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The World Bank  
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Report No: PAD2433

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$50.126 MILLION

TO THE

REPUBLIC OF CHILE

FOR A

STRENGTHENING OF STATE UNIVERSITIES IN CHILE PROJECT

SEPTEMBER 19, 2017

Education Global Practice  
Latin America and Caribbean Region

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## CURRENCY EQUIVALENTS

(August 18, 2017)

Currency Unit = Chilean Peso (CLP)

CLP = US\$ 0.0015

US\$ = CLP 647

## FISCAL YEAR

January 1 - December 31

## ABBREVIATIONS AND ACRONYMS

AFI	Indirect Fiscal Grant ( <i>Aporte Fiscal Indirecto</i> )
CASEN	National Socioeconomic Characterization Survey ( <i>Encuesta de Caracterización Socioeconómica Nacional</i> )
CFT	Technical Training Center ( <i>Centro de Formación Técnica</i> )
CGR	Comptrollers or Supreme Audit Institution of the Republic of Chile ( <i>Contraloría General de la República</i> )
CONICYT	National Council for Scientific and Technological Research ( <i>Comisión Nacional de Investigación Científica y Tecnológica</i> )
CPF	Country Partnership Framework
CPS	Country Partnership Strategy
CRUCH	National Council of Rectors of Chilean Universities ( <i>Consejo de Rectores de Universidades Chilenas</i> )
DFI	Department of Institutional Financing
DIPRES	Division of Budget ( <i>División de Presupuestos</i> )
DIVESUP	Division of Higher Education ( <i>División de Educación Superior</i> )
DLI	Disbursement-Linked Indicator
EEP	Eligible Expenditure Program
FM	Financial Management
GDP	Gross Domestic Product
GoC	Government of Chile
GRS	Grievance Redress Service
HEI	Higher Education Institution
HEP	Higher Education Provider
IFR	Interim Financial Report
IP	Professional Institute ( <i>Instituto Profesional</i> )
IPF	Investment Project Financing
IS	Information System
ISDP	Institutional Strengthening Development Plan
M&E	Monitoring and Evaluation
MECESUP	Higher Education Quality and Equity Improvement Project ( <i>Mejoramiento de la</i>

	<i>Calidad y Equidad de la Educación Superior)</i>
MINEDUC	Ministry of Education ( <i>Ministerio de Educación</i> )
PACE	Affirmative Action Program ( <i>Programa de Acompañamiento y Acceso Efectivo</i> )
PDO	Project Development Objective
POM	Project Operational Manual
R&D	Research and Development
SCD	Systematic Country Diagnostic
SIES	Tertiary Education Information System ( <i>Sistema de Información para la Educación Superior</i> )
SIGFE	Information System for the Management of State Finances ( <i>Sistema de Información para la Gestión Financiera del Estado</i> )
SPC	State Universities Strengthening Plan Committee ( <i>Comité de planes de fortalecimiento institucional para las universidades estatales</i> )
TEI	Tertiary Education Institution
UNDP	United Nations Development Programme

Regional Vice President: Jorge Familiar

Country Director: Alberto Rodriguez

Senior Global Practice Director: Jaime Saavedra Chanduvi

Practice Manager: Reema Nayar

Task Team Leader(s): Javier Botero Alvarez and Diego Angel-Urdinola

**BASIC INFORMATION**

Is this a regionally tagged project? No	Country(ies)	Financing Instrument Investment Project Financing
<input type="checkbox"/> Situations of Urgent Need of Assistance or Capacity Constraints <input type="checkbox"/> Financial Intermediaries <input type="checkbox"/> Series of Projects		
Approval Date 20-Oct-2017	Closing Date 30-Dec-2022	Environmental Assessment Category C - Not Required
Bank/IFC Collaboration No		

**Proposed Development Objective(s)**

The objectives of the project are to improve quality and equity within State Universities and to strengthen their institutional capacity to address regional and national development challenges.

**Components**

Component Name	Cost (US\$, millions)
Technical Assistance for Strengthening the Borrower's State Universities Sector	0.00
Support to the Establishment of Networks in State Universities	7,000,685.00
Support to the Implementation of Institutional Strengthening Development Plans	43,000,000.00

**Organizations**

Borrower : Ministry of Finance  
 Implementing Agency : Ministry of Education



**PROJECT FINANCING DATA (US\$, Millions)**

<input type="checkbox"/> Counterpart Funding	<input checked="" type="checkbox"/> IBRD	<input type="checkbox"/> IDA Credit	<input type="checkbox"/> IDA Grant	<input type="checkbox"/> Trust Funds	<input type="checkbox"/> Parallel Financing
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Total Project Cost:  
375.13

Total Financing:  
375.13  
Of Which Bank Financing (IBRD/IDA):  
50.13

Financing Gap:  
0.00

**Financing (in US\$, millions)**

Financing Source	Amount
Borrower	325.00
IBRD-87850	50.13
<b>Total</b>	<b>375.13</b>

**Expected Disbursements (in US\$, millions)**

Fiscal Year	2018	2019	2020	2021	2022	2023
Annual	10.13	10.00	10.00	10.00	10.00	0.00
Cumulative	10.13	20.13	30.13	40.13	50.13	50.13

**INSTITUTIONAL DATA**

**Practice Area (Lead)**

Education



**Contributing Practice Areas**

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

**Gender Tag**

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

**SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)**

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● Low
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Low
6. Fiduciary	● Moderate
7. Environment and Social	● Moderate
8. Stakeholders	● Low
9. Other	
10. Overall	● Moderate



**COMPLIANCE**

**Policy**

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No

**Safeguard Policies Triggered by the Project**

**Yes**

**No**

Environmental Assessment OP/BP 4.01

✓

Natural Habitats OP/BP 4.04

✓

Forests OP/BP 4.36

✓

Pest Management OP 4.09

✓

Physical Cultural Resources OP/BP 4.11

✓

Indigenous Peoples OP/BP 4.10

✓

Involuntary Resettlement OP/BP 4.12

✓

Safety of Dams OP/BP 4.37

✓

Projects on International Waterways OP/BP 7.50

✓

Projects in Disputed Areas OP/BP 7.60

✓

**Legal Covenants**

Sections and Description

SCHEDULE 2, Section I, A.1- Implementation Arrangements

The Borrower, through the MINEDUC shall operate and maintain within DIVESUP at all times during the implementation of the Project, staff in adequate numbers and with appropriate experience and qualifications, all satisfactory to the Bank, as further detailed in the Project Operational Manual, for purposes of assisting the MINEDUC in the overall coordination and implementation of the Project, including fiduciary responsibilities.

Sections and Description

SCHEDULE 2, Section I, A. 2- Implementation Arrangements

The Borrower, through MINEDUC, shall carry out the Project in accordance with a manual ("Project Operational Manual"), satisfactory to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following: (a) the detailed description of the Project



activities and the institutional arrangements of the Project; (b) the description of DLLs and the criteria, detailed rules and procedures for DLLs implementation and monitoring; (c) the DLI Verification Protocols; (d) the Project accounting, auditing, reporting, financial, procurement and disbursement procedures; (e) the monitoring indicators for the Project; (f) the detailed Project costs and financing; (g) the model of the Inter-institutional Agreements; and (h) the IPPF. In the event that any provision of the Project Operational Manual shall conflict with this Agreement, the terms of this Agreement shall prevail.

Sections and Description

SCHEDULE 2, Section I, A. 3- Implementation Arrangements

In order to facilitate the execution of the Project, and upon selection of a State University, the Borrower, through MINEDUC, shall enter into an agreement with said State University ("Inter-Institutional Agreement"), under terms and conditions acceptable to the Bank, which shall include, inter alia, MINEDUC and the respective State University's responsibilities under the Project.

Sections and Description

SCHEDULE 2, Section I, B.1- Safeguards

The Borrower, through MINEDUC, shall carry out the Project in accordance with the provisions of the Indigenous Peoples Planning Framework.

Sections and Description

SCHEDULE 2, Section I, B.2- Safeguards

The Borrower, through MINEDUC, shall ensure that the terms of reference for any consultancy in respect of any Project activity shall be satisfactory to the Bank following its review thereof and, to that end, such terms of reference shall duly incorporate the requirements of the applicable Bank Safeguards Policies, as applied to the advice conveyed through such technical assistance.

Sections and Description

SCHEDULE 2, Section II, A- Project Monitoring Reporting and Evaluation

The Borrower shall furnish to the Bank each Project Report not later than two months after the end of each calendar semester, covering the calendar semester.

Sections and Description

SCHEDULE 2, Section II, B. 1 and 2- Project Monitoring Reporting and Evaluation

Without limitation to the provisions of Section 5.08 (b) of the General Conditions and Section II.A. (listed above),



the Borrower, through MINEDUC, shall after the third year of Effective Date:

1. carry out a mid-term review with the Bank on the overall progress in the execution of the Project and on the achievement of the Project objectives, including a review of the existing DLIs to determine if any adjustment or replacement of any DLI is needed, and
2. thereafter make the required modifications, all in a manner acceptable to the Bank and with the approval of MINEDUC and the Borrower's Ministry of Finance as the case may be.

Sections and Description

SCHEDULE 2, Section IV -Other Undertakings

The Borrower, through MINEDUC, shall submit to the Bank, for prior review and approval, the Terms of Reference for the activities to be carried out under Part 1 (a) (i), (e) and (f) of the Project.

