

No. 18867

**UNITED STATES OF AMERICA
and
NICARAGUA**

Project Loan Agreement concerning rural education development (with annex). Signed at Managua on 30 August 1978

Authentic texts: Spanish and English.

Registered by the United States of America on 30 May 1980.

**ÉTATS-UNIS D'AMÉRIQUE
et
NICARAGUA**

Accord de prêt relatif à un projet pour le développement de l'éducation rurale (avec annexe). Signé à Managua le 30 août 1978

Textes authentiques : espagnol et anglais.

Enregistré par les États-Unis d'Amérique le 30 mai 1980.

PROJECT LOAN AGREEMENT¹—*RURAL EDUCATION DEVELOPMENT*

A.I.D. Loan No. 524-V-033

PROJECT LOAN AGREEMENT

TABLE OF CONTENTS

Article 1. The Agreement	Section 5.6. Conditions Precedent to Disbursement After September 30, 1980
Article 2. The Project	Section 5.7. Condition Precedent to Disbursement After June 30, 1981
Section 2.1. Definition of Project	Section 5.8. Condition Precedent to Disbursement After January 31, During each Year of the Project
Article 3. Financing	Section 5.9. Notification
Section 3.1. The Loan	Section 5.10. Terminal Dates for Conditions Precedent
Section 3.2. Borrower Resources for the Project	Article 6. Special Covenants
Section 3.3. Project Assistance Completion Date	Section 6.1. Project Evaluation
Article 4. Loan Terms	Article 7. Procurement Source
Section 4.1. Interest	Section 7.1. Foreign Exchange Costs
Section 4.2. Repayment	Section 7.2. Local Currency Costs
Section 4.3. Application, Currency and Place of Payment	Article 8. Disbursements
Section 4.4. Prepayment	Section 8.1. Disbursements for Foreign Exchange Costs
Section 4.5. Renegotiation of Terms	Section 8.2. Disbursements for Local Currency Costs
Section 4.6. Termination Upon Full Payment	Section 8.3. Other Forms of Disbursement
Article 5. Conditions Precedent to Disbursement	Section 8.4. Rate of Exchange
Section 5.1. First Disbursement	Section 8.5. Date of Disbursement
Section 5.2. Conditions Precedent to Disbursement Except for Consulting Services or Training	Article 9. Miscellaneous
Section 5.3. Condition Precedent to Disbursements for Each Project Component	Section 9.1. Investment Guaranty Project Approval
Section 5.4. Condition Precedent to Disbursement After September 30, 1979	Section 9.2. Communications
Section 5.5. Condition Precedent to Disbursement for Rural Education Delivery Systems Component (Component Five)	Section 9.3. Representatives
	Section 9.4. Standard Provisions Annex*
	Section 9.5. Language of Agreement

* Not printed herein. The annex is deposited in the archives of the Department of State where it is available for reference. (Information supplied by the Government of the United States of America.)

¹ Came into force on 30 August 1978 by signature.

A.I.D. Project No. 524-0115

A.I.D. Loan No. 524-V-033

PROJECT LOAN AGREEMENT dated Aug. 30, 1978, between the GOVERNMENT OF THE REPUBLIC OF NICARAGUA ("Borrower") and the UNITED STATES OF AMERICA acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

Article 1. THE AGREEMENT

The purpose of this Agreement is to set out the understandings of the Parties named above, ("Parties") with respect to the undertaking by the Borrower of the Project described below, and with respect to the financing of the Project by the Parties.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF THE PROJECT. The Project, which is further described in annex 1, will consist of the extension, improvement and integration of the educational services furnished to two of the Borrower's lowest income rural areas. Annex 1, attached, amplifies the above definition of the Project.

Within the limits of the above definition of the Project, elements of the amplified description stated in annex 1 may be changed by written agreement of the authorized representatives of the Parties named in section 9.3., without formal amendment to this Agreement.

Article 3. FINANCING

Section 3.1. THE LOAN. To assist the Borrower to meet the costs of carrying out the Project, A.I.D., in furtherance of the Alliance for Progress and pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Borrower, under the terms of this Agreement, not to exceed seven million five hundred thousand United States ("U.S.") dollars (\$7,500,000) ("Loan"). The aggregate amount of disbursements under the Loan is referred to as "Principal". The Loan may be used to finance foreign exchange costs as defined in section 7.1., and local currency costs, as defined in section 7.2., of goods and services required for the Project.

Section 3.2. BORROWER RESOURCES FOR THE PROJECT. (a) The Borrower agrees to provide or cause to be provided for the Project all funds, in addition to the Loan, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by Borrower for the Project will be not less than the equivalent of U.S. thirteen million United States dollars ("U.S.") (\$13,000,000) including costs borne on an "in-kind" basis.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The "Project Assistance Completion Date" (PACD), which is September 30, 1983, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Loan will have been performed and all goods financed under the Loan will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Loan for

services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in section 8.1. no later than nine (9) months following the PACD or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Borrower, may at any time or times reduce the amount of the Loan by all or any part thereof, for which requests for disbursement accompanied by necessary supporting documentation prescribed in Project Implementation Letters were not received before the expiration of said period.

