training of teachers and administrators	1,450	-	1,450	
2.5 School climate indicators in EIs	300	-	300	
2.6 Citizenship competencies module in SABER PRO	550	-	550	
<b>3. Component 3. Strengthening technical/technology education</b>	<b>18,000</b>	<b>-</b>	<b>18,000</b>	<b>39.13</b>
3.1 Partnerships	11,400	-	11,400	
3.2 Teacher training	3,000	-	3,000	
3.3 Institutional strengthening of partnerships	3,600	-	3,600	
<b>4. Administration</b>	<b>1,300</b>	<b>-</b>	<b>1,300</b>	<b>2.83</b>
<b>5. Auditing</b>	<b>300</b>	<b>-</b>	<b>300</b>	<b>0.65</b>
<b>6. Impact evaluation</b>	<b>1,500</b>	<b>-</b>	<b>1,500</b>	<b>3.27</b>
<b>7. Contingencies</b>	<b>900</b>	<b>-</b>	<b>900</b>	<b>1.96</b>
<b>TOTAL</b>	<b>46,000</b>	<b>-</b>	<b>46,000</b>	<b>100.00</b>

- 1.27 **Targeting.** Component 1 (decentralized management) will reach the universe of public-sector educational institutions that include all grades (of which there are 5,300 nationwide), following a sequence that will allow impacts to be evaluated (see [Monitoring and Evaluation](#)). For Component 2 (citizenship competencies) the targeting criterion is based on a system of “traffic lights” designed by the MEN to flag the need for closer supervision of an educational institution. Thus, those EIs with low or medium educational achievement in performance tests, but with a management capacity above a certain threshold, are classified as “amber” or “needing support” (in total, 1,616 educational establishments have been classified as such). Component 2 of the program will therefore focus on those EDs that have at least one EI classified as “amber.” Component 3 (technical and technology education) will focus on the municipios given priority by the Government of Colombia based on their socioeconomic indicators (unmet basic needs) and on the growth-driving sectors given priority in the PND (mining/energy, agriculture, transport infrastructure, housing construction, innovation, and technology).

### **C. Key indicators from the results matrix**

- 1.28 At the end of the program the following purpose/goals associated with each of the components are expected to have been achieved: (i) improvements in institutional culture indicators at Component 1 beneficiary EIs; (ii) improvements in the average results from the SABER tests in citizenship competencies among 5<sup>th</sup> and 9<sup>th</sup> grade students attending Component 2 beneficiary schools; and (iii) improvements in employability rates (two years after the end of the program) of graduates of the vocational technical/technology programs.
- 1.29 In the case of Component 1 (institutional strengthening) 4,200 EIs are expected to be executing their financial resources using the administrative and financial management systems and to be conducting self-assessments and using the indicators in Guide 34 to improve their management. As regards Component 2, on citizenship competencies, it is anticipated that capabilities will be built to develop citizenship and human rights competencies in 1,000 EIs, 40 EDs, and 40 teachers' colleges. Component 2 is also expected to enable publication of 10 research papers on the development of these competencies. Lastly, Component 3 (strengthening of technical/technology education) is expected to result in the enrollment of a total of 60,000 students at this level through partnerships (15,000 new), with 60% of the new academic programs created in the partnerships that have accreditation reaching priority municipios and the areas driving growth identified in the PND. This should produce a drop of three and a half points in the average annual dropout rate at this education level.

## **II. STRUCTURE OF FINANCING AND RISKS**

### **A. Financing instruments**

- 2.1 This is an investment loan in the amount of US\$46 million with no local counterpart, to be financed entirely by the IDB from Ordinary Capital resources. The disbursement period is three years.
- 2.2 The estimated disbursement schedule for the operation is as follows:

**Table II-1. Disbursement schedule (US\$ million)**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>
<b>TOTAL</b>	12.64	19.60	13.76	46.00
<b>%</b>	27%	43%	30%	100%

### **B. Environmental and social risks and safeguards**

- 2.3 Pursuant to the "Environment and Safeguards Compliance Guidelines" under the Environmental Safeguards Policy (OP-703), the project has been classified as a category "B" operation (medium impact) due to the possible construction or refurbishment of education infrastructure that the partnerships may propose under Component 3. For this reason, the [environmental safeguards](#) document is included

as an annex to this document. From the social viewpoint, Component 1 of the program continues the line of work developed under loan 1202/OC-CO. That program's impact evaluation did not detect any negative social impacts whatsoever and this new phase is not expected to have any either. With respect to Components 2 and 3, a range of positive social impacts is expected to be generated by fostering democratic, participatory avenues for knowledge about and respect for human rights and diversity. An improvement in the quality and supply of vocational technical and technology programs is also anticipated. Civil works to improve education infrastructure could produce localized, small-scale negative environmental and social impacts typical of this kind of work. These will be mitigated by the application of the respective national and international environmental standards and regulations.