**Conditions**

Type	Description
Disbursement	<p>SCHEDULE 2, Section III, B.1 (a) and (b)- Withdrawal Period</p> <p>No withdrawal shall be made:</p> <p>(a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$10,000,000 may be made for payments made twelve (12) months prior to this date, for Eligible Expenditures provided that the Borrower, through MINEDUC, has furnished evidence, in form and substance satisfactory to the Bank, that the DLis 1 and 2 (as set forth in Schedule 4 to the Loan Agreement) have been satisfactorily met, all in accordance with the applicable provisions of the Agreement and as further elaborated in the Project Operational Manual and in the Disbursement and Financial Information Letter;</p> <p>(b) for payments made under Category (1) unless: (i) the Borrower, through MINEDUC, has furnished evidence, in form and substance satisfactory to the Bank, of EEPs incurred, as presented in the corresponding EEPs Spending Report; and (ii) the Bank has determined, on the basis of the evidence furnished by the Borrower, through MINEDUC, as set forth in the Verification Protocols, that the DLis have been satisfactorily achieved, as further elaborated in the Project Operational Manual and in the Disbursement and Financial Information Letter.</p>
Disbursement	<p>SCHEDULE 2, Section III, B.2 (a) and (b)-</p>



**Withdrawal Period**

If the Bank is not satisfied that a DLI under Category (1) has been achieved, or partially achieved, the Bank may at any time, and by notice to the Borrower, through MINEDUC, decide, in its sole discretion, to:

(a) In respect of Scalable DLIs:

- (i) authorize the withdrawal of a reduced amount of the unwithdrawn proceeds of the Loan allocated to the Scalable DLI which, in the opinion of the Bank, corresponds to the degree of achievement of said Scalable DLI calculated as set forth in the Verification Protocols;
- (ii) authorize that the unwithdrawn amount corresponding to the portion of the allocated amount not disbursed due to partial achievement of any Scalable DLI be carried forward to the immediately subsequent withdrawal, pending further achievement of the respective Scalable DLI; or
- (iii) cancel all or a portion of the proceeds of the Loan then allocated to said Scalable DLI.

(b) In respect of any DLI which is not a Scalable DLI:

- (i) withhold the unwithdrawn proceeds of the Loan then allocated to said DLI until the Bank is satisfied that said DLI has been fully achieved; or
- (ii) (A) at the Borrower's request, through MINEDUC, and providing there is a justification acceptable to the Bank, reallocate all or a portion of the proceeds of the Loan then allocated to said DLI to any other DLI; (B) adjust or replace said DLI for another DLI; or (C) cancel all or a portion of the proceeds of the Loan then allocated to said DLI.

**PROJECT TEAM**

**Bank Staff**

Name	Role	Specialization	Unit
Javier Botero Alvarez	Team Leader(ADM Responsible)	Lead Education Specialist	GED04
Diego Angel-Urdinola	Team Leader	Senior Economist	GED04
Selene del Rocio La Vera	Procurement Specialist(ADM Responsible)	Procurement Specialist	GGO04
Lucas Carrer	Financial Management Specialist	Financial Management	GGO22



Catarina Isabel Portelo	Counsel	Counsel	LEGLE
Ciro Avitabile	Team Member	Senior Economist	GED04
Fabio Pittaluga	Social Safeguards Specialist	Social	GSU04
Juan Carlos Serrano-Machorro	Team Member	Financial Management	GGO22
Livia M. Benavides	Team Member	Program Leader	LCC6C
Maria Elena Paz Gutzalenko	Team Member	Program Assisant	GED04
Maria Virginia Hormazabal	Team Member	Finance Officer	WFALA
Patricia De la Fuente Hoyes	Team Member	Financial Management	OPSPF
Raul Tolmos	Environmental Safeguards Specialist	Environmental	GEN04
Sara Burga	Team Member	Program Assistant	LCC6C
Uriel Kejsefman	Team Member	Analyst	GED04
<b>Extended Team</b>			
<b>Name</b>	<b>Title</b>	<b>Organization</b>	<b>Location</b>



**CHILE  
STRENGTHENING AND QUALITY IMPROVEMENT OF STATE UNIVERSITIES IN CHILE**

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## I. STRATEGIC CONTEXT

### A. Country Context

1. **Chile has achieved sustained growth and poverty reduction over the past decade, but the country remains highly unequal.** Annual gross domestic product (GDP) growth in Chile has averaged 5 percent during the last three decades<sup>1</sup>. By 2013, only 6.8 percent of the population lived with US\$4 a day or less, a third of the rate observed a decade ago. Moreover, extreme poverty has been virtually eradicated. Chile has also made progress with respect to shared prosperity. Between 2003 and 2013, the mean income of the bottom 40 percent increased by 5.1 percent, which was more than the overall income growth of 3.5 percent. This success has been led by strong institutions, sound macroeconomic policy across administrations, market-oriented policies focused on boosting productivity and enhancing public service delivery, and the successful management of the commodities boom. Nevertheless, while Chile's Gini coefficient slightly dropped from 0.55 to 0.50 during the same period (currently it is 0.47), it continues to be one of the most unequal countries in the region, whereby the income of the richest 10 percent is 27 times greater than that of the poorest 10 percent. Also, Chile is susceptible to earthquakes, extreme temperature, and drought, which makes its population and its infrastructure vulnerable to these shocks. The country still needs to build its ability to withstand these climate and disaster risks, which can lead to a variety of other unintended consequences and could exacerbate inequality across the country.

2. **Social discontent with social service provision and the end of the commodity boom have put pressure for a new wave of reforms.** Market-oriented policies led not only to improvement in public services but also to disparities in the access to quality services in the education, health, and social protection sectors. During the last decades, the Chilean society has become less tolerant and more vocal in its demand for improvements, most visibly in the education sector. Moreover, the decline in commodity prices, slower productivity growth, and a still insufficiently diversified economy have increased the urgency of developing a better skilled workforce. Improving education and research and development (R&D) is essential to achieve this goal, as the number of researchers and investment in R&D remains below peers.

3. **Inequities in human capital accumulation and labor market outcomes are significant, especially across regions.** By 2012, 48 percent of the Chilean population lived in metropolitan areas (urban areas with over 500,000 people). These metropolitan areas account for 56 percent of national GDP and 52 percent of employment. Moreover, economic conditions vary dramatically across regions. In 2015, for example, income poverty incidence rates were below 6% in regions such as Antofagasta and Atacama and above 15% in other regions such as Maule, Biobio, and la Araucanía. These inequalities can be partly explained by differences in human capital accumulation (that is, levels of educational attainment across regions) as well as by differences across regions on investments in research, development, and innovation. In 2014, 84 percent of the labor force in Antofagasta had at least upper secondary education, as opposed to less than 70 percent in regions such as Maule and Araucania (with the national average at 79.1 percent). Gaps in human capital are likely to further contribute to expanding the regional gaps in regional development, research, and innovation. For instance, in 2010, only 1 patent per million people was registered in Araucania, as opposed to an average of 6 nationwide. In this context, improving quality and

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<sup>1</sup> Systematic Country Diagnostic (SCD) for Chile (Report No. 107903-CL) issued on June 6, 2017.



service delivery of higher education constitutes a policy priority. First, available research suggests that access to high-quality higher education in Chile has large and positive returns on lifelong earnings and can reduce income gaps between individuals from different socioeconomic backgrounds (Nielson et al. 2013). Second, higher education institutions (HEIs) can become successful engines of innovation and regional development if enough resources and incentives are available for them to engage in research and if there are adequate channels for coordination and collaboration with the local productive sector (see Hill 2006). As such, supporting the higher education sector in Chile is likely to promote equity across individuals and regions and will surely serve the World Bank’s twin goals of reducing poverty and boosting shared prosperity.

## B. Sectoral and Institutional Context

4. **In the last two decades, Chile’s higher education system has achieved remarkable progress, most notably in access.** HEIs in Chile may be private or state owned. Of the three types of HEIs, professional institutes (*Institutos Profesionales*, IPs) and centers for technical training (*Centros de Formación Técnica*, CFTs) may be operated for profit, while universities are all nonprofit. Within the networks of universities, there is a group of 27 universities (18 state owned and 9 private) that take part in the so-called National Council of Rectors of Chilean universities (*Consejo de Rectores de Universidades Chilenas*, CRUCH) that have historically had direct financial support from the Government, run a centralized admissions process, and span a wide range of selectivity levels. Since the 1980s, partly because of increased demand for higher education, several newer private universities have been operating outside the CRUCH system. Of the 60 universities operating in 2015, 25 were CRUCH universities and 35 were other (non-CRUCH) private universities (table 1). In the last 15 years, Chile has experienced a record high expansion in the number of students who entered higher education, with the gross enrollment rate increasing from 37.14 percent in 2000 to 86.63 percent in 2016. This expansion was much faster than in many developed countries. The rapid growth in higher education has been primarily driven by the non-university sector (IPs and CFTs) and by private non-CRUCH universities. On average, tertiary education attainment remains a good investment, as shown by the high employment rate and wage premium of individuals who enroll in tertiary education. In particular, wages for university graduates are on average 122 percent higher over their lifetime compared to those individuals with only secondary education.