Article 4. LOAN TERMS

Section 4.1. INTEREST. The Borrower will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement thereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in section 8.5) of each respective disbursement, and will be payable semi-annually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement hereunder, on a date to be specified by A.I.D.

Section 4.2. REPAYMENT. The Borrower will repay to A.I.D. the Principal within twenty (20) years from the date of the first disbursement of the Loan in twenty-one (21) approximately equal semi-annual payments of Principal and interest. The first installment of Principal will be payable nine and one half (9-1/2) years from the date on which the first interest payment is due in accordance with section 4.1. A.I.D. will provide the Borrower an amortization schedule in accordance with this section after the final disbursement under the Loan.

Section 4.3. APPLICATION, CURRENCY AND PLACE OF PAYMENT. All payments of interest and Principal hereunder will be made in U.S. dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington D.C., 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

Section 4.4. PREPAYMENT. Upon payment of all interest and any refunds then due, the Borrower may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

Section 4.5. RENEGOTIATION OF TERMS. (a) The Borrower and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Nicaragua, which enable the Borrower to repay the Loan on a shorter schedule.

(b) Any request by either party to the other to so negotiate will be made pursuant to section 9.2., and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate with the other, pursuant to section 9.2. the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of the Minister of Public Education in Nicaragua.

Section 4.6. TERMINATION UPON FULL PAYMENT. Upon payment in full of the Principal and any accrued interest this Agreement and all obligations of the Borrower and A.I.D. hereunder it will cease.

Article 5. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 5.1. FIRST DISBURSEMENT. Prior to the first disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) A legal opinion of the Attorney General of Nicaragua or other counsel acceptable to A.I.D. to the effect that the Project Agreement has been duly authorized, and/or ratified by and executed on behalf of the Borrower and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) A statement of the name of the person holding or acting in the office of the Borrower specified in section 9.3. and of any additional representatives, together with a specimen signature of each person specified in such statement.

Section 5.2. CONDITIONS PRECEDENT TO DISBURSEMENT EXCEPT FOR CONSULTING SERVICES OR TRAINING. Prior to disbursement under the Loan, or to the issuance, by A.I.D. of documentation pursuant to which disbursement will be made, for any purpose other than to finance the training under the Administrative Reform Component (Component One), or consulting services, the Borrower will, except as the Parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D., a general time-phased Project Implementation Plan for all program activities, including a schedule of counterpart allocations and a time-phased plan for the provision and financing of satisfactory maintenance of those schools constructed pursuant to prior A.I.D. projects.

Section 5.3. CONDITION PRECEDENT TO DISBURSEMENTS FOR EACH PROJECT COMPONENT. Prior to disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made (other than to finance consulting services or Component One, training) to finance any one of the five Project Components, the Borrower will, except as the parties may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D., a detailed time-phased implementation plan for such Component.

Section 5.4. CONDITION PRECEDENT TO DISBURSEMENT AFTER SEPTEMBER 30, 1979. Prior to disbursement under the Loan, or to the issuance by A.I.D.

of documentation pursuant to which disbursement will be made subsequent to September 30, 1979, or such other date to which A.I.D. agrees in writing, furnish to A.I.D. satisfactory to A.I.D., evidence that the Borrower is actively implementing Component One, including A.I.D. approved contracts for consulting services.

Section 5.5. CONDITION PRECEDENT TO DISBURSEMENT FOR RURAL EDUCATION DELIVERY SYSTEMS COMPONENT (COMPONENT FIVE). Prior to disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made to finance Component Five, the Borrower will, except as A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) A draft plan for administrative reform of the Ministry of Public Education (MPE) prepared pursuant to Component One.
- (b) Evidence that MPE has developed detailed implementation plans for, and adequate capability to carry out the Community Development Component (Component Two), and the Curriculum Development Component (Component Three), and the Training Component (Component Four) and that these plans are being implemented.

Section 5.6. CONDITIONS PRECEDENT TO DISBURSEMENTS AFTER SEPTEMBER 30, 1980. Prior to disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made under this Agreement subsequent to September 30, 1980, or such other date to which A.I.D. agrees in writing, the Borrower shall furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) The satisfaction of all conditions precedent under section 5.5. above;
- (b) A maintenance plan for Project schools and equipment;
- (c) Provision for the administration of said plan;
- (d) Funding of said plan by appropriate line items in the MPE budget for 1981.

