

Project Name COLOMBIA-Higher Education - Improving Access

Region Latin America and Caribbean Region

Sector Tertiary education (100%)

Project ID P074138

Borrower(s) GOVERNMENT OF COLOMBIA

Implementing Agency

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Environment Category C

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1. Country and Sector Background

This section builds upon the sector study "Colombia: Tertiary Education, Paving the Way for Reform", Report # 23935 CO, April 2002.

Background:

Colombia has a long, rich tradition in tertiary education in Latin America dating back over a century. The privilege of attaining tertiary education was reserved for the wealthy and secondary school served primarily as a preparation for tertiary education. But with the passage of Ley 30 in 1992, the tertiary sector was modernized so that today, Colombia has a relatively well diversified tertiary education system with both public and private provision of tertiary education in university and non-university institutions. Additionally, Colombia has experimented with a variety of quality assurance mechanisms to improve the sector and has also, in accordance with best practices, re-prioritized education spending so that public expenditures on tertiary education are approximately 16 percent of total public education expenditures. The last two decades have brought fundamental changes in the Colombian society and in the context of the Colombian tertiary education sector:

Continued and progressive development of primary and secondary education have produced a substantially expanded pool of candidates for tertiary education. In 1988, only 44 out of 100 children completed secondary education. A decade later, this share increased to 63, significantly increasing the demand for tertiary education. These potential students and their families - believing in the right to equal opportunities - expect the State to secure access to quality, tertiary education. However, in the same time-span the continuation rate from secondary to tertiary education nearly halved - from around 60 percent in the late 1980s to 37 percent in 1999 and 2000.

Emergence of a global, knowledge-based economy has become a driving force pushing for tertiary education reform. The demands of the labor market for technology and the speed with which technology changes, required - and requires now even more - a growing pool of flexible workers that have the skills to select, adapt, and apply existing technologies and remain active, lifelong learners. Trade-liberalization and the introduction of skill-biased technological change have strengthened the value of tertiary education. In Colombia, workers with tertiary education was the only group to experience a wage increase in the last 10 years. A worker with tertiary education typically earns 2.4 times more than a worker with secondary schooling, which exceeds the level found in most other countries. The private sector sites the scarcity of skilled workers as the largest obstacle to innovation and it is therefore a major obstacle to a more dynamic Colombian economy.

Thirty-eight years of civil war has brought about intolerance and social disintegration and has, within the universities, led to frequent shutdowns, interruption of classes, and a hostile atmosphere that is neither conducive to learning nor to the spread of democratic values.

The sector's structural weaknesses were further compounded by the worst economic recession in Colombia in over 60 years which culminated in 1999 with an economic retraction in GDP of -4.5 percent. While recent figures show a modest recovery in 2001 and 2002, the decline influences nearly all other areas of the economy. The gains that were made in terms of poverty reduction since the 1970s have been partially lost. The crisis has also had a negative impact on education at all levels. The National Planning

Department estimates that enrollment of 7-11 year old children from the poorest families declined from 87.3 percent in 1996 to 83.2 percent in 1998. In tertiary education, the crisis resulted in a most unfortunate reversal from an increase in entrants to tertiary education to a decline amounting to 100,000 students during the three years of crisis and perhaps a decrease in the quality and relevance of programs as well.

The proposed project in tertiary education fits well into the overall Bank and Country Assistance Strategy as well as the Government strategy for improving the entire sector. Currently, the Bank has seven active projects in Colombia that seek to improve the access to and quality of primary and secondary education, improve retention at these levels, provide support to at risk youth, aid institutional strengthening, and build capacity. The Bank has had a long standing commitment to provide technical and financial support to the education sector beginning with its first education project in 1968, and has made the development of human capital through education a central priority in the Country Assistance Strategy for Colombia. A tertiary system that functions well has the dual function of satisfying demand for advanced human capital from all sectors as well as of being a crucial element for improving lower levels of education by providing qualified teachers, innovation, etc.

