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INFORMATION MEMORANDUM TO THE ASSISTANT ADMINISTRATOR (L.A.)

FROM: LA/DR, Donor M. Lion *DL*

SUBJECT: ISSUES PAPER - Peru Decentralizing Educational Planning Grant Paper.

A DAEC meeting has been scheduled for 11 September 1975 at 2:30 p.m. to discuss the \$957,000 Peru Decentralizing Educational Planning Grant Project Paper (PP).

The project is designed to provide financial support to the Peruvian Ministry of Education's Office of Sectoral Planning (OSPE) in its efforts to decentralize education planning functions, thereby providing greater opportunities for the development of more relevant educational programs, more responsive to local needs. Approximately 19 man years of short term and long term training for 28 planning specialists will be provided through the grant in the U.S. and third countries, and approximately 70 man years of short and long term training will be provided to a total of 230 unit chiefs, department heads, and general planning personnel in Peru. In addition, approximately 4½ man years of technical expertise will assist in the development of training programs in Peru and in research efforts and feasibility studies to be carried out under the project. The project will provide basic office equipment to 96 Nucleo Educativo Comunal (NEC) offices and 50 zonal, regional and OSPE offices. Six research studies related to the planning and decentralization process will be funded by the project, including a study of the feasibility of introducing an Education Service Center concept in selected areas of Peru, which will be used in the development of a proposed FY 77 loan project.

The contribution of the Government of Peru (GOP) to the project is calculated at \$549,000 or 36% of total project costs, thus exceeding the host country contribution requirement of Section 110(a) of the FAA. The following issues will be considered by the DAEC:

1. Consistency with Congressional Presentation

The project was included in the FY 76 Congressional Presentation as part of the Manpower and Education "basket" project (page 258). The description in the CP does not describe the substance of the planning project in detail, and some inconsistencies with this description are reflected in the PP. In addition, the PP facesheet shows a requirement for \$365,000 in the first year, although the project's share of the basket project in the CP is only \$232,000, the amount requested in the ABS and approved in the ABS review. An additional \$118,000 is presented in the CP for the interim quarter and has been approved in the ABS review, but not requested for

this project. Unless Non-Formal Education (the other project funded by the basket project) were to be substantially cut back, in order to avoid a notification first year obligations for the Educational Planning PP will have to be reduced to \$232,000, and the requirement for an additional \$118,000 reinstated for the Interim Quarter.

2. Training

(a) The PP states that the project will provide training for at least 210 planners for the least educationally developed of the 819 NEC's. What criteria will be used to determine which NEC planners will be selected for training? Is any geographical focus anticipated? Will any NEC's in urban areas be included?

(b) The PP states that a portion of the training component of the project will be the creation within OSPE of the capacity to provide training to the remainder of the NEC planners not trained through the project. What is the Ministry of Education (MOE) commitment to maintain and finance training staff as part of OSPE? What budgetary implications does this have? Will OSPE have full time trainers or will people in regular jobs provide training as an additional duty? If the latter, what impact will this have on the normal operations of OSPE, and will the proposed trainers be willing to devote substantial additional amounts of their time to these activities?

(c) The PP contemplates long term (1 year) overseas training for 16 people at the OSPE level over the life of the project. What assurances have been received that these people will be able to be released from their regular duties for this length of time in order to take part in the training?

3. Economic Analysis

The PP attempts an economic analysis of the project based on savings to the education system as a whole created by the project through reduced drop out and repetition rates. Does the economic analysis support the conclusions of the PP? Since the project is linked to increased efficiency in the education system due to reduced drop outs and grade repetition, resulting from increased relevance of curricula brought about by decentralization, why are additional costs of preparing and implementing the more locally relevant curricula excluded from these calculations? The analysis cites several studies which have demonstrated internal inefficiency in the education system, i.e., higher number of years of instruction per graduate of a school cycle than the nominal number of

years of that cycle. However, one study of secondary education in Lima is chosen for computation in the analysis and assumed to be generalizable, even though the other studies cited indicated highly different rates of internal inefficiency. Why was this particular study chosen? What is the rationale for basing the analysis of this project on decreased drop out and repetition rates when the following are unknown: the true effects of decentralization on these rates or on relevance, the effects of increased curricula relevance on these rates, or the cause of drop out and grade repetition in Peru? Could the model EDUPERU be utilized to develop more reliable and accurate conclusions?

In addition to these issues, the DAEC will also consider the following discussion points:

1. Decentralization & Local Participation

(a) The PP raises as the central issue in this project whether, regardless of declared intent to do so, the MOE will be willing to transfer the power and authority to the Regional, Zonal and NEC offices in order to carry out the decentralization process. The success of decentralizing educational planning is also linked closely to control over finances at the local levels. Is it anticipated that the regions, zones and NECs will be granted control over funding and be permitted to generate funds to support local educational plans? What are the realistic prospects for de facto decentralization of education planning over the life of the proposed project? What is the anticipated impact of increased local participation in the education system resulting from decentralization? Are there equity considerations involved? The PP emphasizes that as a result of the project, more relevant education programs will be provided to the rural population. This is interpreted to mean that local curriculum development and materials will be determined by the various entities. How will this process tie in with the Instituto Nacional de Investigacion y Desarrollo de la Educacion (INIDE)?

(b) The PP indicates an obstacle to project success might be the lack of a tradition within Peru of participation by citizens in institutions which affect daily living, specifically in educational institutions or organizations at the local level. Could the project be designed to assist in the organization and functioning of Community Education Councils as a way to address this constraint?

2. Financial Analysis

(a) The PP states that, assuming a continued 9.5% per year increase in the GOP education budget, the increases in the planning budget which would be related to the project would

not increase the overall proportion of the education budget allocated to planning by 1980. What is the basis for the assumption that the MOE budget will continue to increase at 9.5% per annum? Also, increased expenditures resulting from the decentralized planning system assisted by this project would fall within the cost of administration and represent a sizable increase which may not be an acceptable level of expenditure for administration. Has this been examined?

(b) Are the recurrent operating expenses computed in the financial analysis section of the PP in fact costs related to this project? Particularly in the case of the \$2.076 million computed for salary increases through 1980, are these not costs which would likely be incurred in any event if decentralized educational planning was to be implemented by the GOP, irrespective of this project?

3. Implementation Plan

(a) Several inconsistencies exist in the PP between the quantities expressed in the logical framework matrix and narrative and the implementation plan presented, including the number of NEC planners and other personnel trained, amount of short term technical assistance in sample survey techniques and education cost analysis, and the number of General Education Planning specialists receiving short term training.

(b) The project will fund a number of research and feasibility studies on planning and decentralization, but the exact number of such studies is stated in different places in the PP as 5, 6, and 7. How many studies are contemplated for funding by this project?