Section 5.7. CONDITION PRECEDENT TO DISBURSEMENT AFTER JUNE 30, 1981. Prior to any issuance by A.I.D. of documentation pursuant to which disbursement will be made under this Agreement subsequent to June 30, 1981, or such other date to which A.I.D. may agree in writing, the Borrower shall furnish to A.I.D., in form and substance satisfactory to A.I.D., evidence that the plan for administrative reform submitted under section 5.5. above for the MPE shall have been put into operation.

Section 5.8. CONDITION PRECEDENT TO DISBURSEMENT AFTER JANUARY 31, DURING EACH YEAR OF THE PROJECT. Prior to any issuance by A.I.D. of documentation to which disbursement will be made under this Agreement subsequent to January 31 of each year of the Project, or such other date to which A.I.D. agrees in writing, the Borrower shall furnish, in form and substance satisfactory to A.I.D., evidence that the Borrower budget for that year contains appropriate line items required by the schedules of counterpart allocations and maintenance financing provisions submitted pursuant to section 5.6. above, and such other line items as may be necessary for successful Project implementation.

Section 5.9. NOTIFICATION. When A.I.D. has determined that the conditions precedent specified in section 5.1. through 5.8. have been met, it will promptly notify the Borrower.

Section 5.10. TERMINAL DATES FOR CONDITIONS PRECEDENT. (a) If all of the conditions specified in section 5.1. have not been met within 120 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Borrower.

(b) If all of the conditions specified in section 5.2. have not been met within 180 days from the date of this Agreement and/or sections 5.4., 5.6., 5.7., and 5.8., have not been met as stated, or such later date as A.I.D. may agree to in writing, A.I.D. at its option may cancel the then undisbursed balance of the Loan, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Borrower. In the event of such termination, the Borrower will repay immediately the Principal then outstanding and any accrued interest; on receipt of such payments in full, this Agreement and all obligations of the Parties hereunder will terminate.

Article 6. SPECIAL COVENANTS

Section 6.1. PROJECT EVALUATION. The Parties agree:

- (a) To establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the Project will include, during the implementation of the Project and at one or more points thereafter: (1) evaluation of progress toward attainment of the objectives of the Project; (2) identification and evaluation of problem areas or constraints which may inhibit such attainment; (3) assessment of how such information may be used to help overcome such problems; and (4) evaluation, to the degree feasible, of the overall development impact of the Project;
- (b) The Borrower shall covenant that it will continually budget subsequent to the Project Activity Completion Date sums adequate to meet the recurring costs of the institutions and facilities developed pursuant to the Project.

Article 7. PROCUREMENT SOURCE

Section 7.1. FOREIGN EXCHANGE COSTS. Disbursements pursuant to section 8.1. will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services, except as A.I.D. may otherwise agree in writing, and except as provided in the Project Loan Standard Provisions Annex,¹ section C.1. (b) with respect to marine insurance.

Section 7.2. LOCAL CURRENCY COSTS. Disbursements pursuant to section 8.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in countries which are members of the Central American Common Market.

¹ See asterisk, p. 161 of this volume.

Article 8. DISBURSEMENTS

Section 8.1. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS. (a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for the Foreign Exchange Costs of goods and services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

- (1) By submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (i) requests for reimbursement for such goods or services, or (ii) requests for A.I.D. to procure commodities or services in Borrower's behalf for the Project; or
- (2) By requesting A.I.D. to issue Letters of Commitment for specified amounts (i) to one or more U.S. banks, satisfactory to A.I.D. committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letter of Credit or otherwise, for such goods or services, or (ii) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by Borrower in connection with Letters of Commitment and Letters of Credit will be financed under the Loan unless the Borrower instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Loan.

Section 8.2. DISBURSEMENT FOR LOCAL CURRENCY COSTS. (a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D. with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursement hereunder may be obtained:

- (1) By acquisition by A.I.D. with U.S. dollars by purchase, or
- (2) By A.I.D. (i) requesting Borrower to make available the local currency for such costs, and (ii) thereafter making available to the Borrower through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Borrower or its designee, an amount of U.S. dollars equivalent to the amount of local currency made available by the Borrower which dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

Section 8.3. OTHER FORMS OF DISBURSEMENT. Disbursements of the Loan may also be made through such other means as the Parties may agree to in writing.

Section 8.4. RATE OF EXCHANGE. Except as may be more specifically provided under section 8.2., if funds provided under the Loan are introduced into Nicaragua by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Borrower will make such arrangements as may be necessary so that such funds may be converted into the currency of Nicaragua at the highest rate of exchange, which, at the time the conversion is made, is not unlawful in Nicaragua.

Section 8.5. DATE OF DISBURSEMENT. Disbursements by A.I.D. will be deemed to occur: (a) on the date on which A.I.D. makes a disbursement to the Borrower or its designee, or to a bank, contractor, or supplier pursuant to a Letter of Commitment, contract, or purchase order; (b) on the date on which A.I.D. disburses to the Borrower or its designee local currency acquired in accordance with section 8.2. (b) (1); or (c) if local currency is obtained in accordance with section 8.2. (b) (2), on the date on which A.I.D. opens or amends the Special Letter of Credit there referred to.