Government Strategy:

The Government strategy for tertiary education is to increase the number of students enrolled in technical, technological, and professional programs in Colombia, favoring those with limited income and directing them towards programs in high demand by the productive sector. The government plans on meeting this general objective through the following activities:

developing a broader based student credit (loan) system to assist financing tuition, especially for poorer students;
improving research capacity by providing incentives for doctoral students and young faculty to engage in research that is relevant for economic and development needs of Colombia;
improving relevance by developing a mechanism that will identify programs with strong linkages to the labor market and that meet regional needs;
improving the quality and relevance of tertiary education through a variety of mechanisms, such as (i) expanding and improving the accreditation system, (ii) developing and administering exit examinations, (iii) improving the current Management Information System so students and their families can be better informed about the quality, costs, employment outcomes, etc. of the various tertiary education institutions, (iv) reforming the current legal framework to stiffen the requirements for creating programs, and (v) creating new standards to better characterize the four types of tertiary education institutions; and
strengthening institutional capacity through the use of a management information system, through improved legal tools, and through better articulation between primary, secondary, and tertiary education.

The Government of Colombia has made progress in some of these areas already. For example, laws have been enacted to require the design and implementation of certain elements of a quality assurance system.

Measures taken thus far include accreditation of programs, rooted in self-evaluation and site visits, the development of an exit exam in mechanical engineering and health, and setting minimum standards for a limited number of programs. The Government plans to expand their quality assurance mechanisms to include all programs and institutions. In the area of access, ICETEX has a limited number of grants and loans available targeted at the very poor. It is hoped, with World Bank assistance, to expand this so that access will be expanded to those least likely to attend tertiary education. In the areas of governance and finance, efforts in capacity building of the agencies regulating the tertiary education sector will be undertaken.

The Government anticipates that as a result of implementing their strategy they will achieve the following results: an increase in coverage for low and middle income population between the ages of 10 - 22 years old; improved quality; higher incomes for those receiving student aid; improved retention rates in tertiary education; and improved output in the number of Doctoral candidates and their research output.

The World Bank has been an active partner in this strategy. The World Bank co-financed and planned along with the government (DNP and ICFES) and the universities (ASCUN) a policy workshop in January, 2002 in Bogotá. The workshop contributed to the emerging sectoral consensus for reforms. In the months prior to the workshop, the Bank team conducted background assessments, and a series of policy papers were commissioned from relevant experts. Economic Sector Work for the sector has been completed and released by the government for public dissemination (Report # 23935 CO). This work brought into focus the main issues that Colombia must address to achieve the progress it seeks in the sector. The recommendations from the sector work are: (i) ensure clear and progressive governance; (ii) induce and assure quality; (iii) provide financing for equitable and expanded access; and (iv) promote strategic levels of education.

2. Objectives

The project development objective is to improve the tertiary education sub sector's response to society's needs for high quality human capital that will enhance Colombia's competitiveness in the global market. The project will make the Colombian tertiary education system more responsive to demand, and promote greater equity and quality in the preparation of tertiary education graduates. It is expected that the project will accomplish the following:

Increase Equity by redesigning and expanding the student loan scheme to enable needy but qualified students to attend (i) undergraduate university education of good quality and relevance, and (ii) tertiary level technical and short cycle programs of high relevance for skill enhancement.

Improve Quality by establishing competitive grants to (i) improve Post-graduate programs in Colombia, and (ii) encourage talented young Colombians to pursue advanced degrees.

Support Coherence and Efficiency by (i) enhancing the legal and technical framework, (ii) consolidating and organizing the Quality Assurance System in a manner that promotes quality enhancement and institutional commitment, and (iii) building capacity for strategic planning and management in the Ministry of Education and other governing bodies.