- 2.4 The requirements relating to social and environmental aspects for no objection to the construction of education facilities under Component 3 are described in section 8 of the [Environmental and Social Management Report](#) and will be included in the Operations Manual.

#### **C. Fiduciary risks**

- 2.5 During preparation of the program an evaluation of institutional capacity was conducted using the Institutional Capacity Assessment System (ICAS), which determined that the MEN has sufficient capacity to carry out fiduciary management and administration of the loan proceeds. However, during the evaluation certain opportunities for improvement were identified, which were included in the agreed strengthening plan. The institutional capacity for procurement will be verified when evaluations are conducted, once the management authorities within the MEN have all been designated and set up.
- 2.6 Program risks were identified using the program risk management tool. The MEN drew up a risk mitigation plan, which is being implemented as part of program preparation and will continue throughout its execution. In the case of procurement there is experience with the procurement of works using country procedures, but administrative learning needs to be strengthened, in view of the lack of experience in operations with multilateral agencies. So far, training has been conducted and is expected to continue when the loan contract has been signed and the Operations Manual comes into force.

#### **D. Other risks**

- 2.7 **Macroeconomic context.** The macroeconomic framework is a natural risk for the partnerships to be financed under Component 3. The employability of young people trained in the partnerships may be undermined if the macro conditions become unfavorable, particularly considering the fact that youth unemployment rates in Colombia have been among the highest in the region in the last few decades. Over the next three years this risk appears to be low (thanks to good macroeconomic management, the country's debt was rated investment grade in the first half of



2011). However, a good strategy to tackle this risk is, of course, to diversify the range of sectors in which the partnerships are financed.

- 2.8 **Elections and the municipal political cycle.** In early 2012, when the operations under this program will be starting, a number of EDs in the country will be replacing their management teams. This may cause a delay in starting program execution in Component 1. The strategy adopted to mitigate this risk consists of working first with those EDs in which there were fewer changes among executive personnel.

### **III. IMPLEMENTATION AND ACTION PLAN**

#### **A. Summary of the implementation arrangements**

- 3.1 The MEN will be responsible for program implementation. The Deputy Minister for Preschool, Primary, and Secondary Education will designate the technical officers in charge of Components 1 and 2 from the divisions under his responsibility; and the Deputy Minister for Postsecondary Education will do the same for Component 3. Similarly, the MEN will appoint a general coordinator, who will be in charge of monitoring the program and ensuring the complete implementation of the three components. This coordinator, in constant interaction with the three technical officers and in concert with the MEN's line units in the administrative, financial, and procurement areas, will be responsible for program implementation, keeping financial and procurement administration on track. The project coordinator will be responsible for forwarding to the Bank all the communications generated in the execution of the program, unifying information on the three components to structure, formulate, and update the procurement plan, disbursement requests, periodic reports, the results matrix, the annual work plan (AWP), the progress monitoring report (PMR), the cash flow statements, and in general the whole range of documents and reports produced in relation to the program's implementation.
- 3.2 Unlike the remainder of the program's planned activities, the funds awarded by competition under Components 2 and 3 will be executed in the form of resource transfers from the MEN to the EDs and teachers' colleges in the case of Component 2, and to the partnerships in the case of Component 3, against the delivery of outputs/results. In these cases, audit reviews will be conducted to ensure compliance with the commitments proposed by each beneficiary entity selected through the competitive processes. To this end, prior to any disbursement by the MEN to a beneficiary entity, agreements between the MEN and each beneficiary entity (ED, teachers' college, or partnership, as appropriate) will be concluded and enter into force and the respective audit review will be contracted. Fuller details on the operation of the competitions and the design and administration of the funds, including selection criteria, amount of the financing, and the number of benefiting initiatives, among other concepts related to this exercise, will be provided in the

Operations Manual. The latter will also include model agreements that the MEN will sign with each beneficiary entity for each competitive fund.

