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On or after 18 October 2017

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To: The Executive Directors
From: The Secretary
Subject: Mexico. Proposal for a loan for the “Learning Model Program Based on Collaboration and Dialogue (ABCD)”

Basic Information: Loan type Specific Investment Operation (ESP)
Borrower United Mexican States
Amount up to US\$80,000,000
Source Ordinary Capital

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Remarks: Management has determined that this loan proposal meets the requirements for presentation by Simplified Procedure, in accordance with Part III, Section 2 (paragraph 3.29(b)) of the Regulations of the Board of Executive Directors and document GN-1838-1, paragraph 2.

Reference: GN-1838-1(7/94), DR-398-17(1/15), GN-2884(2/17), CII/GN-341(2/17), PR-2749(2/03), DE-28/03, PR-3518(12/09), DE-2/10

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

MEXICO

**LEARNING MODEL PROJECT BASED ON COLLABORATION AND DIALOGUE
(ABCD)**

(ME-L1162)

LOAN PROPOSAL

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ELECTRONIC LINKS
REQUIRED
1. Multiyear Execution Plan
2. Monitoring and Evaluation Plan
3. Procurement Plan
OPTIONAL
1. Project Economic Analysis
2. Institutional Capacity Assessment System report on the executing agency and program risk management analysis
3. Draft Project Operations Manual

ABBREVIATIONS

ABCD	Learning Based on Collaboration and Dialogue
ALU	Autonomous learning units
CEL	Community education leader
CONAFE	Consejo Nacional de Fomento Educativo [National Council for Educational Development]
ENLACE	National Assessment of Academic Achievement in Schools
ICAS	Institutional Capacity Assessment System
ICB	International competitive bidding
INEE	Instituto Nacional para la Evaluación de la Educación [National Institute for Education Evaluation]
NAFIN	Nacional Financiera, S.N.C., I.B.D.
NCB	National competitive bidding
PEMLE	Emergent Program for the Improvement of Educational Achievement
PLANEA	National Plan to Evaluate Learning
SEP	Department of Public Education
SFP	Department of Civil Service
SHCP	Department of Finance and Public Credit
SIINAPE	Integrated Information and Infrastructure System for Educational Development

PROJECT SUMMARY
MEXICO
LEARNING MODEL PROJECT BASED ON COLLABORATION AND DIALOGUE (ABCD)
(ME-L1162)

Financial Terms and Conditions				
Borrower: Mexico			Flexible Financing Facility^(a)	
			Amortization period:	Bullet payment: 15 October 2032
Executing agency: Consejo Nacional de Fomento Educativo [National Council for Educational Development] (CONAFE)			Disbursement period:	4 years
			Grace period:	Bullet payment: 15 October 2032 ^(b)
Source	Amount (US\$)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital):	80,000,000	100	Credit fee:	^(c)
Total:	80,000,000	100	Inspection and supervision fee:	^(c)
			Original weighted average life:	Maximum 15 years
			Approval currency:	U.S. dollars from the Bank's Ordinary Capital
Project at a Glance				
Project objective/description: The project's objective is to help improve the quality of education provided to students by implementing measures to enhance basic community education offerings provided by CONAFE. The specific objectives are: (i) to invest in human capital and improve the quality of the educational services that CONAFE provides by supporting the implementation; and (ii) to consolidate the Learning Model Based on Collaboration and Dialogue (ABCD) in community services.				
Special contractual conditions precedent to the first loan disbursement: (i) signing of the project's Mandate and Execution Contract between the borrower, CONAFE in its capacity as executing agency, and Nacional Financiera S.N.C., I.B.D. (NAFIN) as financial agent (paragraph 3.2); and (ii) approval and entry into effect of the project Operations Manual (paragraph 3.4).				
Strategic alignment				
Challenges^(d):	SI <input checked="" type="checkbox"/>	PI <input type="checkbox"/>	EI <input type="checkbox"/>	
Crosscutting topics^(e):	GD <input type="checkbox"/>	CC <input type="checkbox"/>	IC <input type="checkbox"/>	

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

^(b) Under the flexible repayment options for the Flexible Financing Facility, changes in the grace period are possible as long as the loan's original weighted average life and the repayment deadline that appear in the loan contract are not exceeded.

^(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 applicable provisions.

^(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 Mexico has made significant progress in school coverage, reaching a net school enrollment rate of 72.3% for preschool, 98.1% for elementary school, and 87.5% for secondary school during the 2015-2016 period.¹ These achievements, particularly at the elementary school level, are a result of several strategies that were implemented, which included providing educational services to children in rural, indigenous, marginalized, and low-population-density areas who would otherwise lack access to schools. This contributed to closing the education gap for the most vulnerable populations.² One of these strategies is the community education initiative by the Consejo Nacional de Fomento Educativo [National Council for Educational Development] (CONAFE).
- 1.2 **CONAFE.** This council was created in 1971 as a decentralized agency of the Department of Public Education (SEP) to address the education gap, especially among rural and indigenous populations as well as among migrant children living in farmworker camps. It focuses on communities of fewer than 2,500 inhabitants that lack schools and are highly marginalized. CONAFE currently serves approximately 312,000 children, providing early childhood and basic education in Mexico's 31 states. These children represent 1.23% of the total enrollment in basic education. A majority of them (more than 80%) are from highly marginalized areas. CONAFE is organized into a headquarters; 31 CONAFE state offices; 431 regional offices that report to the state offices, with a different number in each state; and approximately 33,000 basic community education locations.
- 1.3 Because of the lack of educational offerings in the communities, CONAFE found it viable to create community schools. When one of these schools is established, the community commits to set up an Asociación Promotora de Educación Comunitaria [Association for the Promotion of Community Education], made up of parents, guardians, and representatives. This association is responsible for providing space to operate the school as well as food and lodging for the community education leader (CEL), who will be the instructor. For its part, CONAFE is responsible for assigning a CEL (there are currently about 35,000 of them) and providing the necessary training and teaching materials. CELs are assigned, trained, and supervised by CONAFE. Community education is based on official SEP programs, although with its own specific methodology and supplementary materials. CONAFE services are

¹ Percentage of children of the typical age range enrolled in an educational level, compared with the total population for that same age range. [Principales Cifras del Sistema educativo nacional 2015-2016, Department of Public Education, Mexico.](#)

² The following are some of the relevant milestones in promoting enrollment among marginalized populations. In the 1920s, Mexico began to focus on rural education by creating Cultural Missions (mobile schools) that would later turn into "Houses of the People," which were proper rural schools. By the end of the decade, almost 3,500 of these schools had been established. Later, Rural Normal Schools were implemented to provide specialized education for that environment. During the following decade, workers ages 15 and older who were illiterate started being required to attend night school, or risk losing their jobs. In 1975, with illiteracy still being widespread, the Open School System was established. In 1981, this system became the National Institute for Adult Education, with the objective of serving the more than 22 million adults who never attended or did not complete elementary school. In 1978, the Bureau of Indigenous Education was created to focus on the country's ethnic, cultural, and linguistic diversity and provide equal access to a quality education to this population.

provided at the preschool, elementary, and secondary levels and all have official validity. Preschool education is for children ages 3 years to 5 years, 11 months; and elementary and secondary education is for children and teenagers ages 6 years to 14 years, 11 months. Schools teach multiple grades together, offering education that is equivalent to the basic level (preschool, elementary, and secondary) in the regular school system.