**Table 1. Total Enrollment by Higher Education Provider (HEP) - Chile 2016**

HEP Type	Number of HEPs	Total Enrollment in 2016
CRUCH State universities	16 (+2) <sup>a</sup>	176,431 (15%)
CRUCH Private universities (G9)	9	136,424 (12%)
Non-CRUCH private universities	35	342,883 (29%)
CFTs	56	141,711 (12%)
IPs	43	380,988 (32%)
<b>Total</b>		<b>1,178,437 (100%)</b>

Source: Ministry of Education (MINEDUC) 2016.

Note: a. Two new State Universities were established in 2016.

5. **Despite these achievements, Chile’s higher education system faces important challenges of internal efficiency, academic readiness, and heterogeneity in the value of degrees.** In 2013, the completion rate for youth ages 25–29 was only slightly above 50 percent. Academic retention becomes quickly distorted after students’ first year of enrollment in tertiary education. Recent evidence has linked



this lagging behind to factors such as financial constraints, low academic readiness, and weak links between academic programs and labor market needed skills (Centro de Microdatos, 2008). Moreover, there is a dramatically large heterogeneity in the labor market returns of higher education, with a significant share of students having to cope with little or no benefit from their decision to invest in higher education. In fact, about 10 percent of all students in Chile are enrolled in programs with negative expected returns<sup>2</sup>. Students from low-socioeconomic families are particularly vulnerable to this phenomenon, since, among other reasons, they often have lower levels of academic readiness and less information about the private economic returns of tertiary education (Hastings et al. 2015). Moreover, students from more vulnerable socioeconomic groups are more likely to be enrolled in low return degrees in non-CRUCH private universities, which often display lower-quality inputs than CRUCH institutions. Additionally, while students in the metropolitan area of Santiago can choose among high-quality public and private institutions, students in other regions have often limited choice.

**6. Quality and variety of tertiary education opportunities are also unequally distributed across regions.** Private CRUCH institutions are missing in 6 out of 15 regions in the country. Moreover, the only two State Universities (SUs) that have higher levels of accreditation are located in Santiago while six of the eight within the lowest accreditation levels among SUs are outside the Santiago Metropolitan Region. Private universities have little incentive to open degrees with relatively high instruction costs and high strategic value, in fields where the student demand for those degrees is limited. In contrast, State Universities<sup>3</sup> have many more graduate programs in areas such as basic science, technology, and health, when compared to both private and private CRUCH universities. Finally, the current allocation of public funding to CRUCH universities constitutes an important challenge for the higher education system. Budget distributions are generally conducted based on historic allocations (not based on needs and/or performance) and without clear governance mechanisms. Such practice creates an uneven concentration of funding in large/urban universities, thus exacerbating existing inequities in quality and performance across HEIs.

**7. To address the aforementioned challenges, the Government of Chile (GoC) has set two main policy priorities: (a) providing universal free tertiary education; and (b) building the capacity and effectiveness of State HEIs.** In 2016, the GoC approved the first steps toward universal free tuition in HEIs, beginning with students from the five lowest socioeconomic deciles (B-50), a policy known as *Gratuidad*. This policy has been reinstated yearly and is expected to continue with only marginal modifications henceforth. A second key policy objective has been to launch a structural transformation of State Universities, through improving their quality, efficiency, and effectiveness as well as through the development of financing frameworks more focused toward results and performance. To increase access, the GoC created 15 new state CFTs and 2 new State Universities, so that every region in Chile would, for the first time, have at least one CFT and State university of their own. Moreover, the GoC sees State Universities playing a greater role in supporting national priorities and has sought to guide State Universities toward a greater focus on results, steady improvements in quality, and a closer alignment with regional and national development, research, and innovation. To consolidate financing, the Government has steadily increased transfers to State Universities while simultaneously attempting to

<sup>2</sup> Ferreyra, Maria Marta; Avitabile, Ciro; Botero Álvarez, Javier; Haimovich Paz, Francisco; Urzúa, Sergio. 2017. At a Crossroads: Higher Education in Latin America and the Caribbean. World Bank.

<sup>3</sup> In Chile, the regions are understood to encompass the areas outside the metropolitan area of Santiago.



develop a new financing framework for State Universities, aiming to shift the unconditional allocation of discretionary funds to an allocation based on the needs for regional development and on performance.

8. **As part of the strengthening of State Universities, The GoC presented to Congress a new law aimed at reforming their legal, regulatory, and institutional framework.** The draft Law for the Strengthening of State Universities defines legal, regulatory, and institutional frameworks to better enable State Universities to improve their quality and academic standards and become agents of social, cultural, and economic development, regionally and nationally. The draft law defines the main functions, governance mechanisms, and operational structures that State Universities need to abide by for the provision of higher education services in the country. The draft law includes: (a) the basic rules of governance for State Universities and their role toward the State, (b) the core administrative and financial management (FM) procedures that State Universities should abide by, (c) some general labor relations (and career paths) in State Universities, and (d) increased financial resources to support long-term institutional development plans for 10 years.

9. **The GoC has also continued to expand and guide the financing of State Universities.** State Universities were traditionally funded through two budget lines: (a) the Direct Fiscal Grant (*Aporte Fiscal Directo*), the core base funding for the CRUCH system; and (b) the Indirect Fiscal Grant (*Aporte Fiscal Indirecto*, AFI), two mostly unregulated sources of base funding. As part of its policy priority to revamp State Universities, in 2016 the GoC replaced AFI with greater but more targeted resources through three new budget lines:

- **Regional Support Program** (US\$7 million in 2017). This budget line aims at restoring the crucial role of State Universities in regional development and equity by improving their capacity to respond to regional and national priorities. In 2017, 25 percent of the funds have been allocated evenly to all State Universities, but for the remaining 75 percent priority was given to universities in distant regions and those serving a higher share of students coming from public and subsidized private schools. To benefit from these funds, universities need to present an expenditure plan clarifying ex ante how resources will be allocated.
- **Convenios Marco (Framework agreements)** (US\$55 million in 2017). The *Convenios Marco* are financing agreements, generally for 36 months, between State Universities and MINEDUC. Each agreement identifies a set of objectives, activities, and monitoring indicators that universities commit to achieve with the broader objective of improving institutional quality, equity, and academic performance. Financing is allocated through a formula that considers four main parameters: (a) institutional complexity,<sup>4</sup> (b) past performance, (c) investments in improving pedagogy, and (d) levels of institutional accreditation. Expenses incurred under these agreements are audited ex post, giving greater flexibility to administrators in the allocation of these funds while demanding greater accountability in the results.
- **Plan for Strengthening State Universities** (US\$13 million in 2017). Created in 2017, this fund seeks to: (a) improve the access, equity, permanence, and graduation of vulnerable

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<sup>4</sup> A composite indicator that considers the number of research staff, number of publications, levels of program and institutional accreditation, and other enrollment indicators.



students; (b) support the creation of high-quality research in strategic development areas; (c) increase enrollment strategically; (d) renew pertinent infrastructure; and (e) foster coordination in networks. Consistent with these objectives, in 2017, financing allocations of this fund have been distributed to State Universities based on the extent to which they serve vulnerable students and on their capacity to conduct academic research. To benefit from these funds, Universities present an ex ante expenditure plan.

10. **More and better quality State Universities can contribute to improving the average quality of the tertiary education sector.** The direct provision of tertiary education, especially when characterized by efficiency standards similar to the private ones, is one of the ways the Government can improve the average quality of higher education. In fact, more and better State Universities will force the private ones to increase their quality standards to avoid displacements in enrollment into State Universities. In Chile, there is a strong and positive association between the share of programs offered by State Universities present in a particular market (or locality), as defined by the combination of a geographic area and the area of study (for example, engineering in the metropolitan area of Santiago) and the share of private programs that are accredited in the same market. Indeed, available results indicate that a 10 percentage point increase in the market share of programs offered by State Universities is associated with the 3.3 percentage point increase in the share of private programs that are accredited, a proxy for quality (Ferreira et al. 2017).

11. **The GoC has requested the technical and financial assistance of the World Bank in its strategy to strengthen the State university system.** The budget law of 2017 included the initial aims and funds for the aforementioned Plan for Strengthening State Universities. This budget law also included an explicit request for a five-year operation with the World Bank in support of State Universities, to be aligned with the objectives of the plan. This request follows a long history of meaningful engagement between the GoC and World Bank in the tertiary education sector, principally through three *Mejoramiento de la Calidad y Equidad de la Educación Superior* (MECESUP) projects (1998–2005 Higher Education Improvement Project, MECESUP1 [Ln. 4404, P055481]; the 2005–2010 Tertiary Education Finance for Results Project - First Phase APL, MECESUP2 [Ln. 7317, P088498]; and the 2012–2016 Tertiary Education Finance for Results Project III, MECESUP3 [Ln. 8126, P111661]) and four recent Reimbursable Advisory Services, which provided analytical support for Chile's reforms to public financing, technical education, the quality assurance systems, and monitoring and evaluation (M&E) of the higher education system. These projects have collectively accompanied a progressive but structural reorientation of the sector toward a greater focus on results and accountability, by supporting competitive funding, performance-based agreements, and a robust accreditation system. As a result, the World Bank is uniquely positioned to continue supporting this reorientation within the latest policy priority of revamping the state university system.