- 3.3 Resources will be disbursed in the form of an advance of funds to meet the program's liquidity needs over a period of up to six months, in accordance with the investment timetable, the flow of resources required to meet these requirements, and the MEN's demonstrated capacity to use the loan proceeds. The Bank may make a further advance of funds when at least 80% of the total funds disbursed in the form of advances has been substantiated. The MEN will ensure that each beneficiary entity receiving funds awarded by competition opens a special account to manage such funds and will perform a quarterly reconciliation of such accounts, which will be verified by the respective audit review contracted to supervise the competitive fund in question.
- 3.4 **Reports.** The MEN will submit semiannual progress reports to the Bank, which will include information on the progress achieved and problems encountered during the period covered. In December of each calendar year of program execution, the MEN will draw up an AWP in accordance with the agreed guidelines and submit it to the Bank for approval.
- 3.5 **Implementation supervision system.** The program will adopt the Bank's supervision and monitoring mechanisms. The Project Supervision Plan will be drawn up with the executing agency and validated at the launch workshop, taking the project report, the results matrix, the Operations Manual, and the results of the risk analysis into account. This plan will include a multiannual schedule for the sequence of activities and the resources necessary to achieve the expected outputs and results.
- 3.6 **Operations Manual.** The rules of execution will be described in the Operations Manual, which is currently being drafted. **Approval of the Operations Manual by means of a Ministry of Education official act will be a condition precedent to the first disbursement.**
- 3.7 **Procurement.** Program procurement financed in whole or in part from the loan will be carried out in accordance with policies GN-2349-9 and GN-2350-9. Initially, project procurement of goods by the shopping method for a value of up to US\$50,000 will be reviewed ex post, and ex ante review will be required for all other processes. Based on a fresh evaluation of procurement management, it may be possible to modify the threshold for the application of ex post review in the case of goods, and to determine the thresholds for the application of this approach in the case of the procurement of works and contracting of consultants. During program implementation, subject to a written opinion from the Bank, beginning with the third procurement process using the same procurement method, such procurement may be reviewed on an ex post basis, with the exception of contracts awarded through single source selection, which will always be reviewed ex ante. The procurement envisaged under this program is included in the procurement plan and will be conducted in accordance with the bidding methods and ranges established

therein. The executing agency and the IDB will agree on a procurement plan for the first 18 months of execution. This plan will be updated annually or as required during program implementation. In the case of the funds awarded by competition (paragraph 3.2), the procurement procedures established in subsection 3.12 of GN-2349-9 and 3.14 of GN-2350-9, i.e., current private sector or commercial practices acceptable to the Bank, will be followed; these procurements will be reviewed ex post by the program's independent auditors described in paragraph 3.8 below, whose terms of reference should include this activity (see [Procurement Plan](#)).

- 3.8 **Audits.** During project execution the MEN will submit the program's audited financial statements to the Bank annually within 120 days of the end of the corresponding fiscal year. The final report will be submitted within 120 days of the last disbursement. This audit will be carried out by a firm of independent auditors acceptable to the Bank and in accordance with the provisions of policy OP-273-2 and document "Guidelines on Financial Reports and External Audits on Operations Financed by the Inter-American Development Bank." The costs of the audit will be covered by the loan.

**B. Summary of agreements on results monitoring**

- 3.9 **Cost-benefit analysis.** The ex ante evaluation of the benefits of the program using micro simulation tools indicates that the net present value (NPV) for each of the components is largely positive. Thus, the NPV reaches slightly more than 77% of the total cost of the program in a conservative scenario (70% for Component 1, 68% for Component 2, and 85% for Component 3). The most important mechanisms through which these impacts arise for the program are: (i) for Component 1, an increase in academic performance; (ii) for Component 2, a reduction in school dropout rates and savings deriving from a reduction in assault rates; and (iii) for Component 3, an increase in employability and levels of income for young people benefiting from the new training slots (see [Cost-benefit Analysis](#)).
- 3.10 **Monitoring, follow-up and evaluation of impact.** Each component will be monitored and evaluated independently, although similar methodological approaches will be used in each case. Thus, impact evaluations will use approaches based on regression discontinuity methods and will, in some cases, use the program's implementation sequence as instruments for the econometric identification of impacts ([Monitoring and Evaluation Plan](#)). Particularly in the case of Component 3, the evaluation strategy will also make it possible to measure the impact of partnerships formed prior to the implementation of this program, thus generating significant value added for the national education institutional framework. The program baseline will be designed and identified in 2012. This will involve taking information from primary and secondary sources, using the instruments described in the monitoring and evaluation plan. The MEN, with the participation of the National Planning Department's Public Policy Evaluation Division, will conduct the processes needed in connection with this impact evaluation.