- 1.4 **Community education leaders.** Because of the lack of instructors available in these areas, CELs are young (their average age is (20) and most have no teacher training and have only completed the *bachillerato* (upper secondary school). Their education level and lack of teacher training to serve these populations represents one of the biggest challenges that CONAFE faces in terms of recruiting CELs. During the 2016-2017 academic year, the percentages of instructors with upper secondary school diplomas who were teaching at the preschool, elementary, and secondary school levels were 53%, 63%, and 73%, respectively, while 6% of the CELs had completed their higher education.³ Although the scholarships they can obtain after they finish their educational social service are an attractive recruitment incentive for these educators, the difficult living conditions they face in these communities have led to high attrition rates, particularly during the first year of service.⁴ Current CEL attrition rates are 24% for preschool and elementary school, and 14% for secondary school.⁵
- 1.5 **Instructor training.** CELs receive 240 hours of intensive initial training, which lasts between five and six weeks. The training is provided by tutor trainers with support from educational assistants, academic coordinators, and program managers. As a whole, they make up learning communities within a specific area and have the same characteristics as the learning environment that they will create in the classroom. The initial training includes an introduction to CONAFE and community education services; teaching methodology and the use of teaching materials (created specifically for use in the community services context); and the content to be taught to students at the basic education level. Continuing training includes bimonthly tutorials in the form of regular meetings led by tutor trainers and educational assistants. There are also support training sessions conducted by tutor trainers and educational assistants, as well as meetings led by a tutor trainer or educational assistant for a small group of CELs who live in close proximity, which last about six hours. Bimonthly tutorials include three parts: a preparatory meeting; the tutorial itself; and an evaluation meeting to review practical matters, based on an analysis of strengths and weaknesses in performance during the actual learning experiences. During the tutorials, participants work on the following: (i) institutional identity; (ii) establishment of learning communities; (iii) participation in the community; (iv) personal development; (v) strengthening of learning; and (vi) a community development project. The trainers are former CELs who decided to continue working for CONAFE. To have a better diagnostic assessment of the general knowledge

³ Information provided by the Planning and Evaluation Department, instructor registry, September 2016. CONAFE, Mexico.

⁴ Bando, R. and Uribe, C. (2015): “*Las 3 C de la deserción de los instructores comunitarios en México: Características, causas y curas. Evidencia de un estudio experimental en México.*” IDB. [Link](#).

⁵ Information provided by the Planning and Evaluation Department, instructor registry, September 2016. CONAFE, Mexico.

among CELs, during the latest academic year (2016-2017), three identical tests were administered: one at the start of the initial training, the second during the training, and the third at the end of the school year. This will provide information about the level of preparation and the value added to their knowledge from participating in community education.

- 1.6 **Service conditions for instructors.** Educators are asked to live in communities that face difficult conditions, in which social neglect and marginalization may impact the quality of the educational service. As compensation for their services, CELs receive a stipend of about US\$112 per month on average (this amount has been historically determined and is freely available) and lodging. When they conclude their service, they receive a scholarship to continue their education (upper secondary, higher education, or vocational training) that can range from 30 to 60 months, depending on whether they served for one or two years. In addition, if necessary, they receive financial support for medical expenses. At the end of the two years, they may choose to continue being CELs and receiving the respective stipends.
- 1.7 **Achievements of basic community education.** CONAFE has offered early childhood and basic education to children and young people in communities with high levels of social neglect, empowering them to exercise their rights to education on an equal footing and with equal opportunity. CONAFE has also promoted the social involvement of various community stakeholders, such as parents, in educational development initiatives.⁶ The scholarships received by former CELs for their social service have also enabled them to continue their education.⁷
- 1.8 **Completion of schooling and learning levels for basic community education.** Given the characteristics of the population that CONAFE serves, there are still challenges in the quality of education and teaching conditions. CONAFE's significant achievements since its foundation, in increasing school coverage for early childhood and basic education in indigenous and marginalized communities, are overshadowed by the poor results in math and language and communication tests, as shown by the National Plan to Evaluate Learning (PLANEA) exam administered in 2015. Exam results show that CONAFE students performed only slightly better than indigenous education system students who did not participate in this program. However, compared with the general public education system, the results for CONAFE students were much lower: 67.9% of sixth-grade students in elementary school were in the lowest achievement level in language and communication (versus 51.6% in the regular system), and 69.2% had the lowest achievement in math (versus 62.8% in the regular system)⁸ (these results do not control for student characteristics). Another challenge is improving the completion rate for both elementary (93.70) and secondary school (93.66).⁹

⁶ [History of CONAFE.](#)

⁷ Based on data for the 2016-2017 academic year, 19.16% of CELs are enrolled in the Teacher Education System, a program that promotes educational continuity among former CELs by encouraging them to join and remain in the education system.

⁸ [PLANEA.](#)

⁹ The completion rate refers to the estimated number of students, per 100 newly entering students, completing a certain educational program during a specific academic year, who were enrolled as many academic years earlier as the educational program requires. [School completion rate, Instituto Nacional para la Evaluación de la Educación \[National Institute for Education Evaluation\] \(INEE\).](#)

- 1.9 **Challenges of basic community education.** These low achievement levels are a result of the marginalization and poverty that characterize these communities and the type of service provided not meeting local educational and organizational requirements and therefore, not addressing the community's needs.¹⁰ At the end of the 2014-2015 academic year, the following challenges were identified: (i) the materials did not address the lack of necessary teaching skills among CELs, since their approach to the teaching/learning process was more theoretical than practical; (ii) the initial and ongoing training mechanism was centralized and not focused on the learning context or the academic needs of instructors; and (iii) there was poor management of the multigrade method and little involvement from parents in monitoring their children's learning.¹¹
- 1.10 **Learning Model Based on Collaboration and Dialogue.** Given this situation, in 2015 CONAFE began a process to redesign the intervention method, which resulted in the Learning Model Based on Collaboration and Dialogue (ABCD Model).¹² The four focal points that these modifications are based on are: (i) the redesign of teaching practices; (ii) the modification of the traditional multigrade structure; (iii) the generation of a different socioemotional link; and (iv) the adaptation of the evaluation method. These focal points promote the development of skills that enable autonomous learning, in which students learn to learn on their own, guided by their tutors. Therefore, this new model has the following characteristics: (i) promotes learning based on dialogue through innovative strategies to address various needs and contexts in a relevant way; (ii) forms learning communities that favor not just learning, but also the social cohesiveness that leads from coexistence at school to everyday coexistence in the community; and (iii) coordinates the basic education curriculum so that children move from early childhood education to preschool, elementary, and secondary school in a functional manner. This model should not just be understood as the design of programs, texts, and manuals, but rather as a professional practice that adapts the educational service to the variety of interests and aptitudes of every tutor and student.¹³
- 1.11 **The learning process.** A typical class starts with the tutor offering the student different subjects to work on.¹⁴ The work is based on the materials customized for this purpose (known as autonomous learning units or ALUs). The tutor, based on their own experience being tutored, guides the student through the selected unit. If there is something that the student does not know or understand, the tutor provides support to find answers or overcome obstacles. As the work progresses, the tutor asks the student to record the learning process in a notebook. Upon completing the unit, the student presents what they learned and the process used to overcome learning challenges to their classmates, and occasionally, to parents. After the

¹⁰ Urrutia de la Torre, F. (2014): "¿Por qué los bajos resultados del CONAFE en Primaria? Restricciones para el buen desempeño del Consejo Nacional de Fomento Educativo." *Revista Latinoamericana de Estudios Educativos*, volume XLIV, number 1. Mexico. [Link](#).

¹¹ Project Completion Report for operation ME-L1033 (2285/OC-ME). Mexico City, Mexico. [Link](#).