### C. Higher Level Objectives to which the Project Contributes

12. The proposed Project is fully aligned with the World Bank Group's Country Partnership Strategy (CPS) for Chile (FY11-FY16) discussed by the Executive Directors on February 16, 2011 (Report No. 57989-CL) and the Performance and Learning Review (Report No. 94271-CL) of the CAS for Chile (FY11-FY16). The Project will directly contribute to CAS Objective 2.1: Improving Access and Quality Education, which focuses on supporting the GoC's efforts to make tertiary education more accessible and of better quality. In addition, the World Bank Systematic Country Diagnostic (SCD) for Chile (Report No. 107903-CL) issued on June 6, 2017 identifies priority areas that enhance both equity and productivity. Improving the quality



of education and the articulation from secondary to tertiary and onward to the economy are envisioned priorities of engagement in the upcoming CPF, seen as critical in delivering the skills needed to establish a more inclusive, knowledge-based economy.

## **I. PROJECT DEVELOPMENT OBJECTIVES**

### **A. PDO**

13. The objectives of the project are to improve quality and equity within State Universities and to strengthen their institutional capacity to address regional and national development challenges.

### **B. Project Beneficiaries**

14. Direct beneficiaries include an estimated current and future 382,000 students and 17,000 faculty at State Universities, who will benefit from greater resources dedicated to research and innovation, increased coordination among State Universities through structural and thematic networks, improvements to the student trajectory through targeted interventions such as remedial education, mentoring programs, and career services, greater institutional capacity for management and administration, and better information and monitoring systems, among others. Indirect beneficiaries include regional governments, local stakeholders from the productive sector, and other national and international universities who will join the thematic networks and see a greater involvement of State Universities in their regional development priorities.

### **C. PDO-Level Results Indicators**

15. The following indicators will measure progress toward achieving the PDO:

- (a) Improvement of the Institutional Quality Index of State Universities<sup>5</sup>
- (b) Reduction of the dropout rate of 3rd year vulnerable students at State Universities<sup>6</sup>
- (c) Increase in the number of research grants received by State Universities related to regional and national development

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<sup>5</sup>The Institutional Quality Index is built by DIVESUP and encompasses dimensions of research output and institutional quality based on accreditation. The Index includes [by weight in the index]: (i) percentage of SUs with at least 45% of full-time faculty with PhDs [20%], (ii) percentage of SUs with 0.9 or above score in the Citations Impact of Scopus and WOS [10%], (iii) percentage of SUs with four years or more of accreditation (or their equivalent) [20%], (iv) percentage of SUs accredited in four areas or more (or their equivalent) [20%], (v) percentage of SUs with at least one accredited PhD program [20%], and (vi) percentage of SUs whose rate of students graduating late (after the on-time graduation) is below 35% [10%]. 'Equivalent' means that any changes in the accreditation system can be incorporated by adjusting the current targets to the analogous ones in a recalibrated instrument. Baseline is 2016.

<sup>6</sup> Vulnerable students are defined as those in the bottom 60 percent of the income distribution.



## II. PROJECT DESCRIPTION

### A. Project Components

16. The proposed project will use Investment Project Financing (IPF) to support the GoC, over five years. The total cost of the activities that will be undertaken under the project is estimated at about US\$375 million, of which US\$50.126 million will be financed from the IBRD loan. The project will be implemented using a results-based financing instrument, through a series of disbursement-linked indicators (DLIs). The results-based financing instrument will reimburse an Eligible Expenditure Program (EEP) conditioned on satisfactory achievement of the DLIs. Each DLI will reflect intermediate outcomes, outputs, or institutional changes that are critical to achievement of the PDO. The list of DLIs can be found in Table 3.

17. To achieve the PDO, the project includes three components.

18. **Component 1: Technical Assistance for Strengthening the Borrower's State Universities Sector (IBRD: US\$0 million; Counterpart: US\$8 million).** This component will provide technical assistance to improve the State university system at the Central Government and university levels. This component will support: (a) advisory services, (b) data collection, (c) training, and (d) software development, related to the following activities:

(a) Improvement of the Borrower's information systems at central government and State Universities level, through, *inter alia*: (i) design of a Central Information System; (ii) installation of new information systems and/or improvement of existing ones; (iii) improvement of coordination mechanisms of existing information systems among State Universities and/or with MINEDUC; (iv) development of standardized monitoring reports that aggregate data at the university, regional and national levels; and (v) provision of training for the better use of information systems and drafting of periodic monitoring reports;

(b) Enhancement of the knowledge base on education and regional/national development linkages through, *inter alia*: (i) carrying out of the Pertinence Diagnostic; (ii) carrying out of Regional Diagnostics; (iii) carrying out of Academic Offering Reports; (iv) provision of technical assistance to improve the institutional capacity of State Universities to update the curricula of existing programs according to regional needs;

(c) Capacity building for the development of Institutional Strengthening Development Plans (ISDPs), through *inter alia*: (i) establishment of technical committees in each State University to prepare said ISDP; (ii) carrying out of assessments on the expected financial implications of these plans in the short, medium, and long-term budget allocation of expected resources; (iii) provision of training and capacity building to State Universities' staff for the development of long-term objectives, activities, and indicators; and (iv) improvement of coordination activities among State Universities, MINEDUC and key stakeholders;

(d) Strengthening of the institutional management capacity of State Universities through, *inter alia*: (i) carrying out of diagnostic reports on the management and planning capacity of State Universities; (ii) carrying out capacity building activities for managers and relevant administrators, such as training, workshops, and technical assistance; (iii) development of online management tools for monitoring progress in management, administration and planning;



(e) Development of Early-Warning Systems to profile/score students according to their probability of dropping out and/or fall behind in academic progression through, *inter alia*: (i) data collection, analysis and reporting tools aimed at identifying students at risk of future dropout, of low academic readiness and in vulnerable groups; and (ii) development of coordination mechanisms to connect students at risk with available institutional counseling and tutoring services;

(f) Carrying out of impact evaluations on selected interventions, including Career Services and Remedial Programs; and

(g) Strengthening of quality assurance mechanisms, through the provision of technical assistance and training to State Universities' internal quality assurance units.

19. **Component 2: Support to the Establishment of Networks in State Universities (IBRD: US\$7,000,685 million; Counterpart: US\$13 million).** Financing of payments under Eligible Expenditure Programs (EEPs) in support of State Universities for: (a) the establishment of pilot structural networks in new identified priority areas and the improvement of coordination and monitoring activities in existing structural networks; and (b) the establishment of thematic networks.

20. The component will support State Universities to strengthen their capacity to work as a structural network as well as the development of thematic networks led by State Universities to promote sector and regional and national development. The component will also support efforts made by State Universities and the Government to establish a State Universities Strengthening Plan Committee (*Comité de planes de fortalecimiento institucional para las universidades estatales, SPC*) and its capacity alongside State Universities to plan and coordinate short- and medium-term policies and to improve the institutional capacity, quality, and equity of State Universities. This component will have two subcomponents.

21. **Subcomponent 2.1: Support to the Establishment of Structural Networks.** This subcomponent will support the development of structural networks, some of which are already in place while others will have initial pilots during the life of the Project. Structural network are defined as follows:

- **Scope.** Structural networks include all State Universities.
- **Objective.** Structural networks promote the capacity of universities to plan and implement academic and nonacademic activities and policies cooperatively with the scale and critical mass needed to harness structural and systemic changes. The networks will attempt to remedy identified gaps such as dropout or program duration and will promote better coordination across State Universities in topics of common interest.
- **Selection.** The selection mechanisms will be twofold; some will be selected by MINEDUC and others by the SPC.
- **Examples.** The types of networks that are expected include: (a) curricular reform; (b) academic progression, including early warning systems; (c) social inclusion activities; (d) mobility across institutions and internationalization; (e) teacher development; (f) joint degrees/programs; and (g) quality assurance mechanisms.

22. The subcomponent will support the following, among others:



- **Pilot networks in priority areas will be identified by MINEDUC in coordination with the SPC and according to the criteria established by the SPC and acceptable to the Bank.** The outcomes of these pilots will inform the scaling up of their networks and the creation of future ones. World Bank funding will be focused on supporting three pilots in the following priority areas:
  - (a) **Curricular reform.** The uneven duration of analogous careers in Chile weakens the ability of the education system to certify common professional standards, to give institutions and employers a clear framework for understanding skill acquired and to promote mobility among institutions. The system has progressively moved toward clearer standards; the lack of coordination mechanisms has slowed progress in this direction. A State university network will provide a first attempt to support a critical mass of Universities to advance toward common curricular guidelines.
  - (b) **Academic progression and graduation.** One of the crucial dimensions of inequity in the Chilean system relates to the ability of vulnerable students (that is, those with lower levels of academic readiness and from disadvantaged socioeconomic status) to academically progress alongside peers. Supported by programs such as the Affirmative Action Program (*Programa de Acompañamiento y Acceso Efectivo*, PACE), Chile has devoted extensive resources to mentoring, tutoring, and remedial education activities. This pilot network will allow State Universities to exchange best practices, leverage accumulated knowledge and innovative activities to support equitable academic progression, reduce dropout rates, and promote timely graduation.
  - (c) **Social inclusion.** Some Chilean universities have developed centers of inclusion that provide various types of identification and support for vulnerable populations and minorities such as indigenous population, people with disabilities, LGBT populations, immigrant populations, and so on. However, these centers have been developed in an ad hoc manner with little coordination or standards among institutions. A structural network will push great effectiveness and homogeneity in service delivery and equitable targeting among State Universities, possibly developing common standards that can be replicated nationwide.
- **The improvement of existing networks**, including, among others, the following:
  - (a) **Coordination activities.** These include the mechanisms for governance and coordination (for example, a coordinating body composed of university principals, regional authorities, the private sector, and civil society) necessary for the effectiveness of structural networks.
  - (b) **M&E activities.** These activities will guarantee the effective use of resources and close supervision systems to track the performance and results of each university (and of each network) against predetermined sets of targets.