Development Effectiveness Matrix				
Summary				
I. Strategic Alignment				
1. IDB Strategic Development Objectives		Aligned		
Lending Program	The intervention contributes to the lending program for poverty reduction and equity enhancement.			
Regional Development Goals	The intervention contributes to improvements in the share of youth ages 15 to 19 who complete ninth grade.			
Bank Output Contribution (as defined in Results Framework of IDB-9)	The intervention contributes to Bank's outputs: i) students benefited by education projects (girls, boys), and ii) teachers trained.			
2. Country Strategy Development Objectives		Aligned		
Country Strategy Results Matrix	GN-2607	The operation contributes to support the development of conditions, capacities, and opportunities needed for the population, predicted a poorest groups, to participate in education and productive systems. Also, the operation is aligned with the new Country Strategy, which will be approved by the end of 2011.		
Country Program Results Matrix	GN-2617	The operation is included in the 2011 Country Program Document.		
Relevance of this project to country development challenges (If not aligned to country strategy or country program)				
II. Development Outcomes - Evaluability		Highly Evaluable	Weight	Maximum Score
		8.7		10
3. Evidence-based Assessment & Solution		9.7	25%	10
4. Ex ante Economic Analysis		8.5	25%	10
5. Monitoring and Evaluation		9.1	25%	10
6. Risks & Mitigation Monitoring Matrix		7.5	25%	10
Overall risks rate = magnitude of risks*likelihood		Low		
Environmental & social risk classification		B		
III. IDB's Role - Additionality				
The project relies on the use of country systems (VPC/PDP criteria)	yes	The following country systems are used: budget, treasury, accounting and reporting, external control, internal audit; Procurement: information system, shopping method, contracting individual consultant; National Public Bidding: use of national sub-systems and advanced use of national systems.		
The project uses another country system different from the ones above for implementing the program				
The IDB's involvement promotes improvements of the intended beneficiaries and/or public sector entity in the following dimensions:				
Gender Equality	Yes	(i) Creating better climates of school life is expected to decrease gender violence, both in schools and outside them, and (ii) Boosting adequacy capacity of the educational supply to the labor markets needs (which are becoming more "female friendly") will facilitate the participation of an increasingly female workforce better trained.		
Labor	Yes	Strengthening the ability of the education sector to match supply and training needs of labor markets. Thus, labor markets will experience lower friction in the matching of supply and demand of skills.		
Environment				
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	yes	CO-T1178.		
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan.	yes	The impact evaluation will clarify whether (i) decentralization education interventions can improve indicators of institutional culture of the schools benefiting from the institutional strengthening component, (ii) improvements in learning environments improve the average test results of SABER in 5th and 9th grade in citizenship skills for students attending schools receiving the citizenship skills component, and (iii) partnerships with the productive sector for the supply of TT can improve employability rate of graduates of professional technical and technical levels.		

This is an investment loan funded by ordinary capital. The program supports the Government of Colombia and the National Ministry of Education in the modernization process of decentralized management, promotion of citizenship skills and strengthening the supply of technical and technological education.

The program has an evidence based diagnosis and presents a clear and specific intervention logic. Indicators in the results matrix are SMART and include baselines and well defined targets. In most cases the targets are realistic. The program uses the country's information systems and surveys. It proposes a quasi-experimental impact evaluation to estimate the impacts of each of the three project components. Cost-benefit economic analysis was performed. Risks have been identified as well as mitigation measures.

## RESULTS MATRIX

<b>Project objective</b>	The program's objective is to support the Government of Colombia's efforts to reduce territorial inequalities and gaps in the coverage and quality of education, by supporting the national Ministry of Education (MEN) in: (i) further modernizing its decentralized management, particularly so as to reach educational institutions (EIs); (ii) promoting citizenship competencies and education on the exercise of human rights in primary education; and (iii) increasing enrollment and graduation rates in technical/technology education by offering new high-quality courses and strengthening existing ones.		
<b>Purpose</b>	<b>Baseline</b>	<b>Final target</b>	<b>Remarks</b>
Gap between the national average and priority municipios in the enrollment rates of young people aged 17-21 in technical/technology courses.	Data to be collected in 2012 together with the impact evaluation baseline.	Will be calculated together with the baseline.	Source: National Postsecondary Education Information System (SNIES) – MEN Statistics.
Average results of SABER tests (5th and 9th grades) for students attending EIs benefiting from Components 1 and 2.	Data to be collected in 2012 together with the impact evaluation baseline.	Will be calculated together with the baseline.	Source: SABER tests by the Colombian Institute for Education Evaluation (ICFES).
Percentage of EIs benefiting from Component 1 that improve their institutional culture indicators.	0	18%	Source: Integrated Educational Quality Management System (SIGCE).
Employability rate of graduates of vocational technical/technology courses in 2016.	71.70%	74% (2016)	This target will be monitored in 2016 when the first cohorts have graduated. Social security contribution rate (as a proxy for employability) = the number of graduates paying social security contributions (as employees or self-employed persons)/number of graduates at highest level of training (total highest-level diplomas held by graduates of postsecondary education, i.e. in the case of someone with a pregraduate and postgraduate qualification, only the second would be counted). Source: Labor Observatory for Education Frequency: Annual
Salary gap between graduates of the technical/technology programs and university graduates	Data will be collected in 2012 together with the impact evaluation baseline.	Will be calculated together with the baseline.	Source: Labor Observatory for Education Frequency: Annual