¹² For an overview of the operation of the new model and the institutionalization process, see "Asesoría técnica para la gestión pedagógica del Nuevo Modelo de educación básica comunitaria. Entregable 3." (ILCE-CEE 2016a). Mexico. [Link](#).

¹³ This paragraph and the following ones are based on the ABCD Curriculum Framework, CONAFE. Mexico, 2016, interviews conducted with qualified participants and during field visits. [Link](#).

¹⁴ A tutor can be a CEL or a student who was previously tutored on the unit being studied.

presentation, all students can contribute and ask questions to enhance the material presented. Based on the idea that students only convey something to others if they have mastered it, the presentation meets three objectives for the student: (i) accountability of how much they have progressed and learned; (ii) strengthening of knowledge acquired; and (iii) development of communication skills. At the end of this process, the tutored student can become a tutor for the subject studied.¹⁵ To summarize, a CEL always is—by definition—a tutor. In turn, CELs can only tutor someone on a certain unit if they were previously tutored on that unit during one of their trainings and showed mastery of the subject. Therefore, once the student they are tutoring makes their own presentation, that student can become a tutor for the unit that they learned.

- 1.12 **Tutoring networks.** Once the process concludes, the tutored student is ready to be a tutor for that unit and every unit that they have concluded. Therefore, they are ready to restart the cycle. By the end of each cycle, the tutoring network begins to take shape. The network is a sort of map that shows who began the tutoring and the interactions through which each person started learning from another (including parents). By having to convey the information to others interested in the subject, the tutoring relationship offers a unique opportunity to consolidate and enrich learning. It also facilitates the development of autonomous learning skills, which include reading comprehension and problem-solving. While the model's essence is the tutoring relationship, the only way to ensure the expansion and scalability of that individual link is to establish a network. In turn, this allows for the creation of learning communities. Otherwise, if learning is limited to personal interactions, it would involve only a private lesson without any innovations worth highlighting.
- 1.13 Learning communities based on tutoring relationships are considered an emerging solution in the region, due to the importance they place on developing the student's ability to manage their own learning and redefining the tutor's role. They have proven effective as a strategy to improve school achievement, cost less than traditional educational offerings, and can be implemented with what is available in the region's resource-starved schools.¹⁶ In addition, learning to teach (being a tutor) is part of the framework of 21st-century skills to be developed among students.¹⁷ Renowned specialists believe that tutoring has a special place among the initiatives that will guide the future of learning. Tutoring is a powerful driver of neurological development because it demands self-direction and strong commitment from learners, leading them to reason and discover instead of quickly finding the answer that the teacher expects. There is also evidence that by discussing and verbalizing what is learned, the brain develops structures that it will use later to create and think.¹⁸

¹⁵ One of many documentaries available for a more in-depth look at the way that learning communities work and the impact they have had on the communities where they have been implemented is “*Maravillas*” [Marvels] by José Leandro Córdova ([link](#)). In addition, as an example, the tutoring networks in one center located in Durango can be seen here ([link to YouTube video](#)).

¹⁶ [Aguerrondo, I. et al. \(2015\): “El aprendizaje bajo la lupa: Nuevas perspectivas para América Latina y el Caribe.” UNICEF.](#) Because they are considered a teaching innovation and one of the most important strategies to jump-start learning, tutoring networks have been *exported* to other countries, including Chile, the United States, Singapore, and Thailand.

¹⁷ Idem, footnote 16.

¹⁸ See, for example, Elmore, Richard (2016): “Reflections on the Role of *Tutoría* in the Future of Learning” ([link](#)).

- 1.14 **The texts.** Text design reflects a change of approach, where instead of subjects based on educational level, students use learning units whose content and format allow them to learn on their own. The texts include five fields of education: (i) language and communication; (ii) mathematical reasoning; (iii) exploration and understanding of the social world; (iv) exploration and understanding of the natural world; and (v) participation in the community. The first two are mandatory. The fields are divided into 53 ALUs. It takes an average of approximately 15 days to cover each ALU. The texts are designed so that the same material can be used throughout the student's education. Each time, the student will learn more about the subjects that were previously covered, based on instructions provided for each ALU. When they conclude secondary school, students are expected to have studied all units at least once.¹⁹ Subject matters and strategies were included in the ALUs to address diversity and contextual needs through a variety of national and regional themes. The curriculum was also adapted to identify the learning path that can be achieved on a subject.
- 1.15 **Innovative elements of the model.** This model is a personalized process. The tutor does not stand at the front of the class to teach, but instead becomes part of the group. It is no longer a matter of teaching lessons based on general, homogeneous content, but about adapting to the situation and the reality of each student. More than teaching, there is learning in which every student writes down what they learn and the challenges they face to share with others later on. This model does the following: (i) modifies the way teachers relate to students, since it is not just about collaboration, but also about establishing an ongoing dialogue between the tutor and the student; (ii) legitimizes leadership through knowledge and the service being provided, since the roles of both participants can change at any time; (iii) respects the learning pace of every student; (iv) involves an agreement between the tutor and the student that specifies what one can pass on and what the other is interested in learning; (v) establishes a personal relationship, not a group, artificial, or instructional one; (vi) consolidates knowledge as students become tutors for the unit being studied (teaching empowers learning); (vii) creates interest in learning among students, given the possibility of choosing from a menu of subjects; (viii) provides the same learning experience through teaching while tutoring and being tutored on other topics simultaneously; and (ix) adapts very well to teaching in multigrade classrooms, because the personalized attention that this type of setup requires is the essence of this model.²⁰ Lastly, to improve professional performance and ensure consistency between design and execution, the model's key characteristics will be reproduced during CEL training.
- 1.16 **Background and empirical evidence.** The tutoring relationship and tutoring networks, which are the organizational basis for the Learning Model Based on Collaboration and Dialogue (ABCD Model) and for the learning communities that

¹⁹ An exhaustive initial review on the use of the texts is available at ILCE-CEE 2016c: "*Estudio exploratorio del prototipo didáctico de Unidades de Aprendizaje Autónomo de CONAFE.*" Mexico. [Link](#).

²⁰ To expand on these issues, see López Salmorán (2016): "*La relación tutora y la mejora del aprendizaje.*" *Red: Revista de evaluación para docentes y directivos.* INEE, Mexico; Cámara (2013) [Link](#). "*Entramado conceptual. Redes de Tutoría.*" Mexico. [Link](#); Rincón-Gallardo (2012): "*Redes de tutoría académica. Orientaciones para su gestión en las regiones y escuelas.*" Mexico. [Link](#).

they generate, are based on different experiences implemented in Mexico.²¹ The model has evolved and been applied in different states with nuanced variations resulting from cumulative experience and refinement of the teaching methodology.²² Although smaller and less ubiquitous than the CONAFE initiative, one of the most immediate large-scale precedents for the ABCD Model was the Emergent Program for the Improvement of Educational Achievement (PEMLE). This program targeted 9,000 elementary and secondary schools in Mexico that had the lowest achievement in standardized tests, and was implemented by the SEP between 2010-2012. The purpose of PEMLE was to improve learning in these schools by creating tutoring networks, which would introduce, consolidate, and disseminate the practice of learning communities. While the project itself has not been evaluated, the results of the ENLACE exam²³ included in the following table show a significant increase in the percentage of students in the top two achievement levels (good or excellent) for Spanish and math in 16 states. The table's last two columns show the differences between the percentages obtained in 2009 and 2011 by students from both groups of schools. In addition, the results of PEMLE include a greater commitment to studying on the part of students, which is demonstrated by their school attendance and an increase in the number of students who graduated from secondary school and enrolled in *bachillerato*. Results also showed that students became more self-assured to study on their own and to publicly show what they had learned.²⁴

Table 1: Results of the ENLACE exams

General and technical secondary schools	% of students with a good or excellent level						Difference in % 2009 - 2011	
	Spanish			Math			Spanish	Math
	2009	2010	2011	2009	2010	2011		
Without PEMLE	15.4	13.5	13.1	7.5	8.6	11.0	-2.3	3.5
PEMLE	10.0	10.5	14.0	4.1	8.0	14.8	4.0	10.7

Source: Prepared by the authors based on SEP data.²⁵

1.17 Consolidation of the ABCD Model. The implementation of the model started in a few states during the 2015-2016 academic year. During the next academic year, CONAFE focused its efforts on expanding it nationwide. To strengthen CONAFE's initiative, the Government of Mexico has requested the Bank's support for an operation to help implement and consolidate this basic community education model

²¹ Some of those who are currently leading the new model were responsible for or participated in these experiences.

