

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

EL SALVADOR

**CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS (CCLIP)
“BUILDING HUMAN CAPITAL: BIRTH, GROWTH, LEARNING” (ES-O0008)**

**FIRST OPERATION “IMPROVING EDUCATION COVERAGE AND QUALITY:
BIRTH, GROWTH, LEARNING”**

(ES-L1139)

LOAN PROPOSAL

This document was prepared by the project team consisting of: Jennelle Thompson (EDU/CDR), Project Team Leader; Pablo Zoido (SCL/EDU), Alternate Project Team Leader; Emma Näslund-Hadley (SCL/EDU); Fernando Pavón (LMK/CME); Nicole Amaral (SCL/LMK); Gabriela Aguerrevere (SCL/LMK); Samuel Berlinski (RES/RES); Eleno Castro (EDU/CES); Maria Deni Sanchez (SPH/CES); Gabriela Molina (CID/CES); Gumersindo Velazquez (VMP/FMP); Juan Carlos Lazo (VMP/FMP); Maria Cristina Landázuri (LEG/SGO); Nidia Hidalgo (GDI/CES); Ivana Blasco (SCL/EDU); Álvaro Fresno and Julia Miguez (VPS/ESG); Wilhelm Dalaison and Virginia Snyder (INE/INE); and Esperanza González (CSD/CCS).

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LINKS
REQUIRED
1. Multiyear execution plan / annual work plan
2. Monitoring and evaluation plan
3. Environmental and social management report
OPTIONAL
1. Economic analysis
2. Gender action plan
3. Climate change
4. Education infrastructure
5. Operating manual
6. Bibliography
7. Strategic environmental and social management plan
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11. Role and duties - MINEDUCYT
12. Job training
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ABBREVIATIONS

ATPI	Asistente técnico de primera infancia [early childhood technical assistant]
CCLIP	Conditional credit line for investment projects
CDI	Centro de desarrollo infantil [child development center]
CIMA	Centro de Información para la Mejora de los Aprendizajes [Center for Information on Learning Improvement]
COVID-19	Coronavirus disease 2019
DCI	Dirección de Contrataciones Institucionales [Institutional Procurement Office]
DFI	Dirección Financiera Institucional [Institutional Finance Office]
ESMR	Environmental and social management report
ICB	International competitive bidding
IPA	Innovations for Poverty Action
MINEDUCYT	Ministry of Education, Science, and Technology
NCB	National competitive bidding
PAES	Prueba de Aprendizajes y Aptitudes para Egresados de Educación Media [Learning and Aptitude Test upon Completion of Secondary Education]
PCA	Prueba controlada aleatorizada [randomized control test]
SAFI	Sistema de Administración Financiera Integrado [Integrated Financial Management System]
SESE	Strategic environmental and social evaluation
SESMP	Strategic environmental and social management plan
SIGES	Sistema de Información y Gestión Educativa Salvadoreña [Salvadoran Education Management and Information System]
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
USAID	United States Agency for International Development

PROJECT SUMMARY

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FIRST OPERATION “IMPROVING EDUCATION COVERAGE AND QUALITY: BIRTH, GROWTH, LEARNING” (ES-L1139)

Financial Terms and Conditions					
Borrower:				Flexible Financing Facility ^(a)	
Republic of El Salvador				Amortization period:	25 years
Executing agency:				Disbursement period:	5 years
Ministry of Education, Science, and Technology				Grace period:	5.5 years ^(b)
Source	CCLIP (US\$)	First Operation (US\$)	%	Interest rate:	LIBOR-based
				Credit fee:	^(c)
IDB (Ordinary Capital)	250,000,000	100,000,000	100	Inspection and supervision fee:	^(c)
				Weighted average life:	15.25 years
Total:	250,000,000	100,000,000	100	Approval currency:	U.S. dollar
Project at a Glance					
<p>CCLIP objective: To improve human capital by improving education coverage and quality, as well as job training and placement.</p> <p>Project objective: To improve education coverage and quality in El Salvador. The specific objectives are to: (i) expand and improve the quality of early childhood services; (ii) expand and improve the quality of the supply of education for vulnerable youth, using a gender-sensitive approach; and (iii) enhance the efficiency of education management.</p>					
<p>Special contractual conditions precedent to the first disbursement of the loan:</p> <p>The following are special contractual conditions precedent to the first disbursement of the loan: (i) approval and entry into effect of the operating manual (optional link 5), under the terms agreed upon with the Bank (paragraph 3.6); and (ii) creation of the managing unit that has at least a general coordinator, financial specialist, and procurement specialist (paragraph 3.3).</p> <p>Special contractual conditions of execution:</p> <p>For other special conditions of execution, see Annex B of the Environmental and Social Management Report (required link 3).</p>					
Exceptions to Bank policies: None.					
Strategic Alignment					
Challenges: ^(d)	SI	<input checked="" type="checkbox"/>	PI	<input type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: ^(e)	GD	<input checked="" type="checkbox"/>	CC	<input checked="" type="checkbox"/>	IC <input type="checkbox"/>

^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

^(c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the relevant policies.

^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

^(e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

1.1 **El Salvador is facing significant challenges in developing its human capital.**

Nearly half of children under 7 live in poverty. The average Salvadoran has only 7.2 years of education, which does not secure an adequate salary, nor does it allow the economy to move towards sophisticated production processes with high value added, attract foreign investment, and thereby generate more and better jobs. Since 2010, El Salvador has experienced a period of economic growth of less than 2%, as well as a decrease in job creation.¹ A total of 60% of companies have identified inadequate worker education as an obstacle to their business and to company growth.² The lack of adequate skills combined with low economic growth contribute to the 8% unemployment rate for youth ages 15 to 28, as well as an informality rate of around 70%.³ This weak process of human capital accumulation and skills development takes place throughout people's lifetimes in different areas and to varying degrees.

1.2 **In childhood, young children must develop cognitive, language, motor, and socioemotional skills that enable them to enter school ready to learn.**

However, gaps have been detected in El Salvador regarding the development of these skills, particularly among children from low socioeconomic status households. For example, a large-scale study in Soyapango and San Salvador found that children from municipios with a low socioeconomic level are 0.9 years behind in their verbal development compared to the average for their age.⁴ In the same sample of households, nearly one-fifth of children ages 0 to 5 do not reach their cognitive and noncognitive developmental milestones⁵ (IPA, 2020). According to the theory of human capital accumulation,⁶ these gaps increase as children grow older. Only 36% of Salvadoran second graders achieved the desired learning outcomes.⁷ The lack of skills development is particularly pronounced among the increasing number of children who grow up in households where one or both parents are absent (13%), due to high levels of migration and violence (IPA, 2019). Consistent with the literature (Smith and Palmieri, 2007), this group of children presents developmental delays compared to their peers who grow up with both parents (IPA, 2020).

¹ Argumedo and Oliva, 2017.

² Market study. Bridges to Employment (USAID). 2017.

³ Labor Markets and Social Security Information System. IDB, 2018.

⁴ Baseline Report. IPA, 2020.

⁵ This measurement is based on early childhood developmental milestones established by the U.S. Centers for Disease Control and Prevention. The instrument uses parent reporting to measure the child's developmental milestones.

⁶ Heckman and Masterov, 2007.

⁷ Dynamic Indicators of Basic Early Literacy Skills, a tool of the University of Oregon in the United States.

- 1.3 **A wide range of determining factors contribute to the gaps observed, many of which are not related to education.** Recent studies indicate that 16.5% of households provide inadequate care for minor children.⁸ One Bank study on home environments⁹ showed that children from low socioeconomic status families grow up in households where the quality of the home environment is less than desirable for adequate child development, with low investment of time (for example, few play activities and time for reading and dialogue with the child) and of materials (for example, few books and little variety of toys). In homes where one or both parents are absent, the levels of investment in children are even lower, even when controlling for household socioeconomic status (IPA, 2020).
- 1.4 **The poor quality of home environments is exacerbated by the lack of access to quality education during early childhood.** While the net enrollment rate for basic education is 80%, it is only 5.1% for early childhood education and 56.1% for preschool.¹⁰ These figures are comparable to those of other Central American countries, but lower than those of countries like Argentina, Mexico, and Peru. This low coverage is mainly due to lack of supply and lack of information for parents regarding the benefits of early education.¹¹
- 1.5 **Early childhood and preschool education services in El Salvador are limited.** The Ministry of Education, Science, and Technology (MINEDUCYT) addresses early childhood through a variety of modalities. First, for children ages 0 to 3 years 11 months, a family-based community modality is offered for early childhood education and includes “círculos de familia,” or family circles,¹² for children and their parents. These are facilitated by early childhood specialists and aim to improve child-rearing practices and ensure comprehensive child development. This modality is highly regarded by parents, but it reaches few of them (3%). Second, for children ages 4 to 6, preschool education is offered in schools that also offer basic education. However, 16% of schools in El Salvador still do not have preschool classrooms. As a result, three out of every seven children are not enrolled in preschool. Third, there are 15 child development centers (CDIs) in urban areas that are nationally run. CDIs are mainly used by workers who need a safe place to leave their children during the day. These centers provide care for less than 1% of children ages 0 to 6.
- 1.6 **In addition to challenges related to access, another determining factor of the limited levels of development and learning is the low quality of early childhood and preschool education.** The factors associated with low quality of education in El Salvador are weak infrastructure, dilapidated equipment and

⁸ Multipurpose Household Survey, 2017.