	Base	Year 1	Year 2	Year 3	Final target	Remarks
<b>Component 1. Modernizing decentralized management</b>						
<b>Outputs</b>						
Interface between the consolidated subnational reporting form (FUT) and the National Primary Education Information System (SINEB) designed and operating.		Designed	Operating	Operating	Operating	The interface is understood to be operating when the ministry has the FUT reports available on the SINEB with the frequency determined by the FUT.
Number of Education Departments (EDs) receiving MEN feedback reports.		20	40	94	94	The feedback reports are produced by the MEN based on the financial management systems. Source: Semiannual reports sent to the Bank.
Number of EIs using information systems to strengthen their planning and administrative and academic management.		Design of tools	0	In use by 4,200 EIs	In use by 4,200 EIs	A system is considered to be in use by an educational institution when at least 10 inputs are added to the system from that educational institution per month (the inputs to the system are counted at the MEN server end). Source: Semiannual reports sent to the Bank.
Number of school administrators trained in academic, administrative, and financial management and personal development techniques.	0	0	3,300	5,300	5,300	School administrators are considered to have been trained when they have completed at least 75% of the training modules on academic, administrative, and financial management and planning, and personal development. Source: Semiannual reports sent to the Bank.
Number of EDs trained in the use of information systems for educational planning and administrative, and financial management of EIs.	0	0	94	94	94	EDs are considered to be trained when they have taken part in all the training workshops on the use of information systems for educational planning and administrative and financial management of EIs. Source: Semiannual reports sent to the Bank.
<b>Outcomes</b>						
Number of EIs executing financial resources using the administrative and financial management systems.	0			4,200	4,200	The information technology tools will be designed so such execution can be monitored from the MEN. Source: SIGCE.

	Base	Year 1	Year 2	Year 3	Final target	Remarks
Number of EIs that conduct self-assessments and use the Guide 34 indicators to improve their management.	0			4,200	4,200	EIs are considered to be conducting self-assessments and using the indicators when they formulate improvement plans based on their self-assessment and enter them on the MEN's systems. Source: SIGCE.
<b>Component 2. Developing citizenship competencies</b>						
<b>Outputs</b>						
Projects to strengthen citizenship competencies and human rights education submitted by EDs approved by the competitive fund.	0	20	40	60	60	Considered approved when the agreement between the ED and the MEN is signed. Source: Semiannual reports sent to the Bank.
Citizenship competencies and human rights strengthening projects submitted by teachers' colleges approved by the competitive fund.	0	20	35	50	50	Considered approved when the agreement between the teachers' colleges and the MEN is signed. Source: Semiannual reports sent to the Bank.
Research projects on school climate, democratic learning environments, and the development of citizenship competencies approved.	0	5	10	15	15	Considered approved when the committee comprised of the MEN and COLCIENCIAS approves the proposal. Source: Semiannual reports sent to the Bank.
Teachers trained on citizenship competencies and human rights (at least 40 hours).	0	300	700	2,500	2,500	Teachers are considered to have been trained on citizenship competencies and human rights when they pass the training course's final assessment. Source: Semiannual reports sent to the Bank.
Indicators on citizenship competencies and human rights education designed and applied to EIs.		Battery of indicators to assess the EIs in the validated subject area and baseline developed	Adjustment of battery of indicators in relation to the MEN's management tools	Final assessment of EIs on the subject area	Battery of indicators to assess the EIs in the subject areas incorporated into the MEN's management tools	Source: Program reports for the design.

	Base	Year 1	Year 2	Year 3	Final target	Remarks
Citizenship competencies module in SABER PRO designed and test applied to teacher trainees.		Module designed	Test applied to teacher trainees	Test applied to teacher trainees	Test applied to teacher trainees	Source: ICFES reports with results of the SABER PRO test.
<b>Outcomes</b>						
The number of EIs with capacity to develop citizenship competencies and human rights education.	0	200	600	1,000	1,000	An EI is considered capable when: (i) it has a team working on the topic; (ii) school governance is in operation in a participatory manner; (iii) it has a coexistence manual in line with the competencies and rights focus; (iv) it has a teaching component on the topic; and (v) it can show evidence of teaching project initiatives that develop these competencies and the exercise of rights. Source: Semiannual reports sent to the Bank.
The number of EDs with capacity to support their EIs in the development of citizenship competencies and human rights education.	0	0	0	40	40	EDs considered capable when 60% of the EIs they support are able to develop citizenship competencies and human rights education. Source: Semiannual reports sent to the Bank.
The number of teachers' colleges with capacity to develop citizenship competencies and human rights education.	0	0	15	40	40	A teachers' college is considered capable when, in addition to meeting the same requirements as for an educational institution, teacher training on citizenship competencies and human rights has been explicitly included on the curriculum of the complementary cycle. Source: Semiannual reports sent to the Bank.
Number of research articles on school climate published in indexed national or international journals.	0	0	0	10	10	The component will apply the criteria established by COLCIENCIAS for the acceptance of scientific output. The record format will be fully compatible with the COLCIENCIAS project monitoring system. Source: Semiannual reports sent to the Bank.