²² "Documento 1. Revisión de los documentos centrales de los antecedentes del Modelo ABCD producidos por el CONAFE, tanto como por analistas externos al mismo," Educational Studies Center, Mexico, created in preparation for this project. [Link](#).

²³ The National Assessment of Academic Achievement in Schools (ENLACE) was an exam from the National Education System that was administered in public and private schools. It was taken by students from third through sixth grade in elementary school, second and third years in secondary school, and the last grade of upper secondary school, on the subjects of Spanish and math. As of 2015, the PLANEA exam replaced this assessment.

²⁴ Idem, footnote 16.

²⁵ [SEP et. al. \(2012\): "Fortalecimiento del Nivel Secundaria: 10 estrategias para la mejora del logro educativo."](#)

by focusing on improving quality and providing a more inclusive education at the basic level.

- 1.18 At a minimum, tutors are one of the three pillars supporting tutoring networks. This project will support CELs, who are the main drivers of community education, and as a result, essential actors in the implementation of the ABCD Model. The two other pillars are the materials used in the classroom and the students. First, textbooks are part of the learning resources that the Mexican government has customarily been providing to students for decades, free of charge. Therefore, project support is not required for this (however, in line with bringing new technologies into the classroom, the IDB will assist in designing a digital platform to provide access to additional references even without Internet access; paragraph 1.19). And second, student attendance does not depend on scholarships or transfers of any kind. To summarize, as far as the ABCD Model's current stage of development, the project will provide support for community education through the area that requires resources on a larger scale and can be supported at present.
- 1.19 **The Bank's recent support for the sector.** This project came about as a result of the Bank's medium- and long-term support to CONAFE through three operations (864/OC-ME, 1456/OC-ME, and 2285/OC-ME) to improve the quality, coverage, and efficiency of educational services. Phase I, which ended in 2007, increased service coverage for preschool and secondary school; developed new community education methods for early childhood (ages 0 to 3) and secondary education; and created community education centers that offered programs to address literacy and low educational achievement. For Phase II, which ended in 2015, the program achieved and in some cases surpassed its targets. Achievements include: (i) a much more effective call for applications; (ii) a more effective selection process for CELs, which decreased the attrition rate by 6.3 points; (iii) a lower percentage of applicants who are underage; (iv) improvements in the educational level of the CELs recruited, with two thirds of them having upper secondary school diplomas (an increase of 19.7% since 2010); and (v) reaching 92.5% of the target of recruiting CELs who speak indigenous languages, which resulted in an increase in the percentage assigned to their communities to prevent attrition.²⁶
- 1.20 **Interventions by other multilateral organizations.** CONAFE is also executing an operation with the World Bank to support early childhood education (ages 0 to 3 years, 11 months) and a strategy involving traveling pedagogical advisors. The World Bank had previously supported operations to improve school infrastructure as well as for institutional strengthening of operating capacities and supervision in states. More specifically, it supported the construction, rehabilitation, or replacement of educational facilities and the purchasing of school furniture. In addition, the World Bank provided support for teachers' aids, parents' associations, associations that promote community education, and direct support for educational outreach workers, module supervisors, zone coordinators, and traveling pedagogical advisors.
- 1.21 **Lessons learned.** During preparation of this operation, the lessons learned during the previous interventions were taken into account to ensure that the design incorporated effective solutions for the challenges that had already emerged. In addition to building on and consolidating the achievements of the program's

²⁶ Idem, footnote 11.

Phase II, the main target of this new operation will be to improve educational quality by implementing measures to enhance basic education offerings by improving the quality of the educational services provided by CONAFE while supporting the implementation and consolidation of the ABCD Model in community services. One of the conclusions from Phase II of the Bank's Community Education Program with CONAFE was that if the current model continued, learning opportunities for students would not have the potential to improve. Therefore, the following was recommended: (i) improve the profile of CELs in terms of age, educational level achieved, knowledge, and skills; (ii) improve supporting materials for CELs; and (iii) improve the training provided to CELs. Recommendations also included promoting more involvement from families and community members.²⁷ These suggestions were integrated into the design of the ABCD Model and are expected to be consolidated with this project. A Bank study on CEL attrition found that one of the main characteristics that occurs at the beginning of the academic year is: 38% of attrition occurs during the first 11 weeks of service, due to challenges adapting to the communities.²⁸ Therefore, more attention is now focused on both the training period and on orientation and monitoring during the initial period.

- 1.22 **Strategic alignment.** The project is consistent with the Update to the Institutional Strategy 2010-2020 (document AB-3008) and is strategically aligned with the challenge of developing social inclusion and equality, because its objective is to improve the quality of basic community education, which is provided to students from highly and very highly marginalized populations. In addition, the project will contribute to the Corporate Results Framework 2016-2019 (document GN-2727-6), with respect to the number of students benefited by education projects.
- 1.23 **The Bank's strategy with the country.** Based on objective 3 of the National Development Plan, the Government of Mexico, through the 2013-2018 Education Sector Program, emphasizes as its third objective to ensure increased educational coverage, inclusion, and equity among all demographic groups, in order to build a more just society. In addition, the institutional objectives of CONAFE align with the National Development Plan and the Education Sector Program (PROSEDU). Education is a dialogue area with the Government of Mexico under the IDB country strategy with Mexico 2013-2018 (document GN-2749), which seeks to help break the intergenerational cycle of poverty by fostering the building of capacities associated with nutrition, health, and education. This is in line with the Mexican government's National Development Plan, which has the target of an "Inclusive Mexico" that will allow all Mexicans to exercise their social rights by having access to basic services such as education. This operation is also consistent with the Strategy on Social Policy for Equity and Productivity (document GN-2588-4);²⁹ and with three of the five dimensions of the Education and Early Childhood Development

²⁷ Idem, footnote 11.

²⁸ Idem, footnote 11.

²⁹ This project is aligned with these priority areas: (2) improving school quality; (6) addressing structural poverty; and (7) fostering social inclusion with identity.

Sector Framework (document GN-2708-5).³⁰ The operation is also included in the 2017 Operational Program Report (document GN-2884).