23. **Subcomponent 2.2: Support to the Establishment of Thematic Networks.** This subcomponent will support efforts made by State Universities to establish thematic networks that promote research and



innovation to address sector and regional and national development challenges in a competitive way. Thematic networks are defined as follows:

- **Scope.** Thematic networks shall include, at least, three State Universities and preferably one external stakeholder (for example, private sector agent, regional governments, international university, and/or other national tertiary education institutions). Thematic networks could be regional, or national.
- **Objective.** Thematic networks promote the development of research, innovation, and value chains for sectors of the economy (for example, mining, fishing) and/or themes (for example, climate change), always based on addressing regional or national development challenges.
- **Selection.** Thematic networks will be selected according to the criteria established by the SPC and acceptable to the Bank<sup>7</sup>. MINEDUC will launch the call for proposals and the SPC will evaluate and select the submitted proposals. Other funding sources and competitive grants may co-finance these networks. A priority will be to guarantee that State Universities lead the thematic networks and preference will be given to networks that include<sup>8</sup> external stakeholders (for example, private sector agent, regional governments, international university, other national HEIs). As part of the process, each thematic network will establish a set of expected results and performance indicators, which will be a collective responsibility of the executing institutions to achieve.
- **Examples.** The types of networks that are expected include: (a) mitigation, prevention, and adaptation to climate change; (b) mining; (c) water resources; (d) renewable energy; (e) seismology and emergency response; and (f) agro-industry.

24. The adequate development of thematic networks requires adequate funding; coordination between State Universities, regional authorities, and the productive sector; and rigorous evidence-based evaluation to assess if the interventions work.

25. The subcomponent will support all necessary activities to support the selection, design, implementation, and monitoring of these networks.

26. **Component 3: Support to the Implementation of Institutional Strengthening Development Plans (IBRD: US\$43 million; Counterpart: US\$304 million).** Financing of payments under the EEPs in support of State Universities to diagnose, develop and implement each ISDP, including:

(a) Provision of support to improve school-university-job transition in State Universities including, inter alia: (i) improve academic readiness through Remedial Programs, information provision on higher education academic and job offers, and vocational counseling for late-secondary and early-higher-education students; (ii) decrease drop-out rates and improve the career progression and graduation; (iii) improve the employability of women; (iv) foster a better university-to-job transition by

<sup>7</sup> With the exception of a network related to the mitigation, prevention, and adaptation to climate change, which has been pre-approved.

<sup>8</sup> This includes State Universities with few years of accreditation (under four years) or those that are missing some key areas of accreditations such as research, links with regional and national development, and so on.



implementing, inter alia, apprenticeship programs, graduate tracking systems, and career counseling programs with a focus on vulnerable and under-represented segments of the population; and (v) improve teaching training and update the curricula to deliver programs that are more responsive to development priority sectors and local demand.

(b) Provision of support to strengthen research and innovation capacity at State Universities including, inter alia: (i) improvement of State Universities' human capital for research and innovation; (ii) acquisition of research equipment and goods, and provision of services; (iii) development of partnerships with the private sector, regional governments, foreign institutions and research centers; and (iv) improvement of the capacity of State Universities to disseminate research outputs and prepare and submit research publications and patents applications.

(c) Provision of support to the institutional management and operations of State Universities to prepare and implement ISDPs and plans based on the regional diagnostics, including: (i) collection, use and dissemination of university data; (ii) strengthening the planning, financial and procurement management capacity; and (iii) reviewing of academic management and programs and permanent quality assurance mechanisms.

**27. Subcomponent 3.1: Support to Improve School-University-Job Transition in State Universities.**

This subcomponent will support efforts made by State Universities to improve academic readiness through, among others, remedial programs, information provision, and vocational counseling for late secondary and early higher education students; decrease dropout rates and improve academic progression and graduation; improve the employability of women; and foster a better university-to-job transition by implementing, among others, apprenticeship programs, graduate tracking systems, and career counseling programs<sup>9</sup> with a focus on vulnerable and under-represented segments of the population (for example, indigenous people, persons with disabilities, gender<sup>10</sup> and sexual minorities). This subcomponent will also support actions to improve advanced teachers' training and to update or create new curricula to deliver programs that are more responsive to development priority sectors and regional demand.

**28. Subcomponent 3.2: Support to Improve Institutional Capacity for Research and Innovation in State Universities.**

This subcomponent will support efforts made by State Universities to improve their institutional capacity to conduct research and innovation with a focus on regional and national development challenges, within the framework of the ISDP. This includes, among others, (a) improvement to the State Universities' human capital for research and innovation; (b) purchases of research equipment, goods, and services; (c) development of partnerships with the private sector, regional governments, foreign institutions, and research centers; and (d) improvement to the capacity of the university to disseminate research outputs and prepare and submit research publications and patents.

**29. Subcomponent 3.3: Support to Institutional Management and Operations of State Universities.**

This subcomponent will support efforts made by State Universities to prepare and implement improvement plans based on the ISDP and the regional diagnostics supported under Component 1 including: the collection, use, and dissemination of university data; strengthening the planning, financial,

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<sup>9</sup> The rationale for supporting these interventions is further articulated in the Technical section.

<sup>10</sup> Further details on the project's gender strategy can be found in the Technical section.



and procurement management capacity; the planning, financial, and procurement management, and reviewing of academic management and programs and permanent quality assurance mechanisms.

**Results Chain and DLIs**

30. The results chain in Table 2 illustrates how the project activities and products contribute to the achievement of the main project development objectives. The table also displays how the project DLIs contribute to this theory of change. Following the results chain, Table 3 presents the project DLIs.

**Table 2. Results Chain**

Objective	Outcomes / Intermediate Outcomes	Products	Planned Activities
Improve the quality of State Universities	<ul style="list-style-type: none"> <li>Academic programs are improved and service delivery of education services is more coordinated and efficient</li> </ul>	<ul style="list-style-type: none"> <li>ISDPs include proposals for curricular reform, academic harmonization, joint degrees, common quality assurance Systems, etc.</li> <li>Pilot structural networks are implemented</li> </ul> <p><i>DLI 7: At least 3 pilot Structural Networks are operational as set forth in the Verification Protocols</i></p>	<ul style="list-style-type: none"> <li>Establishment of a Strengthening Plan Committee (SPC)</li> <li>Pilot a structural networks on curricular reform</li> <li>Pilot a structural network on academic progression and graduation</li> <li>Other likely networks (mobility and internationalization, the teacher career, quality assurance)</li> </ul> <p><i>DLI 1: SPC has been established and is operational as set forth in the Verification Protocols</i></p>
	<ul style="list-style-type: none"> <li>State Universities' graduates improve their insertion rate in the labor market</li> </ul>	<ul style="list-style-type: none"> <li>New career counseling services programs offered at State Universities</li> <li>Career counseling services comply with quality standards</li> </ul> <p><i>DLI 6: At least 10 State Universities offer Career Services that comply with quality standards defined by SPC as set forth in the Verification Protocols</i></p> <p><i>DLI 14: At least 20% of Last-Year Students are provided quality Career Services at set forth in the Verification Protocols</i></p>	<ul style="list-style-type: none"> <li>Definition of quality standards for career services that enhance graduate employability</li> <li>Development and adaptation of existing career counseling services according to new standards</li> </ul> <p><i>DLI 3: Definition of quality standards for Career Services is approved by the SPC and disseminated to at least 12 State Universities, as set forth in the Verification Protocols</i></p>
	<ul style="list-style-type: none"> <li>Institutions make more informed management/academic decisions</li> </ul>	<ul style="list-style-type: none"> <li>Central information system operational</li> <li>Standardized and periodic monitoring reports</li> </ul> <p><i>DLI 10: Central Information System is operational at each State University at set forth in the Verification Protocols</i></p>	<ul style="list-style-type: none"> <li>Improvement of the information systems at State Universities</li> <li>Development of Standardized Monitoring Reports</li> </ul>