	Base	Year 1	Year 2	Year 3	Final target	Remarks
<b>Component 3. Strengthening technical/technology education</b>						
<b>Outputs</b>						
Number of partnerships financed through the competitive fund.	40 (2011)	15	30	30	70	Source: Semiannual reports sent to the Bank.
Number of vocational technical/technology programs, formulated on the basis of competencies and cycles accredited by the MEN.	390 (2011)	390	470	510	510	Source: SACES - SNIES.
Number of vocational technical/technology specialization programs accredited by the MEN	23	23	63	83	83	Source: SACES – SNIES.
Teachers and school administrators trained on strategic topics in vocational technical/technology education (at least 40 hours).	0	500	1,000	1,500	1,500	Source: Semiannual reports sent to the Bank.
<b>Outcomes</b>						
Number of students enrolled in vocational technical/technology programs offered by the partnerships.	45,000 (2010)	45,000	53,000	60,000	60,000	Source: SNIES. Annual measurement.
Percentage of new academic programs with accreditation that reach the priority municipios.	0%	0%	30%	60%	60%	% of programs created by the partnerships that reach municipios with low socioeconomic indicators, given priority by the national government. Source: SNIES.
Percentage of new academic programs with accreditation in pace-setting areas.	0%	0%	30%	60%	60%	Describes the percentage of accredited programs targeted on meeting training requirements to produce human talent in growth-driving sectors, prioritized in the National Development Plan (PND). Source: SNIES.

	Base	Year 1	Year 2	Year 3	Final target	Remarks
Annual dropout rates for vocational technical/technology programs.	24.5%	23.1%	22.4%	21.8%	21%	Annual dropout rate: Calculates the percentage of students in vocational technical/technology programs who are classified as having dropped out in the current period and who were enrolled in the two previous periods. Target set in the PND. Source: SPADIES – MEN. Annual measurement.



# **Fiduciary Agreements and Requirements**

**Project:**

**Management Support Program for  
the Quality Education for  
Prosperity Plan**

**CO-L1093**

**Annex III**



**Country:** Colombia  
**Project No./Name:** CO-L1093 – Management Support Program for the Quality Education for Prosperity Plan  
**Executing Agency:** National Ministry of Education (MEN)  
**Prepared by:** María Eugenia Aguirre Gutierrez, consultant; and Rodolfo Gastaldi (PDP/CCO)

## **I. EXECUTIVE SUMMARY**

### **A. Financial management**

- 1.1. Fiduciary management was evaluated using the Institutional Capacity Assessment System (ICAS) and the Project Risk Management System (PRM). The risk matrix that has been prepared will need to be taken into account throughout project execution in order to verify implementation of the actions to mitigate the risks detected.
- 1.2. The MEN applies a Public Financial Management System and a Public Procurement System. The financial management system's standards are therefore in line with international practice.
- 1.3. The MEN also has support tools such as the Integrated Financial Information System 2 (SIIF2). It also uses the Stone Auxiliary Accounting System, which is integrated with the budget module so as to exercise the requisite control and identification of deviations.

### **B. Procurement management**

- 1.4. For the executive summary, the executing agency's fiduciary context and the evaluation of fiduciary risk and mitigating actions, the considerations on procurement are listed below:
  - a. The execution scheme proposed for the program envisages general management guidelines but lacks sufficient detail to allow an evaluation of the way in which procurement would be managed. The agreements and requirements for procurement set out in this annex have been drawn up on the basis of the information currently available.
  - b. Once the above elements have been defined, institutional procurement capacity will be evaluated, on the basis of which the possible procurement risks and corresponding mitigation matrix will be redefined.
  - c. The team leader will be responsible for updating the PRM, whenever necessary and at least once a year.
  - d. The project does not envisage other sources of financing, either multilateral or counterpart.