- 1.24 **The Bank's value-added contributions** will take the form of an ongoing dialogue with CONAFE and complementary support for this project. In this regard, the Bank's additionality will be embodied by: (i) the systematization and dissemination of the model's pedagogical innovations through seminars and workshops; (ii) the analysis and proposal of an incentive system to reduce turnover among CELs; (iii) adaptation of the model to promote the educational inclusion of vulnerable groups, including indigenous populations, migrants (agricultural day laborers and repatriated workers), and persons with learning disabilities; (iv) the development of a virtual platform for online study and tutoring for CELs; (v) longitudinal monitoring of the career paths of CELs once their service ends; and (vi) promoting the inclusion and use of information technology even in remote areas (for example, designing a digital platform to enable students to access academic resources without an Internet connection). There will also be an initiative to catalyze and promote convergence of the scattered efforts of various organizations and associations to support CONAFE. These include the Slim Foundation; Lego Education; UNICEF; INEE; Instituto Nacional de la Infraestructura Física Educativa [National Institute on Physical Infrastructure for Education]; and the Red Compartida (shared network), which will provide broadband connections in areas that currently lack these services. This will allow CONAFE to make progress in strengthening the implementation and consolidation of the ABCD Model.³¹

B. Objectives, components, and cost

- 1.25 **Objective.** The project's objective is to help improve the quality of education provided to students by implementing measures to enhance basic community education offerings provided by CONAFE. The specific objectives are (i) to invest in human capital; and (ii) to improve the quality of the educational services that CONAFE provides by supporting the implementation and consolidation of the ABCD Model in community services. To do so, the project will include the following components:
- 1.26 **Component 1. Support the implementation of the basic community education model (ABCD) (US\$79.3 million).** This component will support CELs by investing in human capital and implementing the ABCD Model in CONAFE's basic education services by forming tutoring networks that create learning communities. The support will be provided in accordance with applicable regulations. The support aims to provide an incentive to the young people working as instructors throughout the country for their service to marginalized rural communities.
- 1.27 Because of the initial and continuing instructor preparation provided through CONAFE, the model is meant to channel its innovations through CELs as a habitual, effective practice in the classroom. The initial work is the six-week training that the instructors undergo before the start of the academic year. Continuing education will

³⁰ This project intervenes in the following three dimensions of success: (3) all the students have access to effective teachers; (4) all schools have adequate resources and are capable of using them for learning; and (5) all graduates have the skills necessary to be successful in the labor market.

³¹ This will be achieved not only with the loan proceeds, but also with the resources of a technical cooperation operation aimed at supporting implementation of the operation.

take place bimonthly throughout the school year, as will monitoring and support visits from trainers and educational assistants. The ALUs and texts already available in the classrooms provide suitable materials for students' learning activities. In addition, the Bank's support (paragraph 1.19), will strengthen and reinforce the application of the model with measures that include discussions with specialists, monitoring of students and CELs, and design of digital platforms that provide more materials. Along these lines, this operation is expected to improve student retention rates by decreasing academic failure, as a result of having better instructors and a stronger educational model.

- 1.28 **Component 2. Evaluation (US\$700,000).** Because of the interest generated by the innovations in the teaching process introduced by this new model and its expected results, there will be both qualitative and quantitative evaluations (paragraphs 3.11 and 3.12). This evaluation will include learning results, school completion rate, and monitoring of students and CELs. The qualitative evaluation will focus on studying the ABCD Model in depth, in order to generate knowledge about this model. It will also seek to contribute to the preparation of instruments and procedures for data collection during the quantitative stage. The quantitative evaluation will be based on large-scale methods, using samples to be able to generalize findings about the target population. Evaluation instruments will be used.

C. Key results indicators.

- 1.29 The following indicators will be used to measure the project's overall impact: (i) increased completion rate at the elementary school level; and (ii) increased completion rate at the secondary school level. Results will also be measured in terms of improved student achievement in communication, math, and socioemotional skills. The main Results Matrix indicators are included in Annex II.
- 1.30 **Cost-benefit analysis.** The project's ex ante economic analysis, which used a cost-benefit methodology, showed positive results. The main benefits are related to the expected wage differentials for students who receive a quality education, compared to those who do not. These estimates are considered a single tier, since they do not include positive externalities commonly associated with this type of intervention (such as the impact of lower crime and drug-addiction rates or health care savings). These factors would increase the project's social return. The ex ante evaluation of project benefits showed a positive net present value. The social internal rate of return is 18.1%, higher than the discount rate of 12%, representing the project's opportunity cost (see [optional electronic link 1](#)).

II. LOAN STRUCTURE AND MAIN RISKS

A. Instruments

- 2.1 Table 2 includes the budget by component. This is an US\$80 million specific investment loan from the Bank's Ordinary Capital. The disbursement period will be four years, according to the schedule specified in Table 3. This period was agreed upon based on CONAFE's planned budget for the next few years. In addition, previous loans for CONAFE have had the same duration.

Table 2: Project costs (in US\$)

	IDB	Total	%
Component 1: Support the implementation of the new basic community education model (ABCD)	79,300,000	79,300,000	99.123
Component 2: Evaluation	700,000	700,000	0.87
TOTAL	80,000,000	80,000,000	100

Table 3: Disbursement schedule

	Year 1	Year 2	Year 3	Year 4	Total
US\$ millions	20	20	20	20	80
%	25	25	25	25	100

B. Environmental and social risks

- 2.2 According to the Environment and Safeguards Compliance Policy (Operational Policy OP-703), the operation has been classified as a category C operation, since it will not support school infrastructure or works. However, the operation will have a positive social impact since it will improve the quality of education for the country's most vulnerable population. Therefore, it does not require environmental or social safeguards, or an environmental strategy.

C. Fiduciary risks

- 2.3 An Institutional Capacity Assessment System (ICAS) analysis of CONAFE, the executing agency, was performed in May 2017 by the Bank. This assessment showed a satisfactory level of development and thus low risk in terms of fiduciary execution, with a weighted overall score of 93.91%. The risk analysis did not identify any significant risks that could impact execution. However, there is a need to continue building the fiduciary capacity of CONAFE through its management and information systems with manuals of procedures and functions, as well as to strengthen its management information systems. A technical cooperation operation is planned to support CONAFE with these issues.

D. Other project risks

- 2.4 The risk analysis identified as an impact risk with medium probability the possibility of the ABCD Model being affected in its application and having its benefits distorted by changes in public policy criteria because of a new federal government administration in 2018. This situation will be addressed by meetings with the new authorities to: (i) explain the benefits of the ABCD Model; (ii) show that its implementation is based on the lessons learned during prior phases of the community education model; and (iii) explain that the ABCD Model is based on a research and institutional reorganization initiative that has shown that CONAFE needs to provide better educational services in order to fulfill its institutional mission and vision. Budget cuts on a scale that could impact the proposed operation are not expected.