Objective	Outcomes / Intermediate Outcomes	Products	Planned Activities
	<ul style="list-style-type: none"> <li>The quality of research and innovation improves</li> </ul>	<ul style="list-style-type: none"> <li>More and better graduate and undergraduate programs</li> <li>Publications and patents submitted on themes of regional and national priority</li> <li>Partnerships with the private sector are established</li> </ul>	<ul style="list-style-type: none"> <li>Institutional initiatives to improve research               <ul style="list-style-type: none"> <li>Consolidation of human capital through hiring or encouragement of advanced degree attainment</li> <li>Research equipment, goods, and services</li> <li>Partnerships with the private sector, regional governments, foreign institutions, and research centers</li> <li>Dissemination, submission, and patenting capacity</li> </ul> </li> </ul> <p><i>DLI 9: At least 5% increase in the share of full-time faculty with Ph.Ds in State Universities as set forth in the Verification Protocols</i></p>
<p><i>Improve the equity of State Universities</i></p>	<ul style="list-style-type: none"> <li>At-risk and socioeconomically disadvantaged students are better equipped to complete studies and are less likely to drop out</li> </ul>	<ul style="list-style-type: none"> <li>Remedial education programs comply with common quality standards</li> <li>Early-warning systems in place at State Universities</li> </ul> <p><i>DLI 11 : At least 10 State Universities have Remedial Programs that comply with quality standards approved by SCP as set forth in the Verification Protocols</i></p> <p><i>DLI 15: At least 12 State Universities have operational Early-Warning Systems as set forth in the Verification Protocols</i></p>	<ul style="list-style-type: none"> <li>Definition of quality standards for remedial education</li> <li>Development and adaptation of existing remedial education programs according to new standards</li> <li>Development of early-warning systems</li> </ul> <p><i>DLI 4: Definition of quality standards for Remedial Programs is approved by the SPC and disseminated to at least 12 State Universities, as set forth in the Verification Protocols</i></p>
	<ul style="list-style-type: none"> <li>Marginalized minorities are better supported to succeed in their studies</li> </ul>	<ul style="list-style-type: none"> <li>Centers of Inclusion are more standardized comprehensive and effective</li> </ul> <p><i>DLI 7: At least 3 pilot Structural Networks are operational as set forth in the Verification Protocols</i></p>	<ul style="list-style-type: none"> <li>Support to Centers of Inclusion               <ul style="list-style-type: none"> <li>Pilot structural network for the sharing of best practices and development of common standards</li> <li>Promotion of gender policies</li> <li>International technical assistance</li> </ul> </li> </ul>
<p><i>Strengthen State Universities' institutional capacity to address regional and national development challenges</i></p>	<ul style="list-style-type: none"> <li>Universities align their institutional strategies with regional needs</li> <li>State Universities accomplish the majority of their development objectives</li> </ul> <p><i>DLI 13: At least 12 State Universities accomplish 70% of the corresponding ISDP annual targets</i></p> <p><i>DLI 16: At least 70% of all</i></p>	<ul style="list-style-type: none"> <li>ISDPs include verified targets for supporting regional development</li> </ul> <p><i>DLI 5: 18 ISDPs are approved by the SPC and adopted by each State University as set forth in the Verification Protocols</i></p>	<ul style="list-style-type: none"> <li>Enhancement of the knowledge base on education and regional and national development links               <ul style="list-style-type: none"> <li>Benchmarking of SUs</li> <li>Regional diagnostics</li> <li>Academic offering reports</li> </ul> </li> <li>Strategic guidelines and priority areas of research established by the SPC</li> <li>A competitive call for proposals for research related to regional and national development is launched</li> </ul>



Objective	Outcomes / Intermediate Outcomes	Products	Planned Activities
	<p><i>regional or national Development Projects have achieved at least 70% of their annual targets as set forth in the Verification Protocols</i></p>		<p><i>DLI 2: Pertinence Diagnostic <sup>11</sup> is completed and disseminated to at least 12 State Universities, as set forth in the Verification Protocols</i></p>
	<ul style="list-style-type: none"> <li>• Networks work in close coordination with the productive sector in strategic areas to foster regional and national development</li> </ul> <p><i>DLI 12: At least 4 Thematic Networks have met 70% of their annual performance targets as set forth in the Verification Protocols</i></p>	<ul style="list-style-type: none"> <li>• Coordinated efforts and synergies in addressing to regional and national development</li> <li>• Regional and national development projects executed</li> </ul> <p><i>DLI 8: At least 5 Thematic Networks are operational as set forth in the Verification Protocols</i></p>	<ul style="list-style-type: none"> <li>• Establishment of thematic networks that promote research and innovation to address sector and regional and national development challenges</li> <li>• Thematic network on climate change adaptability</li> <li>• Inclusion of at least one regional and national development project in each ISDP</li> </ul>

**Table 3. Disbursement-Linked Indicators, by expected calendar year of completion<sup>12</sup>**

	2018	2019	2020	2021	2022
	DLI 1		DLI 5	DLI 9	DLI 13
<i>Improved Quality of State Universities</i>	<p>SPC has been established and is operational as set forth in the Verification Protocols</p>		<p>18 ISDPs are approved by the SPC and adopted by each State University as set forth in the Verification Protocols</p> <p>(Scalable)</p>	<p>At least 5% increase in the share of full-time faculty with Ph.Ds in State Universities as set forth in the Verification Protocols</p> <p>(Scalable)</p>	<p>At least 12 State Universities accomplish 70% of the corresponding ISDP annual targets as set forth in the Verification Protocols</p> <p>(Scalable)</p>
	<b>(Value: US\$5.0 M)</b>		<b>(Value: US\$2.5 M)</b>	<b>(Value: US\$3.0 M)</b>	<b>(Value: US\$2.4 M)</b>

<sup>11</sup> ‘Pertinence Diagnostic’ means a study prepared by MINEDUC providing a comprehensive diagnostic profile of every State University with a focus on their linkages to regional and national development.

<sup>12</sup> Calendar years of completion of DLIs are indicative; DLIs may be achieved prior to the expected completion date set out in Schedule IV or after said date.



		<p>DLI 3</p> <p>Definition of quality standards for Career Services is approved by the SPC and disseminated to at least 12 State Universities, as set forth in the Verification Protocols</p> <p>(Value: US\$5.0 M)</p>	<p>DLI 6</p> <p>At least 10 State Universities offer Career Services that comply with quality standards defined by SPC as set forth in the Verification Protocols</p> <p>(Scalable)</p> <p>(Value: US\$2.5 M)</p>	<p>DLI 10</p> <p>Central Information System is operational at each State University at set forth in the Verification Protocols</p> <p>(Value: US\$2.5 M)</p>	<p>DLI 14</p> <p>At least 20% of Last-Year Students are provided quality Career Services at set forth in the Verification Protocols</p> <p>(Value: US\$2.6 M)</p>
<i>Improved Equity of State Universities</i>		<p>DLI 4</p> <p>Definition of quality standards for Remedial Programs is approved by the SPC and disseminated to at least 12 State Universities, as set forth in the Verification Protocols</p> <p>(Value: US\$5.0 M)</p>	<p>DLI 7</p> <p>At least 3 pilot Structural Networks are operational as set forth in the Verification Protocols</p> <p>(Scalable)</p> <p>(Value: US\$2.500685 M)</p>	<p>DLI 11</p> <p>At least 10 State Universities have Remedial Programs that comply with quality standards approved by SCP as set forth in the Verification Protocols</p> <p>(Scalable)</p> <p>(Value: US\$2.5 M)</p>	<p>DLI 15</p> <p>At least 12 State Universities have operational Early-Warning Systems as set forth in the Verification Protocols</p> <p>(Scalable)</p> <p>(Value: US\$2.4 M)</p>
<i>Foster State Universities' institutional capacity to address regional and national development challenges</i>	<p>DLI 2</p> <p>Pertinence Diagnostic<sup>13</sup> is completed and disseminated to at least 12 State Universities, as set forth in the Verification Protocols</p> <p>(Value: US\$5.0 M)</p>		<p>DLI 8</p> <p>At least 5 Thematic Networks are operational as set forth in the Verification Protocols</p> <p>(Scalable)</p> <p>(Value: US\$2.5 M)</p>	<p>DLI 12</p> <p>At least 4 Thematic Networks have met 70% of their annual performance targets as set forth in the Verification Protocols</p> <p>(Scalable)</p> <p>(Value: US\$2.0 M)</p>	<p>DLI 16</p> <p>At least 70% of all regional or national Development Projects have achieved at least 70% of their annual targets as set forth in the Verification Protocols</p> <p>(Scalable)</p> <p>(Value: US\$2.6 M)</p>
<i>Estimated disbursement</i>	10 M	10 M	10.000685 M	10 M	10 M

<sup>13</sup> Pertinence Diagnostic means a study prepared by MINEDUC providing a comprehensive diagnostic profile of every State University with a focus on their linkages to regional and national development.



## B. Project Cost and Financing

31. The total cost of the project is US\$375.126 million, of which US\$50.126 million will be financed by the World Bank through an IBRD loan to Chile. The overall project costs are presented in table 4.

**Table 4. Project Cost by Component (US\$)**

Project Components	Project Cost	IBRD Financing	Counterpart Funding
Component 1: Technical Assistance for Strengthening the Borrower's State Universities Sector	8,000,000	0	8,000,000
Component 2: Support to the Establishment of Networks in State Universities	20,000,685	7,000,685	13,000,000
Component 3: Support to the Implementation of Institutional Strengthening Development Plans	347,000,000	43,000,000	304,000,000
<b>Total Costs</b>	<b>375,000,685</b>	<b>50,000,685</b>	<b>325,000,000</b>
Total Project Costs	375,000,685	50,000,685	325,000,000
Front End Fees	125,315	125,315	
<b>Total Financing Required</b>	<b>375,126,000</b>	<b>50,126,000</b>	<b>325,000,000</b>

## C. Lessons Learned and Reflected in the Project Design

32. Previous World Bank-financed operations supporting tertiary education (especially the MECESUP projects) provided valuable learning opportunities for the design of the project. Some key lessons are listed in the following paragraphs.