⁹ Based on the Home Observations for Measurement of Environment tool.

¹⁰ Ministry of Education, 2018. The Salvadoran education system is structured as follows: early childhood education for children ages 0 to 3 and their parents; preschool for students ages 4 to 6; basic education for ages 7 to 15; and intermediate (upper secondary) for ages 16 to 18. The education system is mostly public (85% of schools are public).

¹¹ UNICEF. *Invertir en Nuestros Niños*. El Salvador, 2018.

¹² For the family circles, children and their parents meet twice a week in nearby locations such as schools or community centers.

furnishings, outdated pedagogical models, ineffective teachers, and lack of measurement of student progress.¹³ For example, the pedagogical model for family circles does not include practical activities and supporting materials to ensure that parents develop the skills to conduct activities for early stimulation and child development at home.¹⁴ With regard to education spaces, an infrastructure analysis showed that 16% of students attend schools that have a high risk of collapsing in the event of an earthquake, and the remaining 84% are in schools that have a high potential of suffering structural damage.¹⁵ Additionally, school buildings are lacking in terms of provision and operation of utilities, accessible spaces, and thermal comfort. As for the CDIs, an evaluation of childcare quality in El Salvador conducted in 2016 by Duke University found that the average quality of CDIs is 4.62 on a scale of 0 to 7. Other shortcomings were noted, such as the lack of furnishings, insufficient training of education workers, and the poor condition of infrastructure, not only from a structural/construction perspective, but also from a functional one, as school buildings are not suited to provide quality early education services.

- 1.7 **The low level of learning and skills during childhood can also be observed at the onset of adolescence.** Basic education does not close the gaps observed in preschool, and students reach secondary school with similar shortfalls. As a result, Salvadoran youth are not equipped with the cognitive, technical, and socioemotional skills that would enable them to gain access to options for tertiary education and high-quality jobs and continue learning throughout their lives.
- 1.8 **The determining factors behind the low level of learning and skills for youth include a net attendance rate of 62.3% at the secondary level, which is below the regional average of 74.5% (CIMA, 2020).** Over 50% of youth do not complete secondary school, which limits their job opportunities. Youth drop out of school due to economic necessity, violence in their neighborhoods, and pregnancy.¹⁶ Additionally, 26% of youth ages 15 to 24 do not go to school or work;¹⁷ of these, four-fifths are women.¹⁸ For youth ages 16 to 18, 35.2% do not go to school. When that figure is disaggregated by sex, women are shown to be at a disadvantage (36.5% of women compared to 33.9% of men). With regard to adolescent pregnancy, of the young women ages 10 to 17 who gave birth in 2012, 75% dropped out of school because they became mothers.¹⁹ For individuals outside of the regular school system who are at least 15 years old and overage by more than two years,²⁰

¹³ *Informe de los principales diagnósticos existentes sobre oportunidades y retos para la educación salvadoreña*. SOTEMARI, 2019.

¹⁴ *Propuestas de intervención para educación*. SOTEMARI, El Salvador, 2019.

¹⁵ Sufficiency, Equity, and Effectiveness of School Infrastructure in Latin America according to TERCE. IDB and UNESCO. 2017.

¹⁶ 2017 National Household Survey.

¹⁷ Novella, R. et al. (2018). Millennials in Latin America and the Caribbean: to Work or Study? IDB.

¹⁸ 2018 National Household Survey.

¹⁹ The economic cost of pregnancy for girls and adolescents. United Nations Population Fund. 2017.

²⁰ An overage student is above the age technically considered ideal for the grade in which he or she is enrolled, according to standards for accessing the education system.

MINEDUCYT offers the opportunity to complete secondary school through flexible learning modalities. In terms of methodological approach, flexible modalities involve flipped classrooms and independent learning, and are implemented by third parties. The beneficiaries of flexible modalities are individuals with limited economic resources, single mothers, and youth from broken homes.²¹ However, supply is limited, as flexible modalities only reach 10% of potential demand.²² Furthermore, quality of service needs to be improved, particularly by updating teaching modules, incorporating a life skills module²³ with a gender-sensitive perspective, enhancing training and refresher courses for teacher-tutors, and ensuring adequate supervision.²⁴

- 1.9 **Skills development in young people is also limited by the lack of training opportunities.** Access to job training that allows for ongoing acquisition of the technical and socioemotional skills required for work is limited: only one out of every four youth has received training to prepare for a job at some point in life.²⁵ For youth who manage to get a job, 70% find a job in the informal sector,²⁶ and many are self-employed. This reduces even further their opportunities for on-the-job learning and continued skills acquisition.
- 1.10 **Young people from geographic areas controlled by gangs face additional barriers that affect their job options.** Employers do not hire applicants from specific communities due to their assumptions about the places these youth come from.²⁷ For these young people, flexible and innovative solutions are needed in order to bring them back into the labor market (see [optional link 12](#)).
- 1.11 **The quality of education at every level is affected by the lack of tracking data** that can monitor student progress; identify in a timely manner those students at risk of not attaining development milestones or learning achievements; and take appropriate measures. MINEDUCYT has strengthened the management system, but needs support in order to better monitor students, teachers, and principals, as well as make timely decisions.²⁸ In particular, educational staff need training on how to generate and use data from the Salvadoran Education Management and

²¹ Fundación Salvadoreña para el Desarrollo Económico y Social [Salvadoran Foundation for Economic and Social Development]. 2007.

²² There are nearly half a million youth ages 20 to 25 who have not completed secondary education. 2018 National Household Survey.

²³ Crosscutting skills have an effect on various areas of an individual's well-being and personal and social life. Socioemotional skills are related to academic success and improvement in cognitive skills (Heckman & Kautz, 2013; Durlak, Dymnicki, Schenllinger, and Weissberg, 2011).

²⁴ *Informe de los principales diagnósticos existentes sobre oportunidades y retos para la educación salvadoreña*. SOTEMARI, 2019.

²⁵ Novella, et al. (2018).

²⁶ Labor Markets and Social Security Information System (SIMS) (2018).

²⁷ Bridges to Employment (USAID). 2017.

²⁸ Arias, et al. (2019) From Paper to the Cloud: Guiding the Digital Transformation of Education Management and Information Systems, IDB-TN-1660, DOI: <http://dx.doi.org/10.18235/0001749>.

Information System (SIGES): less than 2% of teachers have received training on how to use the system.²⁹

- 1.12 **Gender and violence in schools.** The MINEDUCYT has made efforts to foster nonsexist education, but gender stereotypes, beliefs, and prejudices still exist in schools.³⁰ At the national level, the prevalence of sexual violence before the age of 18 is notably higher for women (13.5%) than for men (2.5%).³¹ With regard to education, 15% of women age 15 or above reported having experienced sexual violence at some point in their lives, and 10.7% reported experiencing it in the past 12 months, mainly in classrooms and common areas in schools. To address this issue, the MINEDUCYT has protocols for conduct, but greater efforts must be made to raise awareness among students, train teachers and principals, and strengthen gender perspectives in educational materials.
- 1.13 **The COVID-19 pandemic will have negative consequences for learning.** The pandemic is directly affecting El Salvador, both on the demand side (students and households) and on the supply side (schools, teachers, and principals). The full closure of schools means that 1.4 million students are not attending school, from early childhood education through secondary education. In the short and medium terms, the prolonged interruption in teaching and learning processes will have negative effects on drop-out rates, advancement, and learning. The impact will be greater still on vulnerable students and those already at risk of being expelled from the system. Additionally, this interruption could also widen socioeconomic gaps in learning due to inequality in households and exacerbate conditions for gender-based violence and violence against children.
- 1.14 **Evidence shows that investing in early childhood has positive impacts on performance and achievements throughout an individual's life.**³² Even more importantly, it has been shown that this is an effective way to promote equal opportunity and reduce structural inequality. Berlinski and Schady (2015) report that investing in early childhood increases returns on all investments made later on in the life cycle, and these returns are higher in programs targeting vulnerable children.
- 1.15 **Link between learning and infrastructure.** Studies suggest that the cause-and-effect relationship of investing in school infrastructure goes beyond increasing student enrollment rates and can contribute to education quality. In Peru, for example, Paxson and Schady (2002) found that building and renovating schools in poor areas led to improvements in student attendance. According to Duarte, Gargiulo, and Moreno (2011), the physical condition of schools can contribute significantly to student performance.

²⁹ MINEDUCYT. 2020.

³⁰ *Estudio para la Transversalización de Género en el Sistema Educativo* (FOMILENIO/MINEDUCYT, 2013) and information from focus groups.

³¹ Reported by youth ages 18 to 24. *Encuesta de Violencia Contra Niños, Niñas y Adolescentes* (2017).

³² Carneiro and Heckman (2003), and Heckman and Masterov (2007) found that investments during early childhood had higher returns than investments made at any other time of life.