## **II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY**

### **A. Financial management**

- 2.1 The MEN has a Financial Management Section reporting to the Ministry's General Secretariat. The section's work is supported by a Budget Group, Treasury Group, Accounts Group, and Law 21/1982 Group. These groups apply the SIIF 2 methodology and use the Stone Auxiliary Accounting system, and establish the operating regulations and corresponding chart of accounts for each project, in coordination with the Banco de la República and the Ministry of Finance.
- 2.2 The MEN's Financial Management Section has adequate experience in handling projects of this kind financed by multilateral agencies.
- 2.3 The MEN has an Office of Internal Control, which manages risk interactions at the strategic level and at the process level, grouped together in the risk management policy (ERCA). This has fostered a suitable environment of internal control among staff.
- 2.4 External control is exercised by the Comptroller General of the Republic. It is therefore necessary to assess the need to complement its work by contracting an external audit firm, in accordance with Bank policy.

## **III. FIDUCIARY RISK EVALUATION AND MITIGATION MEASURES**

### **A. Financial management**

- 3.1 In general, when applying ICAS and PRM no fiduciary risks emerged affecting project execution that might require mitigation plans to be designed.

## **IV. CONSIDERATIONS FOR THE SPECIAL CONDITIONS OF THE CONTRACT**

- 4.1 In order to streamline contract negotiations by the project team and, in particular, the legal area, those agreements and requirements that should be considered in the special conditions are included below:
  - a. Conditions precedent to the first disbursement: (i) that the program's Operating Regulations have come into force, following prior approval by the Bank; and (ii) that the borrower has designated one or more officials to represent it in all acts relating to the performance of this contract and has delivered authentic copies of the signatures of these representatives to the Bank. If two or more officials are designated, it must be stated whether they must to act jointly or may act individually.
  - b. Exchange rate agreed upon with the executing agency to account for loan proceeds. The exchange rate is agreed with the executing agency when the operation is in a currency other than the dollar.

- c. Financial statements and other audited or unaudited reports (indicating if required and the type of report). Other types of external audits or work relating to project auditing as established under article 7.04 (f) of the General Conditions (indicating if required and what type of audit or audit-related work).
- 4.2 Other specific project financial management requirements which need to be established in the contract or agreement to be signed with the Bank (if any).

## **V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION**

- 5.1 The Fiduciary Agreements and Requirements for Procurement establish the provisions that apply to the execution of all the project's planned procurement process. The program comprises three components. Within these, the execution of resources through resource transfer execution mechanisms and resources through processes for the procurement of goods, works, and consulting and nonconsulting services are envisaged. For calls for proposals, which are the source of transfer expenditures, the procurement procedures established in subsection 3.12 of document GN-2349-9; current practices in the private or commercial sector acceptable to the Bank. These will be reviewed ex post by the program's independent auditors.
- 5.2 In the case of procurement with loan proceeds, the Procurement Policies and Procedures of the Inter-American Development Bank will be followed.
  - 1. Procurement execution**
- 5.3 Goods and services financed from the loan will be procured in accordance with the provisions of document GN-2349-9 ("Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank").
- 5.4 Consulting services required for the project will be selected and contracted in accordance with the provisions of document GN-2350-9 ("Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank").
- 5.5 The project's sector specialist will be responsible for executing and updating the procurement plans, the procurement process, and reviewing technical specifications.
- 5.6 **Procurement of works, goods, and nonconsulting services:** Contracts for works, goods, and nonconsulting services<sup>1</sup> arising as a result of the project and subject to international competitive bidding (ICB) will conform to the standard bidding documents issued by the Bank. Invitations to tender subject to National

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<sup>1</sup> Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (GN-2349-9) paragraph 1.1: Nonconsulting services will be treated similarly to goods.

Competitive Bidding (NCB) will apply the Harmonized Documents for Colombia, agreed upon with the Bank.

5.7 **Selection and contracting of consultants:** Consulting contracts arising out of the project will use the Standard Request for Proposals (SRP) harmonized for Colombia, agreed with the Bank.

5.8 **Training and selection of individual consultants:** The selection methods envisaged in document GN-2350-9 will be applied.

## 2. Table of threshold amounts (US\$)

Works			Goods <sup>2</sup>			Consulting services	
International Competitive Bidding	National Competitive Bidding	Shopping	International Competitive Bidding	National Competitive Bidding	Shopping	International Consultant Advertising	100% National Shortlist
<= 10 million	Between 350,000 and 10 million	<= 350,000	<= 1 million	Between 50,000 and 1 million	<= 50,000	<= 200,000	<= 500,000
<b>Threshold for ex post review</b>							
Works			Goods			Consultants	
N/A			Up to 50,000 in the case of shopping			N/A	

<sup>2</sup> Includes nonconsulting services.