33. **World Bank support in tertiary education remains vital.** The World Bank's continued engagement in the tertiary education sector is both relevant and warranted based on its deep knowledge of the sector, its ability to bring continuity to sector policies, and its extensive experience from previous involvement in the MECESUP projects. The World Bank will continue to add value by lending its expertise in several strategic areas, including advising on policies that increase quality, relevance, and equity in tertiary education; sharing international best practices; and providing support in the areas of M&E design and implementation to ensure that project objectives, activities, indicators, and results are fully aligned.

34. **Results-based funding works.** The primary lesson from MECESUP and other World Bank-financed projects throughout the world is that performance agreements are successful in changing institutional culture. These agreements were public commitments of individual institutions to seek improvements in exchange for a Government commitment to fund them. The experience of the MECESUP projects is that the process of taking such a public decision, signing a contract, and committing an institution to specific changes is a powerful catalyst of change. The current operation goes further than any previous one by applying this same result-based principles to the project itself, connecting disbursements to results through the DLI disbursement modality. Moreover, a key objective of the project is to support the gradual organization of funding to State Universities toward a greater focus on results and the support of national and regional development goals.



35. **Implementation management must be credible and consistent.** Competent and stable project leadership is a key component of success. The project's implementing agency, MINEDUC through its Division of Higher Education (*División de Educación Superior, DIVESUP*), has had extensive institutional experience and engagement with the World Bank; this familiarity has been a priceless asset in securing smooth implementation of previous operations. Little turnover in previous operations allowed for continuity and dependable leadership facilitated project coordination, execution, and credibility. The reliable competence, preparedness, and commitment of the DIVESUP team should remain instrumental to implement this project. Consistency in the professionalism, experience, and reliability of the team and smooth transitions in case of turnover during the life of the project would be required.

36. **Realistic time lines are paramount.** The collective lessons learned from these experiences is that institutional change takes time and administrative process often gets delayed; therefore, setting realistic time lines from the start, to account for the dynamics of complex institutions such as the Government or universities, is essential. Thus, the guiding plans for institutional reform in the current project, the ISDPs, have long 10-year horizons, as well as periodic monitoring and accountability mechanisms. Similarly, changes in funding are expected to be very gradual, with substantial technical support and new funds that help cushion institutional frictions. Finally, the design of DLI targets benefited from a process of extensive consultation with technical experts and the key stakeholders in DIVESUP and State Universities.

### III. IMPLEMENTATION

#### A. Institutional and Implementation Arrangements

37. The agency responsible for the implementation of the project will be MINEDUC through DIVESUP, a division within MINEDUC. The DIVESUP team in charge of implementation has years of experience working with the World Bank in previous operations. MECESUP projects have also enjoyed a consistent implementation stability across sectoral changes and political cycles. Institutional development plans will be reviewed by the SPC.

38. Within DIVESUP, the implementation of the Project will be supervised by the Department of Institutional Financing (DFI), under the direct supervision of the Head of Department. The Head of the Department will be the main technical counterpart of the World Bank for the execution of the Project and shall ensure the quality and achievement of the expected results of the project, promote the project, and support its dissemination. In order to fulfill its functions, the Head of the Department, will rely on the four units that make up the DFI: Acts and Contracts, Administration and Finance, Analysis Unit and Academic Unit. The Acts and Contracts Unit will be in charge of the total processing of administrative acts necessary for the implementation of the project. The Administration and Finance Unit will support the Financial Management (FM) aspects of the Project. The Analysis Unit will be responsible for collecting the necessary data to adequately monitor all project indicators. The FDI Analysis Unit will provide this data annually to facilitate World Bank monitoring activities and to assess the progress of the project towards the achievement of its PDOs. Finally, the Academic Unit will be in charge of ensuring compliance with the objectives and indicators of the academic perspective. The World Bank will support the DFI technically by providing comments on the preparation and evaluation of technical activities prepared by DIVESUP, especially as it concerns activities under Component 1. Thus, the World Bank will provide, among other inputs, technical comments on terms of references for activities that will support the project, on the planning of activities, and on the evaluation of consultancies contracted directly by the DIVESUP. It will



also share experiences from other countries, promote South-South cooperation, and carry out other activities to enhance the technical quality of the implementation of the project.

39. **Project Operational Manual (POM).** The Borrower has prepared and adopted an acceptable POM. The POM will cover all aspects of project design, implementation, and processes; stakeholders' roles and responsibilities (including supervision and reporting arrangements); control mechanisms and procedures specific to FM, project M&E procedures, DLI verification protocols; and other guidelines to be followed to ensure timely implementation of the project.

## B. Results Monitoring and Evaluation

40. **Monitoring.** Most of the selected PDO-level, intermediate results indicators and DLIs are currently tracked by Chile's Tertiary Education Information System (*Sistema de Información para la Educación Superior, SIES*), which was supported under a previous World Bank-financed operation (MECESUP2). This database is the main depository of statistics related to the tertiary education system, including all State Universities. The breadth and consistency of this and other information systems in Chile make M&E for the project both straightforward and reliable. Moreover, internal information units at State Universities may provide additional information, as needed for the monitoring of the project's indicators, in cases where the SIES does not have this information. Finally, the SPC will be responsible for approving and reviewing progress toward achievement of the objectives of each State University's long-term strengthening plan, which will also be closely monitored by the project. DIVESUP shall collect and organize these various information sources for the timely presentation of periodic reports to the World Bank.

41. **DLI verification.** Verification of progress toward achieving the project objectives and DLIs will be reviewed and assessed according to the compliance protocols described in detail in the verification protocols found in the project's documents and included in the POM. Verification reports and accompanying evidence will need to be satisfactory to the World Bank and conducted by DIVESUP with accompanying evidence deemed satisfactory by the World Bank. The World Bank can request (as needed) additional information and clarification before authorizing disbursements. The Bank may hire consultant services from its supervision budget to oversee the process of preparation and adequacy of the verification reports.

42. **Reporting.** The Borrower, through the implementation agency, shall monitor and evaluate the progress of the project and prepare project reports, in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the World Bank. Each project report shall cover the period of one calendar semester and shall be furnished to the World Bank no later than two months after the end of the period covered by such reports. These reports will describe progress against each project subcomponent. The reports will also contain information on FM and complement the financial reporting, as described in the reporting subsection of the FM section. A format for these reports was agreed with the counterparts and set out in the POM.

43. **Project grievance redress.** MINEDUC, and DIVESUP as part of MINEDUC, as the majority of public entities in Chile, abides by policies of transparent governance (*Gobierno Transparente*). As a result, any natural or legal person can request, through a website,<sup>14</sup> any information, data, or results regarding public

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<sup>14</sup> The website is <http://www.gobiernotransparentechile.gob.cl/>.



projects such as this operation. In addition to this already established mechanism, a separate e-mail address will be established to receive and address any consultations, complaints, or grievances regarding the project, with a response mechanism cleared by the World Bank. Further details can be found in the POM. As specified in section H, the World Bank must assure a Grievance and Redress system (GRS) in all its projects, which intends to complement the national systems in exceptional basis. All comments received by the World Bank's GRS will be first reviewed by the Bank and discussed with the Borrower's Implementing agency. MINEDUC will seek to find a solution with the parties involved before the complaint escalates to the World Bank's independent Inspection Panel for further review.

### **C. Sustainability**

44. **There are several factors that positively contribute to the sustainability of the objectives of the proposed project.** There is a strong technical and political ownership of the accompanying reform supported by this project, namely to improve the quality and institutional capacity of State Universities. The World Bank has enjoyed a substantive partnership with Chile in the tertiary education sector since 1997 and has been an important contributor in the areas of technical assistance, policy analysis, and co-financing within the MECESUP series (Program to Increase Quality and Equity in Tertiary Education). The MECESUP series (consisting of a total of three projects supported by the World Bank) was widely credited with having contributed to improved curricula relevance, teaching qualifications, and management innovations in the Chilean higher education system. MINEDUC has institutionalized MECESUP within DIVESUP as an additional financial instrument for financing and supporting HEIs in Chile. The experience attained during implementation of the MECESUP program has benefited and inspired the design of this project and the reforms it supports. Finally, the proposed project is embedded within an important medium-term policy reform framework (that is, the State Universities law). This draft law will provide an adequate legal framework that will support and enforce the implementation and sustainability of the reforms supported by the project.

### **D. Role of Partners**

45. The project does not envision the participation of outside development partners.

## **IV. KEY RISKS**

### **A. Overall Risk Rating and Explanation of Key Risks**

46. The overall risk rating for the proposed project is assessed as Moderate. Most risk categories have a Moderate or Low rating, reflecting Chile's and DIVESUP's strong institutional capacity and long-established record as a reliable partner in the implementation of MECESUP projects. Political and governance is assessed to be the only substantial risk, stemming from an upcoming election cycle that coincides with the project's estimated effectiveness. This risk is mitigated by the fact that the GoC's request for this Project was mandated by the 2017 budget law, reflecting broad political consensus on the need for the Project and for the involvement of the Bank. Moreover, numerous consultations were carried during Project preparation with influential thinkers of the sector from various political affiliations; these suggestions and viewpoints were taken into account in the design of the Project. Moderate risks in technical design and fiduciary reflect the use of a results-based financing instrument, and a moderate environment and social risk reflects the inclusion of Indigenous Peoples safeguards.