- 1.16 **Nontraditional education alternatives for youth.** In countries such as Honduras, it has been demonstrated that nontraditional education services, along with better materials and teachers trained to work with vulnerable youth, have positive effects on learning (McEwan, et al. 2015) and on school attendance (Marshall, et al. 2012).
- 1.17 **The government's priorities include, among others, investing in education, in particular early childhood, as well as youth training and employment, and the digital agenda.** In 2019, the Government of El Salvador launched the “Crecer Juntos” policy [“Grow Together”] to coordinate, integrate, and regulate services for children ages 0 to 6.³³ That same year, a presidential initiative was launched for youth training and employment, and a commitment was made to an ambitious digital agenda.
- 1.18 **Rationale and features of the conditional credit line for investment projects.** In order to achieve the objectives of national plans to improve human capital in El Salvador, with priority given to early childhood and youth, sustained investments are required in the medium term. On the one hand, it is necessary to improve the quality and expand the coverage of education services, starting with small children at the beginning of the education cycle, in order to develop each child's full potential. On the other hand, for youth at the end of the education cycle, it is necessary to improve access to job training that allows for ongoing acquisition of the technical and socioemotional skills required for the workplace. While the MINEDUCYT is responsible for providing education services and will be the program executing agency in the education sector, various actors are involved in job training. In order to ensure the relevance of job training actions and their linkage to the private sector's labor needs, the Ministry of the Economy will be the executing agency for operations for youth training and employment.³⁴
- 1.19 Against this backdrop, a conditional credit line for investment projects (CCLIP) is the appropriate instrument for supporting the government's medium-term objectives. Strategies for education and job training are substantially different. Hence, their implementation will not necessarily occur at the same pace. For that reason, the proposed CCLIP will be implemented under Multisector Modality II, pursuant to the modifications approved for CCLIPs in October 2019 (document GN-2246-13). This modality will help facilitate the necessary coordination between two sectors—education and job training—with two different executing agencies, while enabling both to continue pursuing new operations, regardless of the other ministry's execution progress. Four individual operations are envisaged under the CCLIP—two for the education sector and two for the job training sector—for a total of US\$250 million over a period of 10 years. This period of time is considered appropriate given that this CCLIP is under Multisector Modality II, where individual operations are prepared and implemented in parallel and at their own pace.

³³ This is a multisectoral policy that aims to effectively serve all children in the areas of health, education, security, the arts, and culture, as well as serve pregnant women.

³⁴ See [optional link 11](#) for further details on the proposed interventions.

- 1.20 Establishing the CCLIP fulfills the criteria set forth in document GN-2246-13 for this modality, which are: (i) the objective of the CCLIP—human capital development—is one of the priorities defined in the Bank’s country strategy with El Salvador 2015-2019 (document GN-2828). The CCLIP will help achieve the long-term objectives associated with national plans to improve human capital in the areas of education and job training; and (ii) coordination of the operations to be financed under the CCLIP will be carried out by the Presidential Commissioner for Government Operations and Cabinet. This authority will coordinate and monitor the general operational program of all sectors included in the credit line, as well as track the results of the individual sector operations and verify that they are on track to meeting their multisector objectives. The Presidential Commissioner was selected as the liaison for the CCLIP because it is currently coordinating strategic programs for early childhood and youth. Additionally, the Office of the President, acting through the various Presidential Commissioners or Secretaries of State, previously performed this role and coordinated government agencies for country and multisector initiatives, such as FOMILENIO I, FOMILENIO II, and the Plan of the Alliance for Prosperity in the Northern Triangle, among others.
- 1.21 **This program will be the first operation under the credit line.** It fulfills the criteria established in document GN-2246-13 for operations under the credit line, which are: (i) the objective of the operation contributes to the achievement of the multisector objective of the credit line to build El Salvador’s human capital; (ii) the education sector is one of the sectors defined in the multisector conditional credit line and is one of the priorities defined in the Bank’s country strategy with El Salvador (document GN-2828); (iii) the proposed executing agency, the Ministry of Education, has the capacity to implement this operation; and (iv) an analysis of the Ministry’s institutional capacity has been conducted, and the program includes identified actions for improvement.
- 1.22 **Program strategy.** In response to the challenges identified, the first operation’s strategy will be to improve education coverage and quality through investments that strengthen teaching models for early childhood education and flexible modalities; ensure appropriate education spaces for learning during early childhood and preschool education; and enhance the education management system.³⁵
- 1.23 In light of the impacts of COVID-19 and measures to prevent its spread, the program includes actions to mitigate the impact on the education sector and preserve human capital in the long term. These actions include: (i) expanding alternative learning options for vulnerable youth through a modular, flexible system that allows these youth to finish secondary school (Component 2); (ii) strengthening the education information and management system to better track students who are at risk of not attaining development milestones or learning achievements (Component 3); (iii) improving access to potable water and sanitation in schools chosen for new preschool classrooms and in CDIs in order to

³⁵ Basic education is not included in the program because early childhood education, preschool, and secondary school are the areas that have received the least investment in recent decades, and the government has asked that they be given priority.

- ensure adequate sanitation conditions (Component 1); and (iv) promoting greater awareness among teachers, parents, and students on the issue of family and gender-based violence through family circles and the flexible modalities (Components 1 and 2).
- 1.24 **Bank support in the country.** During the period from 2016 to 2019, the Bank financed initiatives to strengthen technical dialogue with the country, to enhance the education management system, opportunities for youth living in poverty, and the development of children growing up in homes with absent parents, etc. (operations ATN/JO-16536-ES; ATN/OC-16748-ES; ATN/OC-16560-ES; ATN/OC-17374-ES). In the area of early childhood development, a survey of nearly 25,000 households was conducted to provide a diagnostic assessment of cognitive and noncognitive development in children ages 0 to 7, as well as determine the quality of the environment in which they grow up. Other areas of collaboration include the development of education support modules for households in which the parents are absent, and the development of education and social support mechanisms for vulnerable youth. Currently, technical cooperation is being prepared in order to support this operation's launch and implementation.
- 1.25 **Coordination with the World Bank.** This program was designed in coordination with the World Bank, which approved a loan of US\$250 million in March 2020 that aims to: (i) improve childrearing and teaching practices of early childhood caregivers and teachers; (ii) improve the physical learning environments in schools that offer preschool education; and (iii) strengthen institutional capacity for education sector management ([optional link 10](#)). While the World Bank program's investment is focused on improving schools that already offer preschool services, the IDB program emphasizes expanding coverage by financing preschool classrooms in schools where those services are not in place.
- 1.26 **Lessons learned.** This operation's design takes into account lessons learned from other operations (see Table 1.1).

Table 1.1 Lessons Learned

Lesson learned		Taken into account
a.	Using a modular system for education infrastructure can be an effective and quickly implemented solution for expanding coverage, compared to traditional methods (loan 2018/OC-GU).	The program uses a modular system to expand preschool education. This lesson learned has been incorporated into Component 1.
b.	Include well-defined mechanisms for measuring outcomes and impact (loan 1084/OC-ES).	Monitoring and evaluation plan.
c.	Implementing a robust management system allows the ministry to monitor indicators on the quality and coverage of services that it provides. It also contributes to transparent, effective, and efficient management of public resources (loan 1004/SF-ES).	Component 3 aims to enhance the effectiveness of management.
d.	Having the coordinating unit be located in the ministry is important for ensuring greater cooperation and coordination with technical divisions (loan 4449/BL-HO).	The managing unit is located in the MINEDUCYT.

e.	Having the ministry's organizational units take part in implementation will allow them to gain experience and take ownership of the actions conducted, which help make them more sustainable (loan 1084/OC-ES).	The execution arrangements include the technical divisions as participants in executing the operation.
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- 1.27 **Strategic alignment of the first operation under the CCLIP.** This operation is consistent with the second Update to the Institutional Strategy (document AB-3190-2). It is strategically aligned with the development challenge of social inclusion and equality, by aiming to improve the coverage of early childhood and preschool education services, as well as flexible education modalities that allow vulnerable youth to complete secondary school. This operation is also strategically aligned with the crosscutting themes of (i) gender equality and diversity, by aiming to improve the quality of the education system and access for young women who are excluded from it, including pregnant adolescents. Education services will be offered through flexible modalities to reduce gender differences for indicators on secondary school attendance and will include awareness-raising on gender issues, including gender-based violence;³⁶ and (ii) climate change and environmental sustainability, through green buildings. The program will contribute to the Corporate Results Framework (document GN-2727-12) through the number of benefitted students and teachers. It is aligned with the IDB Country Strategy with El Salvador 2015-2019 (document GN-2828) and the area of improving the quality of spending on human capital through the strategic objective of improving the quality of education. It is consistent with the Education and Early Childhood Development Sector Framework Document (document GN-2708-5), dimensions 2, 3, and 4; the Early Childhood Development Sector Framework Document (document GN-2966-2), along all lines of action; and the Gender and Diversity Sector Framework Document (document GN-2800-8), by promoting education for adolescent mothers. The program is included in the revised version of the 2020 Operational Program Report (document GN-2991-1).
- 1.28 **Climate change.** A total of 53.3% of the operation's resources are invested in climate change adaptation and mitigation activities, according to the [joint methodology of the multilateral development banks](#). These resources contribute to the IDB Group target of increasing financing for climate-related projects to 30% of approvals. Climate change mitigation and adaptation measures will be applied to schools and CDIs and will include bioclimatic architecture, energy produced from solar panels, installation of water storage tanks, and water-saving devices.³⁷
- B. Objectives, components, and cost**
- 1.29 The objective of the CCLIP is to improve human capital by improving education coverage and quality, as well as job training and placement. The total amount of the CCLIP is US\$250 million, to be used over a period of 10 years.