### 3. Main procurement items

Activity	Method	Estimated Date	Estimated Amount (US\$)
<b>Goods</b>			
N/A			
<b>Works</b>			
N/A			
<b>Nonconsulting services</b>			
N/A			
<b>Firms<sup>3</sup></b>			
Design and development of an information system for use nationwide in educational institutions (EIs) for administrative and financial management and planning	QCBS	1/15/2012	723,000
Design of bimodal courses aimed at school administrators to strengthen their capacity for administrative management and planning	QCBS	4/15/2012	443,000
Design of bimodal courses aimed at developing EI administrators' behavioral skills	QCBS	1/15/2012	643,000
Audit review to monitor execution of the resources of the competitive fund	QCBS	9/1/2012	300,000
Support for Education Departments (EDs) to manage positioning and articulation of actions for the development of citizenship competencies and human rights education with other actors	QCBS	1/15/2012	246,000
Design and implementation of teacher and administrator training programs on citizenship competencies	QCBS	1/15/2012	1,444,000
Audit review of the agreements with public-private partnerships to strengthen vocational technical/technology education.	QCBS	1/15/2012	200,000
Support for the institutional strengthening of the EIs.	QCBS	1/15/2012	1,800,000
<b>Individuals</b>			
4 experts to evaluate proposals submitted to the competitive fund aimed at EIs and teachers' colleges to promote the development of citizenship competencies and human rights education projects.	3CV	4/15/2012	48,000
4 experts to evaluate proposals to the competitive fund aimed at public-private partnerships for the strengthening of vocational technical/technology education.	3CV	1/15/2012	48,000
Consultants to support units responsible for program execution (16 consultants in all. 3 to support procurement; 1 to support the financial area; 3 to support Component 1; 5 to support Component 2, and 4 to support Component 3).	3CV	1/15/2012	864,000

5.9 For more details see the [Procurement Plan](#).

### 4. Procurement supervision

5.10 Individual consultants and shopping may be reviewed on an ex post basis, once the Bank has notified the executing agency in writing. The first contracting of individual consultants and shopping will be subject to ex ante review.

### 5. Special provisions

5.11 None.

<sup>3</sup> In the case of consulting services, this means the short list comprises firms of various nationalities. See Policies for the Selection and Contracting of Consultants (GN-2350-9), paragraph 2.6.

## **6. Records and files**

- 5.12 The MEN's files are outsourced to a specialist. When institutional capacity in relation to procurement is assessed, the mechanisms used for records and files will be evaluated in order to make the pertinent recommendations, if any.

# **VI. FINANCIAL MANAGEMENT**

## **1. Programming and budget**

- 6.1 The MEN's budget is drawn from the National Budget, which is prepared by National Government through its specialized agencies, namely the Budget Directorate and the National Planning Department, and submitted to the Congress of the Republic for approval.

## **2. Accounting and information systems and processes**

- 6.2 The MEN is subject to the policies set out by the Office of the Comptroller General of Colombia and the instrument designated for this purpose is the SIIF. Version 2 of this tool is in use at the MEN, supported by the Stone system for exclusive use by the MEN.

## **3. Disbursements and cash flow**

- 6.3 The project's resources will be handled through a foreign currency account at the Banco de la República, which will be debited based on the scheduled cash flow requirements as prepared by the MEN. The SIIF 2 platform will be used for the corresponding electronic transfers, under the supervision of the Finance Section and the MEN's internal control area.

## **4. Internal control and internal auditing**

- 6.4 The MEN has an internal control office, which reports directly to the minister's office, and has a staff of 19. Its personnel have the necessary qualifications and skills for the adequate management of the inherent and residual risks at both the strategic and process levels. They base their working methodology on matrix management to identify, analyze, evaluate and monitor risks. This has resulted in an appropriate environment of internal control throughout the ministry.

## **5. External control and reports**

- 6.5 The MEN is an entity operating under constitutional mandate, with the external supervision of the Office of the Comptroller General of Colombia, which covers all operational aspects of its financial, administrative, and fiscal management. This supervision has produced the relevant reports on the visits made, also including the handling of resources of projects and programs contracted by the MEN.
- 6.6 Nevertheless, for the specific case of project CO-L1093, it is recommended that there be complementary audits by an external firm, in line with the Bank's policies, in order to obtain timely, reliable, and duly substantiated opinions.

**6. Financial supervision plan**

- 6.7 Classification of the MEN's financial administration system using the ICAS methodology gave a score of 94.23%, classifying the fiduciary risk as Low.

**7. Execution mechanism**

- 6.8 The project will be implemented by the MEN, which will set up a multidisciplinary group with full-time staff from the ministry so as to ensure that its objectives are achieved and the expected outcomes are obtained.

**8. Other agreements and requirements for financial management**

- 6.9 None.