- 2.5 **Sustainability.** The Mexican government has been committed to providing education to the rural communities that lag furthest behind in terms of social indicators ever since CONAFE was founded almost 50 years ago. Therefore, this longstanding national policy is being implemented through an organization with a renowned experience and local recognition. The Bank has provided support for several key rural education initiatives in Mexico through three operations. This would be the fourth. The proposed new project is rooted in these precedents, thanks to which basic community education has continued uninterrupted during successive administrations.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the United Mexican States through the Department of Finance and Public Credit (SHCP). The executing agency will be CONAFE, which will use Nacional Financiera, S.N.C., I.B.D. (NAFIN) as its financial agent in this operation, as mandated by the borrower (SHCP).
- 3.2 **As a special contractual condition precedent to the first loan disbursement, the borrower, NAFIN, and CONAFE will sign the project's Mandate and Execution Contract.** NAFIN will act as financial agent for the monitoring and administration of the loan.
- 3.3 **Project execution and administration.** The project will be executed using CONAFE's organizational structure; its headquarters will be responsible for the project's technical and administrative management and the state offices will be responsible for execution. The Division of Administration and Finance will be responsible for general program coordination.
- 3.4 **Project Operations Manual.** The Operations Manual will set forth the procedures to execute the project's components, the responsibilities and duties of the authorities involved in the operation, and the fiduciary management and procurement arrangements. Any amendment to the Operations Manual will require the Bank's no objection. **A special contractual condition precedent to the first disbursement is that the project Operations Manual be approved and in effect, under the terms and conditions previously agreed upon with the Bank.** This will ensure that the project has the regulations necessary for proper operation.
- 3.5 **Procurement.** The procurement of goods, works, and consulting services will be conducted pursuant to the Bank's Policies (documents GN-2349-9 and GN-2350-9), based on the Procurement Plan, and according to the requirements of Annex III.
- 3.6 **Retroactive financing.** The Bank may retroactively finance, from the loan proceeds, eligible expenditures incurred by the borrower prior to the loan approval date for amounts up to US\$16 million (20% of the proposed loan amount), corresponding to financial support for CELs, provided that requirements substantially analogous to those established in the loan contract have been met. Such expenditures will have been incurred on or after 9 June 2017 (project profile approval date), but in no case may they include expenditures made more than 18 months prior to the loan approval date.

- 3.7 **Audits.** Through CONAFE and NAFIN, the borrower will submit to the Bank, throughout the execution period, the program's annual audited financial statements within 180 days after the close of each fiscal year, and a final audited financial statement within 180 days after the last disbursement and any extensions thereof. The project's annual financial statements will be audited by an independent audit firm acceptable to the Bank, in accordance with terms of reference previously agreed upon by the Bank and the External Audit Office of the Department of Civil Service (SFP) or the body authorized for such purposes by the federal government.

B. Summary of arrangements for monitoring results

- 3.8 **Monitoring and evaluation.** CONAFE will be responsible for implementing the Monitoring and Evaluation Plan. Monitoring and evaluation measures will be based on the Results Matrix. The main mechanisms established for monitoring are as follows: (i) semiannual reports that detail the level of progress in physical and financial execution; (ii) financial audits; and (iii) CONAFE's information system (Comprehensive Information and Infrastructure System for Educational Development (SIIINAFE)).
- 3.9 The project also includes an impact evaluation. Intensive quantitative and extensive qualitative evaluations are planned, which will follow a specific methodology and questions, some of which are detailed below.
- 3.10 **Qualitative evaluation (intensive).** The questions to be asked include: What are the characteristics of the learning process in the ABCD Model? What are the characteristics of the tutoring process in the ABCD Model? What are the academic and socioemotional skills of instructors? What are the evaluation criteria for tutoring in the ABCD Model? What are the physical and school administration conditions in CONAFE's community education centers? What is the participation of parents in the ABCD Model, and what are their perceptions about this model?
- 3.11 **Quantitative evaluation (extensive).** The questions to be asked include: What is the degree of implementation of tutoring by the instructors? What are the physical and school administration conditions under which instructors are implementing the ABCD Model? What are the changes in self-perceived academic and socioemotional skills for instructors as a result of working with the ABCD Model? What are the participation and perspectives of parents and family members ages 15 and older about the implementation process for the ABCD Model? What is the development of cognitive and noncognitive learning among children under the ABCD Model? What is the impact of implementing the ABCD Model on the educational achievement of students, as measured by the PLANEA exam, and on the school completion rate?
- 3.12 **Methodology.** The intensive evaluation will emphasize the use of qualitative research methods to analyze the ABCD Model, which has not been studied in depth due to its recent implementation. It will also provide the information needed to create instruments for an extensive evaluation. Qualitative research methods will be used to develop this evaluation. The extensive evaluation will use structured evaluation instruments. The scores that students obtain in the PLANEA exam will be monitored. With this analysis, changes in the scores obtained at different times during the ABCD Model's implementation (at launch, after one year, after two years, etc.) can be monitored. This will contribute to identifying the model's strengths and weaknesses

for the learning expected from students, based on the national curriculum. The analysis of PLANEA exam scores is meant to be additional and complementary to the analysis of instruments that were designed specifically for the ABCD Model ([required electronic link 2](#)).

Development Effectiveness Matrix		
Summary		
I. Corporate and Country Priorities		
1. IDB Development Objectives	Yes	
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality	
Country Development Results Indicators	-Countries in the region with improved learning outcomes according to PISA (%) -Students benefited by education projects (#)* -Teachers trained (#)*	
2. Country Development Objectives	Yes	
Country Strategy Results Matrix	GN-2749	Help break the intergenerational cycle of poverty by fostering the building of capacities associated with nutrition, health, and education.
Country Program Results Matrix	GN-2884	The intervention is included in the 2017 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	8.1	
3.1 Program Diagnosis	3.0	
3.2 Proposed Interventions or Solutions	2.4	
3.3 Results Matrix Quality	2.7	
4. Ex ante Economic Analysis	10.0	
4.1 The program has an ERR/NPV, a Cost-Effectiveness Analysis or a General Economic Analysis	4.0	
4.2 Identified and Quantified Benefits	1.5	
4.3 Identified and Quantified Costs	1.5	
4.4 Reasonable Assumptions	1.5	
4.5 Sensitivity Analysis	1.5	
5. Monitoring and Evaluation	9.6	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	7.1	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Low	
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		
Environmental & social risk classification	C	
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, External Control, Internal Audit. Procurement: Information System, Comparison, Contracting Individual Consultant, National Public Bidding.
Non-Fiduciary	Yes	Strategic Planning National System, Monitoring and Evaluation National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Gender Equality		
Labor		
Environment		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		
The ex-post impact evaluation of the project will produce evidence to close knowledge gaps in the sector that were identified in the project document and/or in the evaluation plan	Yes	The evaluation will use the differences in differences methodology to evaluate the impact of the ABCD model in the students' learning and terminal efficiency. In addition, an ad-hoc evaluation instrument for the ABCD model will be used to assess language, math and socioemotional competencies.

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

Mexico has reached relevant progress in educational coverage. This has been a result, among other factors, of the implementation of the community educational model administered by CONAFE (executing agency) for the rural population located in scattered areas. Nonetheless, this model presents outstanding challenges in terms of educational quality. The objective of this operation is to improve the educational quality through the strengthening of the basic education supply. The operation is composed of two components: i) support to the implementation of the New Model ABCD for basic community education, substituting the existing model, and ii) strengthening of CONAFE's monitoring and evaluation mechanisms. The first component will support 17,000 Community Education Leaders (LEC, for its Spanish acronym) with a monthly stipend of US\$112 to benefit 672,000 students over a period of four years.

The vertical logic of the project departs from its final objective of improving educational quality. The main instrument to achieve this goal is the delivery of a monetary stipend to the LECs, for them to perform their activities within the implementation of the New Model ABCD. The impact indicators are "terminal efficiency in primary" and "terminal efficiency in secondary". These indicators denote a performance measure in the medium term developed by the SEP. They show the extent to which students complete their educational cycle in the expected timeframe. This implies actions to reduce extra-age, school drop-out and other factors addressed by the New Model ABCD.

The cost-benefit analysis shows a return of 18% of this operation, by calculating the returns to basic education of participating students and applying them to the proposed intervention. The impact evaluation is set to identify a differences in differences treatment effect by using secondary data from the standardized test PLANEA and the terminal efficiency indicator as the focus of the analysis.

The project is identified as low risk, given the fact that no civil constructions will be carried out and that the executing agency is equipped with broad experience and tradition for handling resources.