3. Rationale for Bank's Involvement

The World Bank has brought non-negligible value added in the Banks' three strategic areas of operation: technical assistance, consensus building and lending. With regard to technical assistance, the Bank possesses and has access to the best international experience in higher education reform, including financing reform. The team has assisted the borrower on all levels, from the scope and objectives of the project to the technical details of designing instruments. Especially, the value added has been in the sectoral approach promoted by the Bank and the project experience with student loans in the region. The TA has resulted in an ESW and eight background papers. With regard to consensus building, the team has encouraged information sharing and discussions with sector stakeholders, which could be an important step for sustainability of undertaken reforms. Specifically, the Bank hosted, along with the government, a two-day, high-level workshop for key stakeholders to discuss how to improve access, quality and responsiveness of the Tertiary Education system. With regard to lending, the World Bank would - if the proposed project is implemented - supply funds for an investment that the government of Colombia would not have been able to undertake without either reducing funding to basic education or jeopardizing its goal of maintaining a sustainable fiscal deficit.

4. Description

The needs of the tertiary education system would be supplied by a spectrum of strategies ranging from: (i) expanding and improving the provision through a direct supply-side investment to (ii) stimulating demand by a student loan project. Because Colombia has many of the elements of a well functioning market for tertiary education, the project will (iii) follow an intermediate strategy, which will strengthen the government's legitimate role in setting the framework for the sector, stimulate demand and address a critical bottleneck in quality. Therefore the project has three aegis:

Reach equitable and expanded access to relevant study programs of good quality. The project seeks to increase the access of youth from lower socioeconomic strata by expanding tertiary education enrollment through a targeted student aid scheme. The choice to support a student aid scheme stems from its implications not only for access, but also for equity and quality. Furthermore the student aid program will be targeted to accredited and pertinent study programs which will include short cycle technical programs and post-secondary education offered by Esculelas Normales.

Improve quality in tertiary education by expanding post graduate programs. The project will address the problem of low post-graduate output through providing loans for graduate study and competitive grants for excellence which will encourage talented, young Colombians to pursue advanced degrees, and improve quality by stimulating competition for building excellent graduate programs.

Improve coherence and efficiency in tertiary education. The project will address several critical elements in the governance system of the sector to assure high quality, relevant, and efficient expansion in the sector and improve sectoral articulation with the productive sector. Specifically the project will: (i) establish a Labor Market Observatory (LMO); (ii) strengthen the Quality Assurance system; and (iii) articulate government agencies involved in regulating tertiary education, provide technical

assistance for adjusting the legal framework, and build capacity for monitoring and evaluation.

A. Equity in Access, Student Aid

1. Investment in student-aid
2. Monitoring and Evaluation

B. Doctoral Training

1. Support for Doctoral Programs

C. Institutional Strengthening

1. Labor Market Observatory
2. Improving institutional capacity to formulate and implement policy
3. Improve and Strengthen the Higher Education Information Management System, SNIES

D. Project Management

E. PPF Repayment

5. Financing

Total (US\$m)

BORROWER \$93.11

IBRD \$200.00

IDA

Total Project Cost \$293.11

6. Implementation

Implementation period: The project would be implemented over a six year period.

Implementing agencies: The project will be carried out by ICETEX, MEN, and COLCIENCIAS. Each institution will have a small unit to coordinate the activities related to the component it is in charge of.

Project management: ICETEX will be responsible for the overall implementation and financial coordination. Each implementing agency will coordinate the implementation of the component for which it is responsible. ICETEX will be responsible for the Student Loan component and the Doctoral Student Loan part of this component. COLCIENCIAS will be responsible for the development of the Doctoral Component (Institutional Sub-projects) and MEN with the support of ICFES for the institutional strengthening component.

Project oversight: ICETEX will be the main agency responsible for project oversight.