Article 9. MISCELLANEOUS

Section 9.1. INVESTMENT GUARANTY PROJECT APPROVAL. Construction work to be financed under this Agreement is agreed to be a project approved by the Government of Nicaragua pursuant to the Agreement between it and the United States of America on the subject of investment guaranties, and no further approval by the Government of Nicaragua will be required to permit the United States to issue investment guaranties under that agreement covering a contractor's investment in that project.

Section 9.2. COMMUNICATIONS. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such Party at the following address:

To the Borrower:

Mail Address:

Minister of Public Education
Ministry of Public Education
Managua, D.N., Nicaragua

Cable Address:

Ministry of Public Education
Managua, Nicaragua

To A.I.D.:

Mail Address:

USAID/Nicaragua
c/o American Embassy
Managua, Nicaragua

Cable Address:

USAID/AMEMBASSY
Managua, Nicaragua

All such communications will be in English unless the Parties otherwise agree to in writing. Other addresses may be substituted for the above upon the giving of notice. The Borrower, in addition, will provide the A.I.D. Mission with a copy of any communication sent to A.I.D. in Washington.

Section 9.3. REPRESENTATIVES. For all purposes relevant to this Agreement the Borrower will be represented by the individual holding or acting in the office of the Minister of Public Education, and A.I.D. will be represented by the individual holding or acting in the office of the Director, USAID/Nicaragua, each

of whom by written notice may designate additional representatives for all purposes other than exercising the power under section 2.1. to revise elements of the amplified description in annex 1. The names of the representatives of the Borrower with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives, in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Section 9.4. STANDARD PROVISIONS ANNEX. A “Project Loan Standard Provisions Annex” (annex 2)¹ is attached and forms part of this Agreement.

Section 9.5. LANGUAGE OF AGREEMENT. This Agreement is prepared in both English and Spanish. In the event of ambiguity or conflict between the two versions, the English version shall control.

¹ See asterisk, p. 161 of this volume.

EN FE DE LO CUAL, el Prestatario y los Estados Unidos de América, cada uno de ellos actuando por medio de sus representantes debidamente autorizados, han convenido firmar este Convenio en sus nombres y entregado el día señalado por escrito al comienzo de este documento.

La República de Nicaragua:

Por: [Signed — Signé]

SAMUEL GENIE AMAYA
Ministro de Hacienda y Crédito Público

Por: [Signed — Signé]

MARÍA ELENA DE PORRAS
Ministro de Educación Pública

IN WITNESS WHEREOF, the Borrower and the United States of America, each acting through its respective, duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

The United States of America:

By: [Signed]

BARRY SIDMAN
Director, USAID Mission to Nicaragua

ANNEX 1

PROJECT DESCRIPTION

I. *Strategy and Objectives*

The Rural Education Project represents the fourth phase and dimension of A.I.D.'s support to the Borrower's Integrated Rural Development Program. The low educational and skill levels of the rural poor act as a constraint to the Borrower's integrated rural development strategy, and specifically limit the effectiveness of the individual programs of the respective ministries and agencies involved. This Rural Education Project will increase the educational and skill levels of the rural poor in the agreed upon target areas.

The overall Project Goal is to improve the socio-economic welfare of the rural poor in Nicaragua. To do so, the Sector Goal is to expand, improve and integrate rural education opportunities in rural areas. The project Purpose is to ensure that the rural population receives a greater number of relevant educational services in an improved learning environment using cost-effective educational methods.

To accomplish the above, the Project consists of five interrelated components described below. Project activities, to the maximum extent feasible, will be directed specifically to Regions II and V.

II. *Project Components*A. *Component One: Administrative Reform and Management Improvement*

This Component is designed to strengthen the institutional and management capability of the Ministry of Public Education (MPE) in order that it can carry out an expanded rural education program at minimum cost to Nicaragua. An extensive program of administrative reform and management improvement in the areas of planning, organization and staffing, coordination, operations and budgeting will be undertaken. While extensive foreign advisory assistance is programmed in support of the above, implementation of recommended changes is dependent on the Borrower.

The following represents those activities presently planned to be implemented under this Component but which will be subject to modification and addition as circumstances require.

1. *Planning:* Improved planning capability will be developed within the MPE including planning units for curriculum development, educational research, evaluation, materials development and production and qualitative planning. Among various subactivities will be the development of a set of Borrower approved educational goals, objectives and priorities and the development of a management information system suitable for management planning and decision making.
2. *Organization:* A revised organizational structure that will facilitate implementation of an expanded rural education program will be developed for the MEP. Also a *Policy-Rules-Procedures Handbook* will be developed incorporating the above re-organization.
3. *Staffing:* Among the various subactivities to be undertaken will be: (a) development of position descriptions specifying roles and responsibilities; (b) a complete compensation plan covering salary, retirement and supplementary benefits of all MPE personnel which will make special provision for the incentives needed to recruit and retain teachers in rural areas; (c) a training program for both senior and middle-level management personnel and; (d) improved supervisory system.
4. *Coordination:* Formal agreements will be developed describing respective roles and responsibilities among the MPE Institute for Rural Welfare (INVIERNO) and Ministry of Public Health under the Integrated Rural Development Program. At the technical

level, an operational mechanism will be established to facilitate day-to-day collaboration among these institutions.