RESULTS MATRIX

Project objectives:	The project's objective is to help improve the quality of education provided to students by implementing measures to enhance basic community education offerings provided by the National Council for Educational Development (CONAFE). The specific objectives are: (i) to invest in human capital and (ii) improve the quality of the educational services that CONAFE provides by supporting the implementation and consolidation of the Learning Model Based on Collaboration and Dialogue (ABCD Model) in community services.
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EXPECTED IMPACTS OF THE OPERATION

Indicators	Measurement unit	Baseline value	Baseline year	End of operation	Comments
Completion rate at the elementary school level	Percentage points	93.70	2015-2016 academic year	96	Indicator of completion rate in community schools at the elementary level Source: Statistics from the Integrated Information and Infrastructure System for Educational Development (SIINAFE).
Completion rate at the secondary school level	Percentage points	93.66	2015-2016 academic year	96	Indicator of completion rate in community schools at the secondary level Source: Statistics from the SIINAFE.

EXPECTED OUTCOMES¹

Indicators	Measurement unit	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of operation	Means of verification	Comments
Number of basic community education students taught with the new ABCD Model	Number of students	-	2014-2015 academic year	168,000	168,000	168,000	168,000	168,000	SIINAFE report	
Males 50%				84,000	84,000	84,000	84,000			
Females 50%				84,000	84,000	84,000	84,000			

¹ For the first three expected outcomes, the second implementation (Year 4) will attempt to select students from the first implementation. The last PLANEA exam to be included as of now for the secondary level after the ABCD Model is implemented is for the 2018-2019 year. Therefore, the last four expected outcomes will only be compared once during the four years.

Indicators	Measurement unit	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of operation	Means of verification	Comments
Achievement in communication skills for ABCD Model students	Average score	-	2018	-	Statistically significant variation between the start and end of the school year	-	Statistically significant variation between the start and end of the school year	-	Outcome report for the instrument designed on an ad hoc basis to evaluate the skills that the ABCD Model aims to promote	An instrument designed to measure these skills will be used
Achievement in math skills for ABCD Model students	Average score	-	2018	-	Statistically significant variation between the start and end of the school year	-	Statistically significant variation between the start and end of the school year	-	Outcome report for the instrument designed on an ad hoc basis to evaluate the skills that the ABCD Model aims to promote	An instrument designed to measure these skills will be applied
Student achievement in socioemotional skills	Average score	-	2018	-	Statistically significant variation between the start and end of the school year	-	Statistically significant variation between the start and end of the school year	-	Outcome report for the instrument designed on an ad hoc basis to evaluate the skills that the ABCD Model aims to promote	An instrument designed to measure these skills will be applied
Percentage of sixth-grade students in community elementary schools who are at the lowest achievement level in language and communication	Percentage Male Female	67.9% 72.1% 63.4%	2014-2015 academic year	Reduce the average percentage of students at the lowest level by at least 3% compared with 2015	-	-	Reduce the average percentage of students at the lowest level by at least 3% compared with 2018	-6%	PLANEA exam results for elementary school	PLANEA will be administered at the end of the 2017-2018 academic year and at the end of the 2020-2021 academic year

Indicators	Measurement unit	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of operation	Means of verification	Comments
Differences in language and communication test scores for sixth-grade students in community elementary schools	Average score Male Female	459 451 469	2014-2015 academic year	Increase the average score by at least five points compared with 2015	-	-	Increase the average score by at least five points compared with 2018	+10	PLANEA exam results for elementary school	PLANEA will be administered at the end of the 2017-2018 academic year and at the end of the 2020-2021 academic year
Percentage of sixth-grade students in community elementary schools who are at the lowest achievement level in math	Percentage Male Female	69.2% 70% 68.3%	2014-2015 academic year	Reduce the average percentage of students at the lowest level by at least 3% compared with 2015	-	-	Reduce the average percentage of students at the lowest level by at least 3% compared with 2018	-6%	PLANEA exam results for elementary school	PLANEA will be administered at the end of the 2017-2018 academic year and at the end of the 2020-2021 academic year
Differences in math test scores for sixth-grade students in community elementary schools	Average score Male Female	478 477 478	2014-2015 academic year	Increase the average score by at least five points compared with 2015	-	-	Increase the average score by at least five points compared with 2018	+10	PLANEA results for elementary school	PLANEA will be administered at the end of the 2017-2018 academic year and at the end of the 2020-2021 academic year
Percentage of third-year students in community secondary schools who are at the lowest achievement level in language and communication	Percentage Male Female	43.6% 44.6% 42.4%	2014-2015 academic year	-	Reduce the average percentage of students at the lowest level by at least 3% compared with 2017	-	-	-3%	PLANEA exam results for elementary school	PLANEA will be administered at the end of the 2016-2017 academic year and at the end of the 2018-2019 academic year

Indicators	Measurement unit	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of operation	Means of verification	Comments
Differences in language and communication test scores for third-year students in community secondary schools	Average score Male Female	458 449 470	2014-2015 academic year	-	Increase the average score by at least five points compared with 2017	-	-	+5	PLANEA exam results for elementary school	PLANEA will be administered at the end of the 2016-2017 academic year and at the end of the 2018-2019 academic year
Percentage of third-year students in community secondary schools who are at the lowest achievement level in math	Percentage Male Female	84.4% 85.4% 83.2%	2014-2015 academic year	-	Reduce the average percentage of students at the lowest level by at least 3% compared with 2017	-	-	-3%	PLANEA exam results for elementary school	PLANEA will be administered at the end of the 2016-2017 academic year and at the end of the 2018-2019 academic year.
Differences in math test scores for third-year students in community secondary schools	Average score Male Female	452 452 452	2014-2015 academic year	-	Increase the average score by at least five points compared with 2017	-	-	+5	PLANEA exam results for elementary school	PLANEA will be administered at the end of the 2016-2017 academic year and at the end of the 2018-2019 academic year

OUTPUTS²

Outputs	Measurement unit	Baseline value	Baseline year	Year 1	Year 2	Year 3	Year 4	End of operation	Means of verification	Comments
Component 1. Support the implementation of the new basic community education model (ABCD)										
Regular support for CELs	Number of CELs	-	2016	17,700	17,700	17,700	17,700	70,800	SIINAFE report	This is a corporate output indicator

² The progress is annual, not cumulative (17,700 CELs per year).

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Country: Mexico
Project No.: ME-L1162
Name: Learning Model Project Based on Collaboration and Dialogue (ABCD)
Executing agency: National Council for Educational Development (CONAFE)
Prepared by: Miriam Garza and Ariel Rodríguez (VPC/FMP)

I. EXECUTIVE SUMMARY

- 1.1 The IDB will help improve the quality of education provided to students by implementing measures to enhance basic community education offerings provided by CONAFE. The specific objectives are: to invest in human capital and improve the quality of the educational services that CONAFE provides by supporting the implementation and consolidation of the ABCD Model in community services.
- 1.2 This project builds on Phases I and II (loans 1456/OC-ME and 2285/OC-ME) of the Community Education Program, which were completed in 2007 and 2015, respectively. These operations laid the foundations for this project's continuity and sought to improve the quality, coverage, and efficiency of CONAFE's educational services.

II. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

- 2.1 The executing agency will be CONAFE, a decentralized public agency of the federal public administration with its own legal status and assets, which is coordinated by the Department of Public Education. General project coordination unit will be the specific responsibility of the Division of Administration and Finance.