Monitoring and Evaluation: In addition to continuous monitoring of the project implementation and impact indicators the implementing agencies will be responsible for: (i) preparing and submitting project implementation reports every semester; The core coordination unit of the Project will be responsible for designing the monitoring and evaluation parameters and mechanisms. These parameters will be considered by each executing unit during the information or design and application of technical and financial monitoring tools for the execution of the component under their responsibility, reporting the results of each monitoring phase to ICETEX so that they become incorporated in the Project's consolidated general report to be submitted to the World Bank;

(ii) carry out, with the Bank, an annual review of the progress made in implementation; (iii) conduct a mid-term and a final evaluation of the project; and (iv) prepare the borrowers part of the Project Implementation Completion Report (ICR) which should include assessment on the sustainability of the loan and MSI components.

7. Sustainability

The main sustainability risk revolves around the financial solvency of the student loan program. Repayment options and collection methods of student loan schemes have traditionally been weak in many countries. However, the scheme builds upon many years of domestic experience and adds recent positive experience from a carefully designed student loans project in Mexico. To counter this risk the scheme must assure that ICETEX keeps both defaults and administrative costs within a reasonable minimum.

Another risk is related to the substantial autonomy of higher education institutions. The project will become successful when the institutions respond positively to the incentives provided for improving quality and relevance of their study programs, enhancing faculty development programs, and increasing cross subsidies (scholarships) for the neediest students.

8. Lessons learned from past operations in the country/sector

The Bank has extensive experience in the region in higher education. An overarching lesson for project design in higher education stands out: fundamental changes to systems are accomplished by making the means of funding support policy goals. Complementary investments may be necessary, but it is difficult for these alone to promote deep-seated reform. The project therefore takes a systematic approach to the entire higher education sector by focusing more on the regulations, mechanisms and institutions necessary for the best possible functioning of the sector rather than on inputs to the sector. Regarding lessons for the project's specific components:

Student loan schemes have in the past proven difficult to implement and sustain successfully. The team has consulted a large number of official reports and academic studies listed in the bibliography. Aside from the need for mechanisms of deferred payments in developing countries to improve coverage and equity, the documents emphasize the following lessons:

Effective Targeting:

To reach the poor and lower middle-income groups, the financial aid scheme must involve a certain level of subsidy, possibly indirectly financed by cross-subsidies from better off students.

To assure impartial and uniform eligibility of financial aid, the selection should be centralized.

Broad awareness of the existence of the program is key for target groups to apply for aid and therefore an important element for reaching the target group.

Financial Sustainability and High Repayment:

Credible and enforced mechanisms in case of non-repayment significantly

reduce default rates.

Government agencies tend to be hampered by political concerns when enforcing repayment rules.

Strong technical analysis of the financial viability is necessary for sustainability in the design process as well as in the continuing operation of the student loan scheme.

Strong leadership of the implementing agency is crucial for effective management.

A continual commitment through the loan period from the borrower induces the latter to graduate.

Sustainability is closely linked to sound financial management, which significantly increases resilience to economic recessions.

Four current Millennium Science Initiatives in the region served as the impetus for the Doctoral Training Component and gave rise to the following recommendations:

Demonstration of best practice for supporting the best.

Autonomy in spending resources and diminished bureaucratic burdens is crucial to making science effective.

Introduction of international practices of competitive funding in the allocation of public resources to science and technology stimulates excellence.

S&T Capacity should become one major part of a renewed emphasis on improving tertiary education and innovation policy support.

Funds to research capacity building will often not leave lasting marks unless the institutional strength of the training system is transformed.

The extent of brain drain can be reduced through a carefully designed system inducing the best brains to remain in the country.

Governance:

A national vision for higher education expressed in a strategy paper is a prerequisite for a sector with institutional coherence and well articulated instruments.

The roles of the various agencies need to be clarified and differentiated to increase efficiency.

For improvements in quality assurance:

Allowing the creation of private accrediting bodies/organizations would lessen the burden on the CNA and allow more timely accreditation of programs and institutions.

Accreditation criteria should rely less on input-based criteria and more on process.

Accreditation mechanisms should span the entire tertiary sector and for this reason, should include standards that make them responsive to the needs of technical-oriented institutions.

9. Environment Aspects (including any public consultation)

Issues : N/A

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Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.