

Improving Quality and Equity through Accountable Public Funding



Chile's Tertiary Education Experience

Overview

Tertiary education enrollment in Chile rose by 51 percent between 2005 and 2010, from 646,000 to 973,000 students. Chile was able to improve both quality and equity of education despite this massive expansion. With partial assistance from IBRD funding and expertise, Chile passed legislation on quality assurance and student financial aid, set up a tertiary education information system, increased the availability of advanced human capital and research capacity, and piloted four performance agreements with universities. The success of these agreements provided proof-of-concept for results-based financing.

Challenge

In 2005, the quality of tertiary education in Chile varied considerably, data on the tertiary education sector was unreliable, and students from poor backgrounds faced an uphill battle to reach graduation. Internal inefficiencies plagued the tertiary education system, with first year dropout rates upwards of 20 percent in even the best universities, and overly long degree programs that dragged on 3-4 semesters more than planned. There were virtually no remedial classes to strengthen basic competencies. Chile was struggling to transform itself into a "knowledge economy", with a mere 220 PhDs graduating per year and only one-third of professors qualified at the PhD level. Finally, there was insufficient accountability and transparency in the use of direct public funding for tertiary education: 95 percent was disbursed to institutions based on historical precedence and political negotiation, rather than on merit and results.

Approach

The project, "*Mejoramiento de la Calidad y Equidad de la Educación Superior*" or Mecesup2, used four mechanisms to increase equity, quality, coherence, and responsiveness in the Chilean tertiary education system, through stronger accountability for performance.

- A competitively-allocated small grants program that enabled tertiary education institutions to tactically address priorities in specific areas of need. Grants focused on stimulating innovation, advancing human capital, increasing student learning, and improving

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More Results



Tertiary education enrollment in Chile rose by

51 %

Students enrolled in PhD programs increased

74 %

IBRD provided financing of

US\$25.1 million

institutional management.

- The piloting of innovative performance agreements with four universities. The agreements provided each university with an incentive to implement plans of action in areas of high national priority, as financing depended on their performance measured against set targets.
- Strengthened tertiary education policy formulation and transparency through the establishment of a comprehensive information system, a labor market observatory, and a quality assurance system.
- Seven in-depth sector studies to inform and guide policy.

Results

The Mecesup2 lending program increased the effectiveness of public funding for tertiary education by enhancing equity, quality, coherence, and responsiveness in the system. Key outcomes include:

- Successful pilot of results-based financing agreements with four universities resulted in greater accountability and effectiveness of public funding. With the concept now proven by this trial experience, Chile will now roll-out these performance agreements across the tertiary education system.
- Increase in the production of advanced human capital. Students enrolled in PhD programs increased 74 percent (2005-2010) while graduates of PhD programs increased 65 percent (2005-2009).
- Exponential growth of enrollment in remedial classes to strengthen basic competencies, from 307 students in 2005 to more than 35,700 in 2010. This was a notable achievement given 43 percent of students enrolled in tertiary education in 2009 came from the lowest three income quintiles and typically had weak secondary education.
- Creation of the Tertiary Education Information System and the strengthening of the Ministry of Education's capacity to collect, process, validate and publish information.
- Passing of the 2006 Quality Assurance Law, which consolidated the quality assurance system. The number of accredited tertiary education institutions increased from 41 to 87 between 2005 and 2010.

Bank Contribution

IBRD provided financing of US\$25.1 million, and the Government of Chile contributed an additional US\$75 million. IBRD provided technical assistance continuously throughout supervision. Aspects of this technical assistance resulted in major joint policy studies by the World Bank and the Organization for Economic Cooperation and Development (OECD):

- [Reviews of National Policies for Education: Tertiary Education in Chile, co-authored by the OECD and The World Bank, 2009](#)
- [Human Capital Formation Abroad: A Review of Chile's Higher Education Scholarships Programme, co-authored by the OECD and the World Bank, June 2010](#)
- [Higher Education in Regional and City Development: Bío Bío Region, Chile, co-authored](#)

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- » [Mece2 website](#)
- » [Mece2 project file](#)
- » [Division of Higher Education in Chile's Ministry of Education](#)
- » [Higher Education Information System \(SIES for its Spanish-language acronym\)](#)
- » [OECD-WB Report - Reviews of National Policies for Education: Tertiary Education in Chile](#)
- » [Universidad de Tarapacá](#)
- » [Universidad de Chile](#)
- » [Universidad del Bío-Bío](#)
- » [Universidad de la Frontera](#)

Partners

The partnership with the OECD in Chile has led to similar joint work in the Dominican Republic and in Colombia.

Moving Forward

Chile's government has requested a new US\$40 million lending program to further advance the achievements of Mecesus2, and the World Bank Board approved the loan on March 13, 2012. The new initiative will roll out performance-based funding agreements, targeting quality and relevance in pedagogy programs, professional institutes, and technical training centers, among others. The Project Implementation Unit for Mecesus2 has been absorbed by the Ministry of Education and renamed the Department of Institutional Funding, giving it formal responsibilities for all public funding of tertiary education institutions.

The performance agreements piloted in Chile have resulted in significant knowledge transfer among other countries. Chile has shared its experience and expertise in Tunisia, Bangladesh, India, Ghana, Mozambique, Lesotho, Montenegro, and Indonesia.

Beneficiaries

Andrea Arriagada is the first graduate of the Environmental Civil Engineering degree in the history of the Technical University Federico Santa María in Chile. Her excellent academic results provided her with the springboard to become an entrepreneur in environmental solutions.

"For me this is a great personal achievement. I feel prepared academically and with the tools necessary to face the working world," Arriagada says. "The University gave me not only academic knowledge, but also the opportunity to be a student leader and to learn to speak in public. I am currently working with a start-up at the University's International Institute for Business Innovation, offering environmental solutions to industrial problems, specifically in agriculture and agribusiness, where we provide companies with sustainable waste management solutions."