³⁶ For more information, see paragraphs 1.8, 1.12, and 1.34.

³⁷ See [optional link 4](#) on school infrastructure.

- 1.30 **First operation under the CCLIP:** “Improving Education Coverage and Quality: Birth, Growth, Learning.” The objective is to help improve education coverage and quality in El Salvador. The specific objectives are to: (i) expand and improve the quality of early childhood services; (ii) expand and improve the quality of education for vulnerable youth, using a gender-sensitive approach; and (iii) enhance the effectiveness of education management. The operation is divided into three components.
- 1.31 **Component 1: Improving the quality and expanding the supply of early childhood and preschool education (US\$77.3 million).** This component will support quality improvement and expansion of public services through three subcomponents:
- (i) **Early education – community- and family-based** (US\$6.7 million). This subcomponent will help improve and expand family circles by strengthening the teaching model and doubling the current level of coverage. It will finance educational staff;³⁸ training for educational staff using a gender-sensitive approach, (including addressing violence against children); adapting education spaces; awareness campaigns; and monitoring and supervision activities. Quality improvement will include financing to develop teaching materials that have a gender-sensitive approach, as well as kits with materials for teachers, families, and children. Additionally, financing will be provided to reproduce specific materials that assist in the development of children in homes with absent parents.³⁹ The criteria for expanding family circles include: (i) the level of multidimensional poverty at the municipal level; (ii) the existence of preschool services, such that children who graduate from the family circles can continue their development at the preschool level; and (iii) the adolescent pregnancy rate.
 - (ii) **Preschool** (US\$61.5 million). This subcomponent will finance the construction and equipping of approximately 186 preschool classrooms in schools where supply is insufficient and where the data justify providing new services.⁴⁰ To that end, 231 schools at the national level have been prioritized, based on an index that considers seismic risk; municipal poverty; the percentage of students who enter first grade without preschool education; and the percentage of children ages 0 to 7 who are outside of the school system, among other things (see [optional link 12](#)). From that list, a diagnostic assessment will be carried out to validate the current conditions of these schools and make a final selection of 62 schools that will benefit

³⁸ Financing will be provided for 221 early childhood teaching assistants.

³⁹ These materials were developed as part of operation ATN/OC-16560-ES.

⁴⁰ All works will be carried out on existing buildings on land that belongs to the MINEDUCYT. In the event that preschool classrooms are added to a school categorized as a high or medium seismic risk, the entire school will be rebuilt or renovated.

from new preschool classrooms.⁴¹ Construction will be based on new types of models developed by the Government of El Salvador, which are based on innovative designs and green buildings. This subcomponent also finances the cost of a specialized agency to support contracting and supervising the infrastructure works (see paragraph 3.8).

- (iii) **Child development centers (CDIs)** (US\$9.1 million). This will support shifting the 15 existing CDIs⁴² to an evidence-based teaching model.⁴³ This will include rehabilitation and reconditioning of school infrastructure, equipment, training for education workers, and teaching materials that have a gender-sensitive approach.

- 1.32 In both schools and CDIs, financing will be provided to invest in improving access to potable water and sanitation. These will also aim to achieve the following: structural quality standards; remodeling of green/play areas; criteria for universal accessibility and inclusion; innovative, sustainable, and environmentally and climate-friendly designs; energy- and water-saving measures; use of renewable energies; and earthquake-resilient structures.⁴⁴
- 1.33 **Component 2: Flexible modalities for secondary education (US\$13.5 million).** This component will finance improvements to the quality and coverage of MINEDUCYT flexible modality programs with a gender-sensitive approach in order to help 18,000 vulnerable youth complete secondary school. The geographic areas of intervention and the target population will be selected using the following criteria: (i) high concentration of youth outside of the education system; (ii) high rates of adolescent pregnancy, and thus more young mothers; (iii) lack of secondary education services; and (iv) high rates of multidimensional poverty.
- 1.34 Priority will be given to blended, accelerated modalities,⁴⁵ which are the most requested. A life skills module will be incorporated in order to develop twenty-first century skills (socioemotional, digital, executive function, problem solving, and quantitative reasoning).⁴⁶ Gender will also be mainstreamed in the curriculum of the new module, which will include development of skills to raise awareness of gender issues ([Kwauk et al. 2017](#)) and gender-based and sexual violence between students and teachers. Additionally, financing will be provided to update the processes for training, certifying, and recertifying teacher-tutors, with

⁴¹ The basic structural designs for classrooms are already defined and the costs defrayed. A diagnostic assessment will be performed for the final selection of beneficiary schools during the implementation phase. See [optional link 5](#), page 7 for more information on the final selection process.

⁴² The 15 CDIs represent the universe of public CDIs in the country.

⁴³ An evidence-based model uses teaching practices that better promote learning, according to the results of rigorous studies.

⁴⁴ Approximately 88% of the resources under Component 1 will be for infrastructure.

⁴⁵ The blended modality only requires attendance once a week, and the accelerated modality allows for an academic year to be completed in six months.

⁴⁶ In order to overcome the challenges that young mothers face in continuing school, the life skills module will address the topic of adolescent pregnancy and include life planning projects for students to set specific targets in their professional and personal lives.

- emphasis on the new life skills module; improve the system for monitoring and tracking the performance of teacher-tutors and students; and create a pilot child care program for minor children of young mothers while they attend classes.
- 1.35 **Component 3: Digital transformation of education management (US\$1.3 million).** This component aims to enhance the effectiveness of management through digital transformation.
- 1.36 **Subcomponent 3.1: Change management and institutional strengthening (US\$1 million).** Financing will be provided to strengthen the SIGES, with emphasis on early childhood, flexible modalities, and technical assistance to key staff on topics such as data analysis, generation of statistics, and development of dashboards that facilitate system use and deliver information to various education stakeholders (e.g. students, families, teachers, principals, and education authorities at the regional, departmental, and ministerial levels). Financing will also be provided for training and ongoing support activities for education stakeholders, including professional development opportunities, the cascade model of training, and a user help desk.
- 1.37 **Subcomponent 3.2: Equipment for education management (US\$300,000).** Financing will be provided to purchase equipment for technical units of the MINEDUCYT, in particular for teams in charge of program components. Financing will also be provided for equipment for departmental offices and education advisors.
- 1.38 The program will also finance expenditures related to administration, audits, and monitoring and evaluation (US\$6.2 million). A total of US\$1.65 million has been allocated for contingencies.
- 1.39 **Beneficiaries.** Improving and expanding the family-based community modality (Subcomponent 1.1) will benefit approximately 24,000 additional children and 450 early childhood technical assistants (ATPIs).⁴⁷ Improving the quality and expanding the supply of preschool education (Subcomponent 1.2) will benefit approximately 16,320 children in 62 schools. Shifting the CDIs to an evidence-based teaching model (Subcomponent 1.3) will benefit approximately 1,139 children in 15 schools. Improving flexible modalities for secondary education (Component 2) will benefit approximately 18,000 students and 2,000 teachers. Digital transformation of education management (Component 3) will benefit 40,000 teachers and education workers.
- C. Key results indicators**
- 1.40 The long-term expected impacts of the operation are to improve the effectiveness of ATPIs, expand coverage of preschool education for children, and increase the proportion of young students in flexible modalities who pass the Learning and Aptitude Test Upon Completion of Secondary Education (PAES). This is expected to be achieved through the following medium-term outcomes: (i) an increase in the number of children under 4 who benefit from family circles; (ii) the percentage of children ages 1 to 4 with appropriate cognitive, social, and language development;

⁴⁷ This number includes 221 new ATPIs and the 229 existing ones.

- (iii) an increase in the number of children who benefit from preschool education; and (iv) an increase in the number of youth beneficiaries (including young mothers) in flexible modalities that incorporate a new life skills module; among others.
- 1.41 **Economic analysis.** Information was compiled from academic literature on the expected benefits of this intervention. The benefit-cost ratio was 3.84, the net present value was US\$208,090,258, and the internal rate of return was 29.50%, which is greater than the discount rate (12%). The sensitivity analysis considered variations on 16 parameters: the program yields a return in 100% of the simulated scenarios (see [optional link 1](#)).
- 1.42 **Institutional analysis.** As part of preparations for this operation, instruments for analyzing institutional capacity were used. The results of that analysis indicate that the MINEDUCYT has the technical and fiduciary capacities to execute the program. In order to ensure streamlined execution, the following measures are recommended: create a managing unit; have a dedicated fiduciary specialist; and strengthen key areas of the line offices involved (see paragraphs 2.7 and 2.8).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This project is the first operation under the Multisector Modality II CCLIP and will be financed through a specific investment loan.⁴⁸ The total loan amount is US\$100 million from the Bank's Ordinary Capital. The borrower is the Republic of El Salvador. Table 2.1 provides a summary breakdown of the financing.