5. *Operations:* An interdepartmental communication system for the MPE will be developed, the MPE records system will be modernized, an efficient decentralized distribution system for school supplies and equipment will be developed and the MPE's school maintenance program will be substantially strengthened.
6. *Budgeting:* The budgeting/financial system will be revised, as necessary, to make it responsive while an effective maintenance budget will be developed, and efforts will be made to reduce the ratio of salaries to operating expenditures.

To assist in instituting the foregoing improvements the following supportive activities are planned. A technical assistance program of substantial scope is planned. The resultant technical assistance contracts will be predominantly A.I.D. Grant financed with some Borrower financing. The following is a tentative list of the technical advisers envisaged: Education Management Advisor (Team Leader); Planning/Management Information Systems Advisor, Evaluation Advisor and School Repair/Construction Advisor supplemented by approximately 18 person months of specialized technical advisory services.

Additionally, two special studies are planned. The first will be a thorough investigation of present MPE functions to provide a solid informational base for administrative reform proposals. The second study, to be carried out concurrently, will develop "baseline" data of the specific educational needs of the rural population in Regions II and V. Primary and secondary data will be collected on such topics as (a) adolescent and adult educational needs; (b) existing curriculum and curriculum needs; (c) favorable radio broadcast hours, etc. Both studies will be A.I.D. Grant financed with some Borrower financial support.

Training, short and long term, will be provided for MPE personnel in such areas as radio education, rural education, measurement and evaluation, primary curriculum development, educational planning and management, computer programming, radio education technology, education materials development and production, etc. Such training will be A.I.D. Loan financed.

In support of the above, procurement of essential office equipment, e.g., duplicating machines and copiers, typewriters, calculators, etc. and with necessary prior A.I.D. approvals some computer time and software will be financed with A.I.D. Loan funds.

The End-of-Project status sought will be an efficient, operationally effective MPE which can meet the educational needs of the rural poor.

B. *Component Two: Integrated Community Development*

Component Two is designed to develop community capacity to participate actively in determining the nature of the educational services and programs provided their communities by the MPE. This represents a departure from prior approaches to rural education in Nicaragua. Local participation is now seen as a key to the formal and non-formal education improvements planned under the Project. Accordingly, Local School Committees (LSCs) will be formed in the rural areas of Regions II and V. The LSCs will be the mechanism through which the community will communicate with the MPE personnel, establish cooperating links with other communities, identify the educational needs of their area, monitor educational progress, and otherwise support and maintain local school activities. The criteria and responsibilities of participatory LSCs will be spelled out in subsequent loan documentation.

The MPE is to coordinate the formation of LSCs with the on-going community development programs of INVIERNO and MOH to avoid duplication and to seek maximum unified community action. Existing MPE teachers and supervisors, who will receive in-service training under Component Four, will serve as the leading edge in the MPE community development efforts. They will be backstopped by our specialized MPE promoters who will be stationed in Regions II and V. They, in turn, will be backstopped

by a trained office staff in Managua, of two (approximately) additional permanent employees within the MPE's existing Department of Non-Formal Education. This central staff will be directly responsible for developing and supporting project supported field community development efforts. In addition to providing direct support to existing MPE field personnel (teachers and supervisors) in developing community participation in education this central office will also coordinate its efforts with INVIERNO and MOH headquarters personnel. Various community development materials such as bulletins, manuals, newsletters, etc. will be developed in support of this Component sub-activity.

To achieve the above, A.I.D. will grant finance the advisory services of a community development expert and A.I.D. Loan funds will be used to finance necessary commodity support, such as regular and specially equipped promotion vehicles and audio-visual equipment. Operating staff (field and central office) will be provided by the MPE.

The End of Project status sought under this Component will be effective local school committees (LSC) which will provide for the active participation of target communities in the supply and operation of MPE education facilities and services in these same communities.