III. FIDUCIARY RISK EVALUATION AND MITIGATION ACTIONS

- 3.1 An Institutional Capacity Assessment System (ICAS) analysis of CONAFE was performed in May 2017 by the Bank. This assessment produced a score of 93.91%, showing a satisfactory level of development and thus low risk, as summarized in the following table:

Table 1: ICAS results

Consolidated capacity results	Quantification			Risk Level (High, Medium, Low)
	Rating %	IR %	Weighted %	
Programming and organizational capacities	90.67	25	22.67	Low
Execution capacities	95.33	45	42.90	Low
Internal and external control capacities	94.48	30	28.34	Low
TOTAL		100	93.91	Low

IV. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF CONTRACTS

- 4.1 The agreements and requirements to be considered in the special provisions of the loan contract are set out below:
- a. **Exchange rate agreed upon with the executing agency for financial reporting:** This will be the rate in effect on the last day of the month immediately preceding the payment date, as published by Bank of Mexico.
 - b. **Audited financial statements:** CONAFE will submit annual audited financial statements within a period of 180 days after the close of each fiscal year, and a final audited financial statement within 180 days after the last disbursement and any extensions thereto.
 - c. **Retroactive financing:** The Bank may retroactively finance, from the loan proceeds, eligible expenditures incurred by the borrower prior to the loan approval date for amounts up to US\$16 million (20% of the proposed loan amount), corresponding to financial support for CELs, provided that requirements substantially analogous to those established in the loan contract have been met. Such expenditures will have been made on or after 9 June 2017 (project profile approval date), but in no case may they include expenditures made more than 18 months prior to the loan approval date.
 - d. **Semiannual financial reports:** Not required by the Bank; only those required by the Department of Civil Service (SFP) will be submitted through the financial agent.

V. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

- 5.1 Procurement of any type will be performed by the executing agency, applying the provisions of the Policies for the procurement of goods and works financed by the IDB (document GN-2349-9) and the Policies for the selection and contracting of consultants financed by the IDB (document GN-2350-9), both from 2011. If amended, the new version of the policies may be applied, provided that the borrower, through the executing agency, provides written acceptance thereof.
- 5.2 When the executing agency undertakes any procurement under and/or in support of the loan, the following provisions are applicable:

- a. **Procurement execution: Procurement of goods, and nonconsulting services:** Contracts for works, goods, and nonconsulting services¹ arising under the project and subject to international competitive bidding (ICB) and contracts subject to national competitive bidding (NCB) will be procured using the harmonized bidding documents agreed upon by the Department of Civil Service (SFP) or the body authorized for such purposes by the federal government and the Bank, available at <http://www.funcionpublica.gob.mx/unaopsf/credito/normace.html>. The program's sector specialist is responsible for reviewing the technical specifications for procurement during selection process preparation.
 - b. **Selection and contracting of consulting firms:** Consulting service contracts for firms supported with project resources will be procured using the standard request for proposals agreed upon by the Bank and the SFP or the body authorized for such purposes by the federal government, which are available at <http://www.funcionpublica.gob.mx/unaopsf/credito/normace.html>. The program's sector specialist will be responsible for reviewing the terms of reference for the contracting of consulting services. Notices for consulting contracts over US\$200,000 will be published internationally (UNDB online) and for those contracts that are under US\$500,000, shortlists may comprise entirely national firms.
 - c. **Selection of individual consultants:** Consulting service contracts with individual consultants will use the model contract for individual consultants agreed upon with the Bank.
- 5.3 For procurement by the executing agency, the following selection and contracting modalities will apply based on the thresholds specified below:

Table 2: Threshold amounts (US\$ thousands)

Works			Goods ²			Consulting services	
ICB	NCB	Shopping	ICB	NCB	Shopping	Consulting international advertising	Shortlist 100% national
≥ 15,000	< 15,000 and ≥ 500	< 500	≥ 3,000	< 3,000 and ≥ 100	< 100	≥ 200	< 500

A. Main procurement processes

- 5.4 If procurement processes are identified, they will be included in the project's procurement plan and will be subject to ex ante or ex post review by the Bank based on the level of procurement risk. The procurement plan will be approved by the Bank.

B. Procurement supervision

- 5.5 For review of the external audit and overall project monitoring, the ex post procurement review will be performed by an external audit firm that will submit a

¹ Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-9), paragraph 1.1: Nonconsulting services are treated as goods.

² Includes nonconsulting services.

special procurement report, in the event of any procurement, in accordance with the terms of referenced agreed upon between the Bank and the SFP.

C. Country procurement system

- 5.6 Use of country procurement systems: It should be noted that in February 2013, the Bank's Board of Executive Directors approved the increased use of Mexico's public procurement system (adoption of Mexico's public procurement system), as set forth in the Country Strategy Update (document GN-2595-3). This system may be used once the corresponding implementation agreement is signed with the Mexican government.

D. Special provisions

- 5.7 **Measures to reduce prohibited practices:** The executing agency will diligently adhere to the provisions on prohibited practices established in the Bank's Procurement Policies.

E. Records and files

- 5.8 The original basic documentation for verification of expenses to the Bank will remain at CONAFE's state offices. CONAFE will also be responsible for safeguarding the files for any procurement processes that are conducted. These files will be available for any procurement review deemed pertinent by the Bank.

VI. FINANCIAL MANAGEMENT

A. Programming and budget

- 6.1 The projects undertaken by the Mexican government, including those supported by international organizations, are part of the budgets authorized for the agencies and entities. Each institution performs budgetary control. The Division of Administration and Finance in coordination with the Planning and Evaluation Department of CONAFE will be responsible for programming and budget duties. Programming and budget processes at the federal level are recorded and controlled through the Financial Administration System of the Federation.
- 6.2 The functions of programming, budget and expenditure control, accounting, and rendering of accounts based on the financial information are governed by various regulatory provisions generated primarily by the SHCP, which guarantees consistency in terms of recording criteria and use of the established systems.

B. Accounting and information systems

- 6.3 The Comprehensive Information and Infrastructure System for Educational Development (SIIINAFE) will be used to maintain a registry of instructors, as well as their entry, tenure, and departure. This system includes a microplanning module that can be used to monitor the need for instructors at each location.

C. Disbursements and cash flow

- 6.4 CONAFE will transfer funds to its state offices. Once completed, confirmation takes place, and the disbursement is requested through NAFIN.

D. Internal control and internal audit

- 6.5 The executing agency has its own internal control system established by its administration, which is audited by the Órgano Interno de Control [Internal Control Body] appointed by the SFP.

E. External control and reporting

- 6.6 External control will be in the form of a financial audit conducted by an independent audit firm named by the SFP, which will prepare an annual auditors' report for the project's financial statements. The Auditoría Superior de la Federación [Chief Audit Office of the Federation], as the supreme audit institution in Mexico, is also an external auditor for CONAFE, and it may eventually review the project's annual budgets.
- 6.7 CONAFE will submit annual audited financial statements within 180 days after the close of each fiscal year. The audit firm will be appointed by the SFP with the IDB's no objection. The audit review will be prepared on the basis of general terms of reference agreed upon between the IDB and the SFP. The last of these audited financial statements will be submitted within 180 calendar days following end of the original disbursement period or any extension thereof.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/17

Mexico. Loan ____/OC-ME to the United Mexican States
Learning Model Program Based on Collaboration
and Dialogue (ABCD)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the United Mexican States, as Borrower, for the purpose of granting it a financing to cooperate in the execution of Learning Model Program Based on Collaboration and Dialogue (ABCD). Such financing will be for the amount of up to US\$80,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on __ _____ 2017)