Table 2.1. Summary of costs (US\$)

Component/subcomponent	IDB	%
Component 1. Improving the quality and expanding the supply of early childhood and preschool education	77,350,000	77.3
1.1 Community modalities	6,700,000	6.7
1.2 Preschool	61,550,000	61.5
1.3 CDIs	9,100,000	9.1
Component 2. Flexible modalities for secondary education	13,500,000	13.5
2.1 Accelerated and blended modalities	10,900,000	10.9
2.2 Teacher training and materials	2,000,000	2.0
2.3 Childcare pilot project	600,000	0.6
Component 3. Digital transformation of education management	1,300,000	1.3
3.1 Strengthening the SIGES	980,000	1.0
3.2 Equipment for education management	320,000	0.3

⁴⁸ This operation is financing a series of small-scale works based on the prioritization criteria described in paragraph 1.31. The works are defined and consist of 186 preschool classrooms and reconditioning of 15 child development centers. The basic structural designs have been defined and the costs defrayed.

Administration and evaluation	6,200,000	6.2
Project administration	3,840,900	3.8
Financial audit	200,000	0.2
Midterm and final reports	109,100	0.1
Evaluation	2,050,000	2.1
Contingencies	1,650,000	1.7
Total	100,000,000	100

- 2.2 Table 2.2 shows the estimated disbursement schedule for the operation (in millions of U.S. dollars). Based on the programming (see [optional link 1](#)), a disbursement period of five years will allow for appropriate and timely execution of the activities required to achieve the project objectives.

Table 2.2. Disbursement schedule (US\$ millions)

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Total	4.2	23.1	43.3	24.5	4.9	100
%	4.2%	23.1%	43.3%	24.5%	4.9%	100%

B. Environmental and social safeguard risks

- 2.3 According to the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703), this has been classified as a Category "B" operation, given that the works for construction and rehabilitation of school infrastructure provided for in Component 1 may cause adverse environmental and social impacts that are localized, short-term, and mitigable using standard mitigation measures. Considering that final selection of the schools to be renovated will occur during the implementation phase, a Strategic Environmental and Social Evaluation (SESE) and a Strategic Environmental and Social Management Plan (SESMP) have been developed for the program. These documents establish the type of procedures that the MINEDUCYT must carry out in order to prevent or mitigate potential environmental and social risks during the operation, in accordance with IDB safeguards and the local legal framework.
- 2.4 During April and May 2020, a broad consultation was conducted with program stakeholders. Due to the inability to hold in-person meetings as a result of the COVID-19 emergency, the consultation was conducted virtually. A total of 39 representatives participated from institutions and social organizations involved in early childhood and flexible modalities, and with indigenous organizations and individuals who would potentially be affected by the works (principals of two schools, cafeteria workers at these schools, and representatives from school boards). The main concerns expressed were related to the issue of gang-related violence and the risks to students, school staff, and project staff, accessibility for persons with disabilities, COVID-related risks, student safety during the works, cutting down of trees for the works, and reforestation measures. The participants also expressed strong support for the program. The report on the consultation process is available on the Bank's website, along with the SESE/SESMP ([optional link 8](#)).

- 2.5 There are two medium risks: (i) the conditions at the locations selected for students while their schools are being built and/or renovated are not adequate, which would make it difficult to achieve the learning outcomes. To mitigate this risk, a temporary relocation plan will be developed; and (ii) management of individual wastewater treatment systems is inadequate, as is waste management, which could accelerate deterioration of schools. As a mitigation measure, an individual wastewater treatment system management plan will be developed, along with a waste management plan.

C. Fiduciary risks

- 2.6 The lack of human resources and lack of knowledge of the new policies may jeopardize faithful fulfillment of Bank procurement policies. The risk is medium. To mitigate this risk, an experienced procurement liaison will be hired to work for the program on a full-time basis.

D. Other key issues and risks

- 2.7 **Public management and governance.** There is a risk that the MINEDUCYT's capacity will be weakened by substantial investments in early childhood and preschool education, and by pressure to accelerate execution of said investments, which would affect the planned time frame, scope, and costs. The risk is medium. To mitigate this risk, the MINEDUCYT will create a managing unit and will strengthen key areas of the line offices involved in execution: early childhood, infrastructure, finance, procurement, and safeguards.
- 2.8 **Sustainability.** This operation will increase recurrent spending on early childhood and preschool education due to new staff and infrastructure maintenance. With regard to the hiring of the 221 ATPIs, a partial, declining financing mechanism is proposed. Financing for the additional ATPIs accounts for 0.2% of the Ministry's total budget. Thus, no difficulties are anticipated in covering these costs.
- 2.9 In addition to the specific maintenance plans that will be developed for each infrastructure project, support will be provided to restructure the MINEDUCYT's maintenance division. This will be done by establishing criteria for budget allocation for preventive and corrective maintenance, analyzing the cost of school maintenance, and designing governance and management of this area at an institutional level. In addition, the MINEDUCYT will develop a computer application that tracks maintenance plans.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Implementation.** The Ministry of Education, Science, and Technology (MINEDUCYT) will be the executing agency for the program.⁴⁹
- 3.2 The responsibilities of the MINEDUCYT include: (i) executing and fulfilling the program's contractual commitments; (ii) handling with the IDB any records and/or no objections for procurement of goods, services, and consultants; (iii) monitoring operational performance, including data collection and analysis; and (iv) generating semiannual program performance reports and submitting them to the IDB. The Office of the President, in its role as liaison entity for the CCLIP, will be in charge of monitoring progress of the overall investment program and its alignment with the CCLIP's multisector objective (see [optional link 11](#)).
- 3.3 A managing unit will be created and attached to the Ministerial Office in order to coordinate the activities of this operation and the World Bank operation.⁵⁰ The joint execution mechanism with the World Bank is justified since the World Bank program and the IDB program are complementary (the IDB operation focuses on expanding early childhood and preschool education services, while the World Bank operation focuses on developing quality standards, teacher training, and improving physical spaces in schools that already have preschool classrooms). The joint execution mechanism will also allow for greater efficiency (see [optional link 10](#)). The managing unit will have: (i) a general coordinator; (ii) a technical coordinator; (iii) a financial specialist; (iv) a procurement specialist; (v) a monitoring team; (vi) liaisons for each key area of the IDB and World Bank operations; and (vii) support staff. The managing unit will coordinate with the technical and administrative divisions of the ministry that are directly involved in implementing both programs. **The creation of the managing unit with at least a general coordinator, financial specialist, and procurement specialist will be a condition precedent to the first disbursement.** Bank experience indicates that creating a managing unit is considered an essential condition for ensuring that the executing agency is prepared and has an adequate team in place to begin execution.
- 3.4 Additionally, a steering committee and an operating committee will be created. The steering committee will be responsible for strategic management of the IDB and World Bank programs and will have the following main duties: (i) to fulfill the objectives and targets of both programs; and (ii) to facilitate interagency coordination. The steering committee will comprise the following members: (i) a representative from the Ministerial Office; (ii) a representative from the Office of the First Lady; (iii) the director of the National Office for Early Childhood; and (iv) the general coordinator of the managing unit, who will serve as the technical

⁴⁹ Although the IDB has not had loans in this sector for many years, the MINEDUCYT does have recent experience with a World Bank loan.

⁵⁰ Managing unit costs will be shared by the IDB and World Bank.

secretary. The committee will be chaired by the representative of the Ministerial Office. The steering committee will meet twice a year.

- 3.5 The operating committee will serve as the operational management body for the IDB and World Bank programs. The duties of the operating committee are as follows: (i) to evaluate the performance of the IDB and World Bank programs by verifying physical and financial progress; and (ii) to identify obstacles to execution and propose solutions. The operating committee will comprise the following members: (i) the director of the National Office for Early Childhood; (ii) the director of the National Office for Youth and Adult Education; (iii) the director of the Financial Office; (iv) the director of the Office of Procurement; (v) the manager of the Office of Infrastructure; (vi) the director of the Planning Office; (v) the general coordinator of the managing unit, who will serve as the technical secretary; and (vii) the technical coordinator of the managing unit, or his or her official delegates. The operating committee will meet every two months.
- 3.6 Program execution will be governed by the operating manual. **The approval and entry into effect of the operations manual, in accordance with the terms agreed upon with the Bank, will be a special contractual condition precedent to the first disbursement of the loan.** The manual would be approved by the steering committee. Bank experience indicates that approving the program operating manual before the first disbursement helps with internal organization of the executing agency for program execution.
- 3.7 **Fiduciary aspects.** Procurements financed by the loan will adhere to the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15). Financial management will follow the provisions of the Financial Management Guidelines for IDB-financed Projects (document GN-2811-1).
- 3.8 **Single-source selection.** The MINEDUCYT will be able to procure services from the United Nations Office for Project Services (UNOPS) as a specialized agency, or another specialized agency. UNOPS is a central resource within the United Nations System for managing procurement and contracts, as well as public works and physical infrastructure development. It has broad experience in managing programs and projects implemented with international organizations and Latin American governments. The main duties of the specialized agency would be to: (i) carry out infrastructure-related procurement processes for Component 1 of the program; (ii) hire and pay suppliers; and (iii) prepare financial execution reports. Single-source selection of the specialized agency would be carried out in accordance with the Policies for the Selection and Contracting of Consultants (document GN-2350-15) for selection of specialized agencies as consultants (paragraph 3.16). Specialized agencies can be contracted through single-source selection if they fulfill the criteria set forth in paragraph 3.10 of the aforementioned policies. The rationale for this method of selection is based on the general interests of the client and the project. It is also based on the Bank's obligation to ensure that the basic procurement principles are met and that equal opportunities are offered to all qualified consultants, and when only one firm is qualified or has experience of exceptional worth for the assignment (paragraph 3.11(d)).