C. *Component Three: Curriculum Development and Related Materials Production*

This Component addresses a general consensus that the present MPE curriculum for the primary school grades, i.e., 1 through 4, is not responsive to meeting the needs of rural communities. Whereas several of the other components address the lack of physical facilities, this activity is devoted primarily to the development of a radio-supported basic education curriculum to meet the needs of rural primary school age children and unschooled adolescents and adults. To do so, the following activities are planned:

1. The primary school curriculum for the first four grades will be revised to reflect rural realities and will be adapted for radio broadcast. Curriculum development will concentrate on reading, health and nutrition, agriculture and social studies (culture, History, Geography). The mathematics curriculum will have been adapted to radio by the ongoing Radio Mathematics Project and, accordingly, serve as a model in the development of other disciplines.
2. Similarly, the adult education curriculum will be revised to relate directly to the job skill requirements of rural adolescents and adults and will be adapted to radio broadcasts to be followed by community forums and/or cassette tape presentation in approximately half of the rural communities served by INVIERNO and the MOH.
3. The applicable training curricula developed under the current World Bank Loan will be used to train teacher trainers, supervisors and master teachers, regular and Comarca teachers, normal school teachers, and teachers of adolescents and adults. Where the World Bank curricula are found inappropriate or not readily applicable to the radio-assisted classroom curricula, they will be revised accordingly.
4. Lessons based on the revised curricula for the first four primary grades and adult education will be prepared and recorded on cassette tapes and will be broadcast on a daily schedule in the latter stages of the project. Teacher's guides, student work-sheets and visual materials will be developed to accompany each lesson. These lessons will also be used in the Compesino Agricultural Schools (EAC) and the Rural Family Education Centers (CFER) activities sponsored under Component V.
5. Evaluation of the new radio-assisted curriculum will be carried through pre and post-testing of entire subject areas and developmental evaluation involving revisions of individual lessons. Technical assistance will be provided for the design and implementation of curriculum evaluation. A written summary evaluation will be conducted at the end of the first, third and fifth years of the Project.

To accomplish the above, it is projected that the MPE will employ some 29 new staff members, to supplement the 15 staff members already working on the Radio Mathematics Project. An increasing amount of curriculum materials tapes, guides, work-

sheets, etc., will be developed under the Project. Extensive technical assistance will be provided in support of all curriculum activities.

A.I.D. Grant and Loan funds will be used to finance the considerable technical assistance costs involved, supplemented by a small Borrower contribution. A.I.D. by means of Loan funds, will share with the Borrower the cost of the development and the production of educational materials, e.g. broadcast tapes, guides, worksheets, etc. The Borrower will fully fund all the operational costs involved.

The End of Project status sought will be an improved grades 1 through 4 curriculum, plus relevant adult education curricula, both of which will be adapted for and disseminated via daily radio broadcast and appropriate classrooms monitors for all recipient teachers, plus supporting materials to use the curricula effectively.

D. *Component Four: Training for Supervising and Teaching*

This Project activity purposes to meet the need for better trained, equipped and committed teachers in target rural areas by means of a basic strategy of first training existing MPE core staff who in turn will train others. As additional manpower requirements are incurred, new staff will be recruited and trained.

The training is to be accomplished by a new and continuing program of pre-service and in-service training for MPE teacher trainers, supervisors, master teachers, regular teachers, and Comarca community teachers who work in the rural areas of Regions II and V. Teaching personnel from the rural adolescent training centers consisting of Rural Family Education Centers (CFER) and Campesino Agriculture Schools (EAC), and other teachers who will be using the accelerated basic education radio-supported adolescent/adult curriculum, will also receive training on the content and teaching methodology of the new curriculum developed under Component III.

The above is to be achieved by the appropriate training of a cadre of some 24 teacher trainers and approximately 100 supervisors of MPE personnel from Regions II and V. This is to be accomplished by means of a phased training program, that is an increasing number trained per year, until the target figure is met. The initial core of teacher trainers and supervisors will be responsible for training subsequent trainers and supervisors.

This training will be conducted at the National Education and Sciences Center (CENEC) in Managua. This training at the CENEC will be carried out in close collaboration with the World Bank financed education project which includes the improvement of facilities and development of comprehensive training curriculum for the CENEC. Appropriate materials, teacher's guides and books will be supplied wherever required under this Component.

The above mentioned teacher trainers and supervisors will be responsible over the operational period of the Loan, to train the field teaching staff required by the Project. This training will be conducted at selected training sites within Regions II and V. Also teaching personnel at the MPE's existing Regions II and V normal and secondary schools and institutes as well as local universities will participate in orientation and curriculum workshops so they may become fully knowledgeable of MPE training developments.

The above will include but not be confined to the following training:

- Approximately 100 master teachers;
- Approximately 1,477 regular teachers;
- Approximately 400 Comarca teachers;
- Approximately 1,100 teachers assigned to the Accelerated Basic Education Program;
- Approximately 40 normal and secondary school staff.

To assist in assuring that the most efficient training is undertaken, A.I.D. Grant financed contract technical assistance is contemplated at the very beginning, primarily

in community development and teacher education, radio-assisted teaching methods and adult education teachers training.

A.I.D. Loan funds will finance technical assistance and training equipment (e.g., video tape equipment and tapes). The Borrower will fund all operational costs and some contract costs.

The end of Project status sought under this Component will be a trained MPE teacher corps in Regions II and V competent to deliver the revised rural curriculum and supporting materials developed under Component III of the Project.

E. Component Five: Strengthening the Rural Education Delivery System

Component Five, composed of some seven sub-activities, addresses the significant infrastructure, support and service constraints that impair the delivery of rural education in the Project's target areas. Accordingly, this activity is to improve or provide, as appropriate, the physical facilities and equipment as well as services presently obstructing effective rural education in Regions II and V. Because of the physical nature of this activity, i.e., repair, construction, maintenance plus procurement, it constitutes the most costly of all five Components and, in many respects, represents the culmination of the Project.

1. Activity A: Construction of Comarca School Circuits

Approximately one hundred Comarca School Circuits (CSCs), incorporating approximately 400 classrooms and 100 master teachers' houses will be established and staffed in the rural areas of Regions II and V where no educational facilities exist presently.

The LSC in a given area will request that a CSC be formed in its area. If it meets certain agreed upon MPE-A.I.D. criteria, a CSC will be established. In doing so, to the extent feasible, self-help methods will be utilized in the construction of the classrooms (average of four per CSC) and living quarters of the Master Teacher. After the MPE has formally approved the community's request for a CSC, an appropriate entity, e.g., non-profit organization such as CARE, a contractor or an MPE unit, will be responsible for planning and supervising the required construction and providing the necessary materials and equipment to complete the CSC unit. The community will provide the land and the voluntary unskilled labor; where possible, necessary skilled labor will be contracted locally. In addition, through the LSC, the local community will be asked to select for training a local person to serve as its Comarca community teacher, whose activities and performance this group will also monitor.

A.I.D. Loan funds will finance all construction costs. The Borrower will finance all resultant operational costs such as the salaries of new Comarca community teachers. The recipient community will provide the land and labor where applicable.

The End-of-Project status sought will be Comarca School Units to provide approximately 20,000 students, i.e., children, adolescents and adults, in Regions II and V an education which previously was not available to them.

2. Activity B: Rehabilitation of Existing Rural Primary Schools

Prior study reveals that approximately 50% of the rural primary classrooms in Regions II and V are in need of repair and at times extensive repairs. For example, some schools are closed because they are hazardous or unfit for occupancy, while others provide a poor learning environment due to less serious deficiencies.

This Component will provide for the repair and rehabilitation of approximately 530 existing rural primary schools. To the extent feasible, local communities will be encouraged to utilize self-help means to make the necessary repairs with the design, supervision, skilled labor, materials and supplies being provided by the MPE. In addition, as mentioned, the Component will provide approximately 140 teachers in those additional schools presently lacking teachers which results in a non-functioning school.

A.I.D. Loan financing will provide for A & F supervision and inspection costs involved. The Borrower will finance all other repair and rehabilitation costs, except that forthcoming from local community self-help efforts and the staffing of all new regular teachers programmed under this Component.

The End-of-Project status sought will be a marked upgrading of classroom physical facilities and the staffing of these and other unstaffed primary schools in Regions II and V.

3. Activity C: Furnishing New and Existing Primary Schools

The Component addresses the serious inadequacy of primary school furnishings in Regions II and V which was verified by prior study, plus the furnishing of new classrooms resulting from the Project. Many existing rural schools lack the most fundamental furnishings, i.e., desks, chairs, etc.

Approximately 360 classrooms without furniture will be provided appropriate furnishings such as teacher and student desks and chairs, blackboards, supply and book cabinets, students' and teachers' tables, etc. Approximately 761 classrooms which are inadequately furnished, i.e., have approximately 50% of the minimum requirements, will be provided the furniture they need. A study will be undertaken before any purchase, to determine the most cost-effective, efficient manner to purchase the furnishings required.

A.I.D. Loan funds will finance all furniture costs. The End-of-Project status sought is adequately equipped, primary school rooms in Regions II and V rural areas that will be conducive to improved rural education.

4. Activity D: On-going School Maintenance

A major factor contributing to the current need for school repairs, is the lack of or inadequacy of an effective school maintenance program. This Component, in conjunction with a maintenance plan to be developed under Component I's "Administrative Reform" with the maintenance advisor, will provide for an annual MPE maintenance fund, based on a per-school-per-student basis. An underlying concept of this Component is that the LSC will become increasingly responsible for maintenance and up-keep and the necessary financial resources to do so will be provided by the MPE.

The Borrower, by means of annual formal budget, will provide, starting in the second year of the project, increasing annual funds for the maintenance of Project-assisted schools in Regions II and V.

The End-of-Project status sought will be an operational maintenance program to serve rural primary schools in Regions II and V.

5. Activity E: Educational Support and Services

This Component addresses the serious constraint of inadequate transportation for MEP supervisory and support staff, e.g. maintenance/building personnel, school supply personnel, community development personnel, etc., to visit rural schools in order to actually see what the problems are. Because of the lack of field transport, many MPE personnel have a predominant urban orientation. Being principally a procurement activity, this activity also will provide for the supply of garden kits to each eligible LSC upon request.