B. Summary of arrangements for monitoring results

- 3.9 **Monitoring.** Program monitoring and evaluation measures will be guided by the Results Matrix. The main mechanisms established for monitoring are: (i) semiannual reports, which describe the progress of physical and financial execution; (ii) the multiyear execution plan and annual work plan ([required link 1](#)); (iii) the procurement plan ([required link 4](#)); and (iv) the information system.
- 3.10 **Impact evaluation.** The program includes three impact evaluations, one for each component. The evaluations will examine: (i) the effect of the family circles on development of boys and girls; (ii) the effect of the life skills module on decisions made by youth in situations of risk and violence; and (iii) the effect of sending relevant information to school principals on actions to reduce absenteeism (see [required link 2](#)).

Development Effectiveness Matrix		
Summary		ES-L1139
I. Corporate and Country Priorities		
1. IDB Development Objectives		
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity -Climate Change and Environmental Sustainability	
Country Development Results Indicators	-Countries in the region with improved learning outcomes according to PISA (%) -Students benefited by education projects (#)* -Teachers trained (#)* -Children receiving early childhood development services targeted to the poor (#)*	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-2828	Improve Human Capital
Country Program Results Matrix	GN-2991-1	The intervention is included in the 2020 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		8.9
3.1 Program Diagnosis		2.4
3.2 Proposed Interventions or Solutions		4.0
3.3 Results Matrix Quality		2.5
4. Ex ante Economic Analysis		9.0
4.1 Program has an ERR/NPV, or key outcomes identified for CEA		3.0
4.2 Identified and Quantified Benefits and Costs		3.0
4.3 Reasonable Assumptions		1.0
4.4 Sensitivity Analysis		2.0
4.5 Consistency with results matrix		0.0
5. Monitoring and Evaluation		10.0
5.1 Monitoring Mechanisms		2.5
5.2 Evaluation Plan		7.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
Environmental & social risk classification		B
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting. Procurement: Information System, Price Comparison.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
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		

Note: (*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

Evaluability Assessment Note:

The main objective of the operation is to contribute to improve the quality and coverage of education in El Salvador. To achieve this objective, the proposal defines three specific areas in which the project will intervene. The first area of intervention focuses on the supply of early childhood services. The second area of intervention focuses on the supply of education for vulnerable youth. The third area of intervention focuses on the effectiveness of administrative management. Each of these areas is associated with a component. The project is the first child operation under the parent Conditional Line of Credit for Investment Projects (CCLIP) ES-00008.

The project proposal diagnoses a fifth of children from 0 to 5 years old do not achieve their cognitive and non-cognitive development milestones (IPA, 2020), and that more than 50 percent of young people fail to complete secondary education (Survey National Household, 2017). The project identifies gaps in coverage and quality of educational services in initial (0-3 year olds), kindergarten (4-6 year olds) and secondary education coupled with weaknesses in management due to lack of information. Evaluability points are deducted due to limitations in the identification of beneficiaries for kindergarten.

The economic analysis estimates a net present value of US \$ 208 million and an internal rate of return of 30 percent. The analysis assumes benefits derived from returns to education when beneficiaries participate in the labor market, additional income to mothers with children who participate in initial education programs, and decreases in prison costs derived from a reduction in criminal behavior. The costs include US \$ 90 of the US \$ 100 million amount of the project. The analysis includes a sensitivity analysis and concludes that the profitability of the project is robust to variation on the main assumptions of the analysis.

Monitoring is based on reports submitted by the Project Management Unit and data collection associated with the evaluation. Points are deducted due shortcomings associated with the verification of indicators associated with specific objectives. The ex post evaluation proposes three experimental evaluations to identify the effects of family circles on child development, the effects of the skills module on school performance, and the effects of improved information to directors on absenteeism.

There are eleven identified risks, and all are classified as medium or low. The risk matrix lists mitigation actions for each risk.

RESULTS MATRIX

Project objective:	To improve education coverage and quality in El Salvador. The specific objectives are to: (i) expand and improve the quality of early childhood services; (ii) expand and improve the quality of the supply of education for vulnerable youth, using a gender-sensitive approach; and (iii) enhance the efficiency of education management.
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EXPECTED IMPACT

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Impact (1). Improvement in education coverage											
I1.1 Net enrollment rate for boys ages 0 to 4 in family circles.	% of boys	3	2020	n/a	n/a	n/a	6		6	The SIGES of the MINEDUCYT.	Gender-sensitive monitoring. ¹ Due to the increase in ATP1 staff, the coverage of family circles will also increase.
I1.2 Net enrollment rate for girls ages 0 to 4 in family circles.	% of girls	3	2020	n/a	n/a	n/a	6		6		
I1.3 Net enrollment rate for boys in preschool (ages 4 to 6).	% of boys	56.3%	2018			56.8%	57.2%	57.3%	57.3%	SIGES and semiannual reports from the managing unit.	Gender-sensitive monitoring. ¹ The rate is expected to increase with the creation of new slots as part of the expansion of preschool classrooms in selected schools.
I1.4 Net enrollment rate for girls in preschool (ages 4 to 6).	% girls	56.3%	2018			56.8%	57.2%	57.3%	57.3%		

¹ Corporate Results Framework.

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Impact (2). Improve education quality											
I2.1 Proportion of class time that ATPIs devote to teaching the participants involved.	%	Pending	2020	n/a	n/a	n/a	40%		40% ²	Report on the findings from the impact evaluation (Stallings observation system).	A qualitative evaluation will be conducted. The Stallings observation system will be used.
I2.2 Standard deviation of the prevalence of the PAES passing rate for young men who complete their flexible modality courses.	Standard deviation	0	2020	n/a	n/a	n/a	0.22		0.22 ³	Final report on the randomized controlled test report.	Gender-sensitive monitoring. ¹ An experimental evaluation will be conducted (comparison of life skills module, control versus treatment).
I2.3 Standard deviation of the prevalence of the PAES passing rate for young women who complete their flexible modality courses.		0	2020	n/a	n/a	n/a	0.22		0.22 ³		

² This target is based on Bruns and Luque (2014).

³ The estimated expected impact is from Dinarte and Egana-deISol (2019).

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Specific objective (SO1): To expand and improve the quality and coverage of early childhood services											
O1 Boys from 0 to 3 years 11 months benefitted by family circles.	# of boys/girls	12,158	2019	14,813	18,582	24,308	24,308	24,308	24,308	Semiannual reports from the managing unit. Based on reports from ATPIs who work with the families.	Gender-sensitive monitoring. ¹ Children will benefit from two meetings a week where the goal is to improve child rearing practices.
O2 Girls from 0 to 3 years 11 months benefitted by family circles.		11,858	2019	14,447	18,124	23,708	23,708	23,708	23,708		
O3 New preschool slots (boys ages 4 to 6) created by the project.	# of boys	0	2020			990	780	90	1,860	SIGES semiannual reports from the managing unit.	Gender-sensitive monitoring. ¹ The new slots are the result of investment in increased coverage. Three preschool classrooms will be built in each of the selected schools. The unit of measurement is the number of boys and girls benefitted.
O4 New preschool slots (girls ages 4 to 6) created by the project.	# of girls	0	2020			990	780	90	1,860		
O5 Standard deviation of the prevalence of appropriate social development for boys ages 1 to 4 in priority areas.	Standard deviation	0	2020				0.23		0.23 ²	Final randomized controlled trial report. The Denver test will be used.	Gender-sensitive monitoring. ¹ An experimental evaluation will be conducted (comparing social development, control versus treatment). The Denver test will be used.
O6 Standard deviation of the prevalence of appropriate social development for girls ages 1 to 4 in priority areas.		0	2020				0.23		0.23 ²		

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
O7 Standard deviation of the prevalence of appropriate language development for boys ages 1 to 4 in priority areas.	Standard deviation	0	2020				0.23		0.23 ²	Final randomized controlled trial report. The Denver test will be used.	Gender-sensitive monitoring. ¹ An experimental evaluation will be conducted (comparing language development, control versus treatment). The Denver test will be used.
O8 Standard deviation of the prevalence of appropriate language development for girls from ages 1 to 4 in priority areas.		0	2020				0.23		0.23 ²		
O9 Standard deviation of the prevalence appropriate cognitive development for boys ages 1 to 4 in priority areas.	Standard deviation	0	2020	n/a	n/a	n/a	0.23		0.23 ⁴	Final randomized controlled trial report. The Denver test will be used.	Gender-sensitive monitoring. ¹ An experimental evaluation will be conducted (comparing cognitive development, control versus treatment). The Denver test will be used.
O10 Standard deviation of the prevalence of appropriate cognitive development for girls ages 1 to 4 in priority areas.		0	2020	n/a	n/a	n/a	0.23		0.23 ²		

⁴ The estimated expected outcome is based on Berlinski and Schady (2015).