Accordingly, some 40 appropriate vehicles will be purchased, plus approximately twenty mules for the more isolated areas, to provide transport in support of Project activities in Regions II and V. In addition, garden kits consisting predominantly of seeds and plants, fertilizers, herbicides and basic garden tools will be provided to LSCs. The garden sub-activity is to be implemented in close collaboration with local INVIERNO agronomos and PLAN SAR promoters when possible.

A.I.D. Loan funds will be used to purchase the vehicles and the mules required plus the school garden kits. The Borrower will provide all related operational costs, e.g., drivers, maintenance and operational vehicle costs, etc.

The End-of-Project status sought will be an effective transportation system to serve Regions II and V and a functioning school garden program that will have a positive nutritional and health impact [on] the target student body and neighboring rural populace.

6. Activity F: Rural Adolescent Centers

The need to increase adolescent literacy and numeracy was made clearly evident in an earlier study. This Component will build upon and expand prior efforts in this area so as to provide an environment in which rural adolescents (ages 14 to 20) can live and learn basic skills relevant to their rural environment.

To do so, it is planned to expand the number of two types of Rural Adolescent Centers in Regions II and V. The Centers are to be a replication of the successful CFERs being carried out by FUNDE and the fully developed Campesino Agriculture Schools (EAC) sponsored by the MPE.

Approximately six (6) new CFERs and 6 new EACs in Regions II and V are to be established under this Component.

A.I.D. Loan funds will be used to finance the A & E and supervision costs as well as the furnishings and equipment costs of these facilities. Borrower funds will be used to finance actual construction costs plus all resultant operational costs.

The End-of-Project status sought will be increased access for unschooled adolescents to those skills and knowledge directly relevant to daily life in the rural areas of Regions II and V.

7. Activity G: Radio Transmission and Receiving Capability

Given the dispersed character of the rural population in areas such as Regions II and V, the MPE has chosen radio as the primary transmission media for the new rural curriculum to be developed under Component III. Such a means of curriculum guidance is essential, if rural primary teachers are to effectively use the new Project developed rural curriculum.

Accordingly, the Borrower will install two radio stations of approximately 20 kw capacity each, in Jinotega (Region V) and Masaya (Region II) respectively. MPE personnel, appropriately trained under the Project, will be responsible for station operations. A detailed implementation plan will be developed to schedule the start up of these stations based on carefully pretested curriculum materials. To receive the resultant broadcasts, special radio/recorder/players will be purchased for all recipient schools.

A.I.D. Loan funds will be used to finance the procurement of all radio station equipment plus the radio/recorders to be placed in the schools. The Borrower will finance the resultant operational and maintenance costs of the two stations plus the land acquisition and construction costs involved.

The End-of-Project status sought is an effective radio transmission and reception capability in Regions II and V that will provide the mechanism for delivery to the rural youth of the areas, a relevant basic educational curriculum. Additionally, the radio stations will become focal points for the Borrower Integrated Rural Development Program in the Project's target areas.

Project Implementation Structure

A. MPE Administrative Arrangements

The Minister of Public Education will direct the execution of all Project Components. The Minister will designate a full-time, well-qualified Executive Director of the Project, acceptable to A.I.D. Qualified full-time Project Managers, likewise acceptable to A.I.D., will be appointed for each Component of the Rural Education Development Program. They will report and be directly responsible to the Executive Director. The Executive Director of the Program, the Project Managers of the several Components and the MPE Directors

of the Department of Primary Education, Curriculum, Materials Production, Investments, Planning and Evaluation will constitute a Project Advisory Council, chaired by the Executive Director that will report directly to the Minister. The Program Advisory Council will meet periodically, e.g., weekly, to review progress and problems and to decide on actions required. The council will be the focal point for setting targets, assigning roles and responsibilities, setting schedules and priorities, and coordinating Project activities with other agencies.

B. *Borrower Inter-Agency Coordination*

An Inter-Institutional Coordination Committee will coordinate the inter-agency and inter-disciplinary aspects of the Rural Education Development Project. The MPE, MOH and INVIERNO will be regular members and representatives of other entities, public and private, will participate as necessary. The Executive Director of the Program will chair regular and special meetings as necessary. A formal agreement will be developed which will spell out the collaboration by the participating parties in the fields of health, agriculture, nutrition and education.

C. *Project Evaluation*

Project progress will be evaluated and sector targets reassessed during a comprehensive annual review of the Project by the Borrower and A.I.D. to be scheduled once a year, except as otherwise agreed. The review will be a joint undertaking of the Borrower and A.I.D. based upon data prepared by the Evaluation Department of the MPE's Division of Planning, A.I.D. Grant funds will be provided in support of such evaluation activity under Components I and III.