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Specific objective (SO2): To expand and improve education quality for vulnerable youth, using a gender-sensitive approach											
O11 Young men benefitted by blended and accelerated modalities with the new life skills module.	# of youth	0	2020		3,000	3,700	1,900		8,600	SIGES and semiannual reports from the managing unit.	Gender-sensitive monitoring and pro-gender monitoring. ¹ The number of young mothers benefitted represent a subgroup of female students who receive an education through the blended and accelerated modalities.
O12 Young women benefitted by blended and accelerated modalities with the new life skills module.		0	2020		3,200	4,000	2,200		9,400		
O13 Young mothers benefitted by blended and accelerated modalities with the new life skills module.	# of young mothers	0	2020		500	500	500		1,500	SIGES and semiannual reports from the managing unit.	
O14 Standard deviation of the prevalence of perceptions on gender-based violence.	Standard deviation	0							0.10 ⁵	External evaluation report.	Pro-gender. ¹ An experimental evaluation will be conducted to compare the treatment and control groups to determine the level of change.

⁵ Improving the quality of the flexible modalities will include sensitizing teachers, parents, and students on the issue of family and gender-based violence. The instrument chosen and the effect are based on Gardner (2004), who demonstrated the relationship between the indicator and perceptions and attitudes on gender-based violence.

Indicators	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Specific objective (SO3): To enhance the effectiveness of education management											
O15 Percentage of teachers who do weekly planning through the SIGES.	% of teachers	0	2020				65		65	SIGES and semiannual reports from the managing unit.	This will measure the percentage of teachers who use the system as part of their planning activities.

Outputs	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
Component 1 (C1): Improving the quality and expanding the coverage of early childhood and preschool education											
C1.1 ATPIs trained using the new methodology.	# of ATPIs	0	2020	450					450	Lists of participants and training certificates from the managing unit.	Recruitment, selection, hiring, and training are expected to take place during the first year of implementation.
C1.2 Digital module developed to monitor performance of children in family circles.	# of digital modules	0	2020		1				1	Semiannual reports from the managing unit.	This refers to the module's inclusion in the SIGES.
C1.3 Schools rebuilt.	# of schools	0	2020		4	4			8	Semiannual reports from the managing unit.	Selected schools will be demolished and replaced by new infrastructure.
C1.4 New preschool classrooms.	# of classrooms	0	2020			99	78	9	186	Semiannual reports from the managing unit.	Preschool includes children ages 4, 5, and 6. Three preschool classrooms are estimated for each of the selected schools.
C1.5 Schools reconditioned.	# of schools	0	2020			33	26	3	62	Semiannual reports from the managing unit.	The reconditioned schools are those that will benefit from three new preschool classrooms.

Outputs	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
C1.6 Child development centers (CDIs) renovated and/or rebuilt.	# of CDIs	0	2020		6	6	2	1	15	Semiannual reports from the managing unit.	It is estimated that 14 of the CDIs will be renovated and one will be rebuilt.
C1.7 CDI education workers trained.	# of workers	0	2020		90				90	Lists of participants and training certificates from the managing unit.	An average of six education workers per CDI is estimated.
C1.8 Bioclimatic schools renovated or rebuilt that meet EDGE certification standards.	# of schools	0	2020		9	39	25	4	77	Semiannual reports from the managing unit.	This accounts for approximately 90% of the renovated and rebuilt schools.
C1.9 Schools renovated or rebuilt schools that have photovoltaic solar panels.	# of schools	0	2020		6	26	17	2	51	Semiannual reports from the managing unit.	This accounts for approximately 60% of renovated and rebuilt schools.
Component 2 (C2): Flexible modalities for secondary education											
C2.1 Blended and accelerated flexible modalities strengthened by a life skills curriculum module with a gender-sensitive approach.	# of curriculum modules	0	2020	1					1	Curriculum module developed and approved with teaching materials and semiannual reports from the managing unit.	Financing will be provided for technical assistance to review and improve implementation of flexible models, including the incorporation of a life skills module, teacher training, and improved materials. The comprehensive gender-sensitive approach includes life planning and raising awareness on the issue of gender-based violence.

Outputs	Unit of measurement	Baseline	Baseline year	Year 1	Year 2	Year 3	Year 4	Year 5	Final target	Means of verification	Comments
C2.2 Teachers trained on the new life skills module with a gender-sensitive approach.	# of teachers trained	0	2020		1,000	1,000			2,000	Lists of participants and training certificates from the managing unit.	The process of improving the flexible modalities includes teacher training, as well as the life skills module with a gender-sensitive approach.
Component 3 (C3): Digital transformation of education management											
C3.1 Teachers and other education staff trained to use SIGES.	# of teachers and staff	700	2020		5,000	20,000	40,000		40,000	Administrative data, semiannual reports from the managing unit.	Staff at the central and district levels will be trained, and materials will be developed and distributed.
C3.2 Equipment installed in departmental education offices.	# of departmental offices	0	2020		14				14	Semiannual reports from the managing unit.	This refers to providing and installing PCs for the 14 departmental education offices of the MINEDUCYT.
C3.3 Technical-pedagogical advisors equipped.	# of technical-pedagogical advisors	0			300				300	Semiannual reports from the managing unit.	This refers to providing tablets to 300 advisors.

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Republic of El Salvador
Project number: ES-L1139
Project name: Improving Education Coverage and Quality: Birth, Growth, Learning
Executing agency: Ministry of Education, Science, and Technology (MINEDUCYT)
Fiduciary team: Juan Carlos Lazo and Gumersindo Velazquez (FMP/CES)

I. EXECUTIVE SUMMARY

- 1.1 The project will be executed by the MINEDUCYT through a managing unit attached to the Office of the Minister. The managing unit will be responsible for overall management and supervision and monitoring of the project. The head of the unit will be the main contact between the Bank and the executing agency.
- 1.2 The MINEDUCYT has acceptable experience and capacity executing financial management and procurement for the project. The total fiduciary risk is assessed as low. Project financial management and procurement will follow IDB policies and regulations, in addition to applicable national regulations, where relevant.

II. THE EXECUTING AGENCY'S FIDUCIARY CONTEXT

- 2.1 The MINEDUCYT's organizational structure has divisions that are responsible for executing funds from international cooperation or multilateral banks. It also uses government agency systems to generate status reports and indicators. The following systems are used: the Information Technology Planning System (SIPLAN), whose data can be used to generate the following documents: (i) the annual work plan; (ii) risk identification, analysis, and management; and (iii) the quarterly monitoring report for the annual work plan; the Integrated Financial Management System (SAFI), which systematizes the collection, allocation, and use of public resources; the Public Investment Information System (SIIP); and the Integrated Project Administration System (SIAP), which manages execution of procurement and contracting processes under the budget allocated to each unit.
- 2.2 The MINEDUCYT will handle financial management and procurement through the Institutional Finance Office (DFI) and the Institutional Procurement Office (DCI), respectively. The DFI operates within the framework of the Ministry of Finance's processes, regulations, and SAFI computer application. It has enough trained staff to carry out its tasks and responsibilities with technical solvency, meaning that it will be able to support and collaborate with the managing unit on project implementation. With regard to internal control, the MINEDUCYT has an Internal Auditing Office, which reports directly to the highest authority of the ministry.

III. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS

- 3.1 While the overall fiduciary risk is low, this rating is highly dependent on the capacity of the DFI and DCI to handle the high volume that will be generated by the IDB and World Bank operations in the short and medium term.
- 3.2 With regard to procurement and contracting, the risk is medium due to the lack of human resources, in addition to the lack of knowledge of the contents and practical application of the new IDB procurement policies.
- 3.3 The proposed mitigation measure is to hire experienced financial management and procurement liaisons on a full-time basis for the project.

IV. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

A. Procurement execution

- 4.1 Goods, works, and nonconsulting services will be procured in accordance with document GN-2349-15, and consulting services will be procured in accordance with document GN-2350-15. The procurement plan will set forth the items that will be procured during execution. The executing agency will keep the procurement plan up to date and will follow the annual work plan. Modifications to the procurement plan must be made through the Procurement Plan Execution System (SEPA), or the system implemented by the Bank.
 - (i) **Procurement of works, goods, and nonconsulting services:** Contracts for works, goods, and nonconsulting services¹ subject to international competitive bidding (ICB) will use requests for bids and requests for proposals for various types of procurement. Bids subject to national competitive bidding (NCB) will use documents agreed upon with the Bank. It is the responsibility of the sector specialist to review the technical specifications for procurements during preparation of the selection processes.
 - **Procurement of information technology (IT) systems:** The Bank's IT specialist will advise on the design of provisions for IT procurement.
 - (ii) **Selection and contracting of consultants:** Consulting services will be procured for the project using the standard request for proposals issued by the Bank and standard contracts for various types of consulting services. It is the responsibility of the sector specialist to review the terms of reference.
- 4.2 **Single-source selection:** The MINEDUCYT will be able to procure services from the United Nations Office for Project Services (UNOPS), or other UN entity, as a specialized agency. It is a central resource within the UN system for managing procurement and contracts, as well as public works, physical infrastructure development, and related activities for building institutional capacity. UNOPS has broad experience in managing programs and projects in line with its mandate that are implemented with international organizations and Latin American governments

¹ Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document [GN-2349-15](#)), paragraph 1.1: Nonconsulting services are treated as goods.

and that contribute to fair and equitable public administration, based on the principles of transparency, efficiency, and sustainable profitability. The main duties of the agency would be to: (i) carry out the project's procurement processes; (ii) hire and pay suppliers, contractors, and consultants; (iii) prepare financial execution reports; and (iv) help with program administration and monitoring. Works, goods, and nonconsulting services will be procured in accordance with the Policies for the Procurement of Goods and Works (document GN-2349-15), and consulting services will be procured in accordance with the Policies for the Selection and Contracting of Consultants (document GN-2350-15). The specialized agency would be contracted through single-source selection in accordance with the policies on consulting services contained in paragraphs 3.16, 3.10, and 3.11(d), "...or has experience of exceptional worth for the assignment."

- **Selection of individual consultants:** Individual consultants will be hired in accordance with document GN-2350-15, Section V, paragraphs 5.1 to 5.4. Component 1 on improving quality and expanding coverage calls for hiring early childhood technical assistants (ATPIs), with the goal of expanding family circles. To that end, the provisions of paragraph 3.22 on "Service delivery contractors" contained in the Policies on Consultants must be followed, as this is a project in the social sector that may involve hiring large numbers of individuals who deliver services on a contract basis. The hiring procedure approved for that purpose includes the minimum parameters that are acceptable to the Bank.
- (iii) **Use of the country procurement system:** On 26 October 2015, the Bank and the Ministry of Finance signed an agreement to use El Salvador's independent management method for procuring goods and nonconsulting services up to the amount for applying the shopping method, which is US\$50,000. It will also be used to procure works equal to or less than US\$350,000, which is the amount for applying the shopping method for works. It should be noted that these amounts are thresholds, which is why in principle the executing agency will apply the thresholds defined in the Integrated Procurement System (SIAC) for the method indicated. The procurement plan will indicate which items will be procured through the approved country systems.²
- (iv) **Recurrent costs:** The project includes operating expenses,³ which would be financed by the loan proceeds and incurred according to the executing agency's administrative procedures. These procedures were reviewed and accepted by the Bank on the condition that they do not violate the fundamental principles of competition, efficiency, and economy.
- (v) **Advance procurement/Retroactive financing:** N.A.

² If the Bank approves another system or subsystem, it will also apply to the operation, in accordance with the terms of the loan contract.

³ Office rental, utility and communications expenses, translation, bank fees, office supplies, photocopying, meals, lodging, travel expenses, event logistics, mail services, etc.

- (vi) **Domestic preference:** Bids for goods from the borrower's country will have a price preference⁴ equivalent to 15% for contracts subject to ICB.
- (vii) **Other:** Not anticipated.

B. Thresholds for international bidding and international shortlists (US\$)

Method	ICB works	ICB goods and nonconsulting services	International shortlist for consulting services
Threshold	≥5,000,000	≥250,000	≥200,000

C. Main procurement items

- 4.3 The executing agency will be responsible for preparing the procurement plan.⁵ The procurement specialist will ensure that the plan is appropriate and meets the expected quality in accordance with the procurement policies, through issuance of the required no objection.

Main procurement items

Activity	Selection method ⁶	Estimated date of the announcement / invitation	Estimated amount (US\$ thousands)
Goods			
Furniture and equipment – renovated schools and preschool classrooms	ICB	Quarter I Year 3	6,300
Computers and laboratory equipment	ICB	Quarter I Year 3	1,770
Printing teaching materials for CDIs	ICB	Quarter I Year 2	1,360
Works			
Construction of preschool classrooms and renovation of schools	ICB	Quarter III Years 3 and 4	36,100
Replacing schools (eight schools)	ICB	Quarter I Year 2	10,000
Renovating CDIs	ICB	Quarter I Year 2	7,450

⁴ Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document [GN-2349-15](#)), Appendix 2 and the loan contract.

⁵ Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document [GN-2349-15](#)), paragraph 1.18 ; Policies for the Selection and Contracting of Consulting Services (document [GN-2350-15](#)), paragraph 1.25 : The borrower will prepare and, before loan negotiations, furnish to the Bank for its approval, a procurement plan acceptable to the Bank for the initial period of at least 18 months.

⁶ If an item is procured through the country system, this must be indicated in the "Selection method" box.

Activity	Selection method ⁶	Estimated date of the announcement / invitation	Estimated amount (US\$ thousands)
Firms			
Technical studies on replacing schools	Quality- and cost-based selection (QCBS)	Quarter III Year 1	600
Design for replacing schools	QCBS	Quarter III Year 1	2,100
Works supervision, replacing and renovating schools	QCBS	Quarter I Year 2	2,500
Improving flexible modalities	QCBS	Quarter IV Year 1	800
Strengthening the SIGES by incorporating an early warning system	QCBS	Quarter IV Year 1	872
Individuals			
Component coordinator, procurement specialist, financial specialist, monitoring and evaluation specialist, liaisons 1, 2, and 3, among others	3CVs	Quarter I Year 1	770
Expansion of family circles (approximately 220)	Service delivery contractors	Quarter III Year 1	3,200

* To access the 18-month procurement plan, click [here](#).

D. Procurement supervision

- 4.4 The supervision method will be ex post, except for those cases where ex ante supervision is justified. When items are procured through the country system, supervision will also be carried out through the country system.
- 4.5 Ex post reviews will take place every 12 months, in accordance with the supervision plan. Ex post review will include at least one physical inspection visit,⁷ chosen from the procurement processes subject to ex post review. No less than 10% of the contracts reviewed must be physically inspected.

Threshold for ex post review		
Works	Goods	Consulting services
< 5,000,000	<250,000	< 200,000

E. Special provisions

- 4.6 **Measures to reduce the likelihood of corruption:** The provisions of the Policies for the Procurement of Goods and Services (document GN-2349-15) and Policies for the Selection and Contracting of Consultants (document GN-2350-15) regarding prohibited practices will be observed (lists of firms and individuals declared ineligible by multilateral organizations).

⁷ The inspection verifies the existence of the procurement, leaving the verification of quality and compliance with specifications to the sector specialist.

F. Records and files

- 4.7 The executing agency will keep up-to-date records and orderly files of procurement documentation, which will be kept in a single folder.

V. FINANCIAL MANAGEMENT

5.1 Programming and budget

- The country system will be used. The MINEDUCYT will prepare a draft amendment to the budget law to incorporate resources for this operation once it is approved.

5.2 Accounting

- The country system will be used. Accounting records will be the responsibility of the DFI of the executing agency, under the supervision of the managing unit's financial liaison. Manual processes will also be used to prepare special purpose financial statements, using the formats required by the Bank. The DFI and the managing unit will share responsibility for saving supporting documentation, which must be kept for a minimum of three years after the date of the final disbursement.

5.3 Disbursements and treasury management

- The country treasury subsystem will be used. The executing agency will request for a special account to be opened at the Central Reserve Bank in order to receive disbursements and make payments on behalf of the project. This mechanism will be part of the treasury single account of the Ministry of Finance. The Bank will make disbursements by advancing funds to execute the anticipated activities and procurements over periods of up to six months. The cash flow programming prepared by the managing unit will be consistent with the annual work plan and the procurement plan, which will have received the Bank's no objection, and will cover a moving horizon of at least 12 months.

5.4 Internal control and auditing

- The technical standards for internal control issued by the Salvadoran Auditor's Office (CCR) will apply. Internal control will be the responsibility of all staff and consultants involved in project execution, in accordance with their area of action. The Internal Auditing Office of the MINEDUCYT will include project control activities in its annual work plans.

5.5 External control and reports

- External control will be conducted by an external independent auditing firm that is deemed eligible by the Bank or the Salvadoran Auditor's Office. The firm will be hired using loan proceeds, based on the terms of reference and request for proposals, which will have received the Bank's no objection. The audited financial statement reports will be submitted to the IDB by the executing agency no more than 120 days after the end of the corresponding fiscal period. The auditing firm may be hired for the anticipated execution period of the loan contract. Efforts will be made to hire the same independent

auditing firm for the IDB and World Bank programs, in order to reduce costs and the number of transactions.

5.6 Financial supervision plan

- A financial supervision plan will be prepared and executed on an annual basis, based on needs.

5.7 Execution mechanism

- The borrower will be the Republic of El Salvador. The executing agency will be the MINEDUCYT, through the managing unit, which will be responsible for technical, strategic, and fiduciary management of the operation. The head of the unit will be the main contact between the Bank and the executing agency.

5.8 Other financial management agreements and requirements

- The considerations presented in this document will be detailed in the program operating manual, which will require clearance from the fiduciary specialists. No additional agreements exist beyond those that were mentioned.