V. APPRAISAL SUMMARY

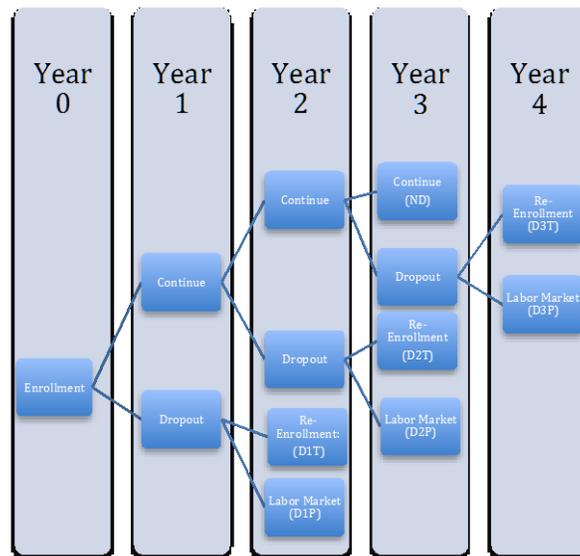
A. Economic Analysis

47. This section provides the results of a cost-benefit analysis of Subcomponents 2.1 and 3.1. Specifically, the economic benefits of reducing the dropout rate in State Universities are estimated. Unfortunately, due to the lack of evidence, it is not possible to conduct an equivalent analysis for the rest of the components.

48. In general, dropping out has a negative impact on students. First, it might cause a permanent abandonment of the studies. In this case, a student who drops out will join the labor market with lower academic qualifications (an incomplete degree), which implies lower expected salaries. Second, if a student who drops out decides to re-enroll in a tertiary education degree (for example, if the dropout student changed career), it will cause a delay in the award of his/her degree. Therefore, a reduction in the dropout rate will affect the progression of the student throughout his/her education cycle and into employment.

49. The analysis presents an estimate of the internal rate of return (IRR) of investing in programs, the objective of which is to reduce the first-year dropout rate in State Universities (for example, remedial courses and tutoring). The analysis uses the actual first-year dropout rate as a baseline and simulates the effect of a reduction in the rate on school progression and in expected wage income. Using available data on dropout rates at the end of the first, second, and third year of college, the analysis calculates the probability that the average student follows one of the paths described by Figure 1.

Figure 1. Education Paths and Ending Nodes



50. Using data from the 2013 National Socioeconomic Characterization Survey (*Encuesta de Caracterización Socioeconómica Nacional, CASEN*), labor market returns are estimated using a standard Mincer regression, and then experience-earnings profiles are constructed, accounting for the possible



endogeneity of the number of years of education through an instrumental variable strategy that uses mother's years of education as a proxy for exclusion (available literature indicates that the education attainment of this economic model is a good predictor of the education attainment of an individual).

51. The analysis assumes that the project cost follows the expected project expenditures (US\$10 million per year) over five years. Based on these assumptions, the analysis conducted provides estimates of the economic effects of a reduction in dropout rates on the next five cohorts of incoming students. Different scenarios are set up according to the per-student cost of the intervention and the potential effect on the first-year dropout rate. Since total annual budget is fixed (US\$10 million), the number of first-year students to be served will be a direct function of the unit costs. An incoming cohort size of 42,194 students (incoming students in State Universities in 2016) is used as a baseline. The percentage of first-year students served by the program is calculated considering two scenarios: (a) first-year enrollment remains constant at 42,194 students per year; and (b) first-year enrollment increases at an annual rate of 2.7 percent, which is the ceiling growth rate specified in the draft of the *Gratuidad* bill.

52. At a unit cost of US\$237 per student per year, the US\$10 million covers 100 percent of first-year students. At higher unit cost, the program coverage will necessarily decrease (even more if enrollment increases). The IRR of the project is calculated under four unit costs: US\$237, 400, 600, and 800 per student per year. Similarly, for each of these costs, a reduction in the first-year dropout rate of 1 percent, 3 percent, 5 percent, and 9 percent (baseline dropout rate is 22.4 percent), respectively, is simulated.

53. Since students expect wages over their life cycle, the IRR is defined as the discount rate that equates the net present value of the investment with the net present value of all earnings differential over their life cycles.

54. The main results of the cost-benefit analysis are presented in table 5. The IRR of the project ranges from 8.54 percent to 28.24 percent depending on the unit cost of the program to be implemented. As expected, the percentage of students served by the program decreases as enrollment increases. Though the premium varies across the lifecycle, university graduates are paid 70 percent more on average than those who dropped out from college. Thus, a reduction in the dropout rate affects the expected earnings significantly, which explains the high returns. Finally, there are reasons to believe that the overall return of the project is higher than what table 5 shows, since the impact of the interventions that increase employability are not being measured, which will also be financed under the project. The last two columns show the percentage of students who are served by the program (in year 5, the last year of the project).



Table 5. IRRs under Different Scenarios (%)

Unit Cost (US\$)	Decrease in Dropout Rate in Percentage Points, p.p. (Baseline = 22.4%)				% First-Year Student Served (in Year 5)	
	1 p.p.	3 p.p.	5 p.p.	9 p.p.	Enrollment growth rate = 0%	Enrollment growth rate = 2.7%
237	16.5%	23.56%	26.08%	28.24%	100.00%	87.53%
400	12.96%	20.42%	23.49%	26.36%	59.25%	51.86%
600	10.30%	17.72%	21.09%	24.47%	39.50%	34.57%
800	8.54%	15.73%	19.22%	22.90%	29.63%	25.93%

Source: World Bank calculations using the 2013 CASEN.

Note: Costs in 2013 US\$.

**B. Technical**

55. This section presents a review of the available literature to provide further evidence that the design of the project is technically sound based on international best practices.

56. **Rationale for investing in State Universities.** The presence of State Universities could affect the average quality of the university education provided in a particular market. A market is defined as the combination of a geographic area and the area of study (for example, engineering in the metropolitan area of Santiago). After controlling for time variables and metropolitan areas’ fixed effects, available evidence indicates that a 10 percentage point increase in the market share of programs offered by State Universities is associated with the 3.3 percentage point increase in the share of private programs that are accredited, a proxy for quality (Ferreya et al. 2017).

57. **Thematic research networks.** Subcomponents 2.2 and 3.2 aim at improving research outcomes through the provision of grants to networks that include public and private research entities. There is scant but encouraging evidence on the impact of competitively allocated funds. McKenzie and Bruhn (2016) use a regression discontinuity design to estimate the effects of receiving In-Tech funding in Poland for applicants to the 2012 and 2013 calls for proposals. Their findings show that receiving In-Tech funding increases the probability of a project being completed by almost 60 percentage points.

58. **Remedial education.** Most of the rigorous findings on remedial education are based on experiences from developed countries. Although not all remedial education courses have been proven to be effective, there is enough evidence to conclude that remedial education is beneficial for students with weaker academic preparation (Jones and Perna 2013). For instance, Bettinger and Long (2009) find that remedial students at Ohio colleges were more likely to persist in college and complete a bachelor’s degree in comparison to students with similar test scores.

59. **Career counseling programs.** There is also a growing body of evidence showing the long-term impact of programs providing mentoring and information about the monetary benefits and costs of attending college in the United States and in Canada. Moreover, available evidence from robust impact evaluations indicate that job search counseling is generally a cost-effective program to improve job seekers’ insertion rates into the labor market (Card, Kluve, and Weber 2010). Nonetheless, most job search counseling services are rather corrective than preventive as they are offered to individuals who are already unemployed (World Bank’s World Development Report 2013). As such, providing such services



when university students are close to becoming job seekers may facilitate their transition into employment within passing through unemployment and/or reducing their unemployment spells.

60. In Chile, remedial and vocational-related interventions have been implemented as part of the Affirmative Action Program (PACE), whose main objective is ensuring access and permanence in tertiary education to students from vulnerable environments. Activities in PACE high schools include, among others, academic preparation and vocational orientation. Once in tertiary education, PACE includes leveling lessons to transmit skills, abilities, and knowledge to be able to persist in enrollment and graduate successfully. Preliminary results (Ponzini and Fuchs 2017) provide some evidence of impact on retention.

61. **Support to institutional management and operations at State Universities.** McCormack et al. (2013) measured managerial practices in 250 departments across more than 100 universities in the United Kingdom using an adapted version of the World Management Survey and they find that managerial scores, particularly with respect to provision of incentives for staff recruitment, retention, and promotion are correlated with both teaching and research performance conditional on resources and past performance. Moreover, this relationship is true for all universities, not just research-intensive ones.

62. **Gender.** Chilean universities place an exemplary degree of attention to promoting shared prosperity and inclusiveness. A key example is the proliferation of “Centers of Inclusion”, offices dedicated to supporting vulnerable minorities such as indigenous peoples, people with disabilities, sexual minorities economically disadvantaged students, etc. Their ad hoc nature has made the development of standards and move towards greater homogeneity a priority of the project, as exemplified by a pilot structural network in component 2.1. One avenue in need of standardization is the inclusion of gender issues and policies as key functions of Centers of Inclusion. Issues such as sexual harassment and gender violence, the pay and leadership gap, or enrollment gaps in science, technology, engineering, and mathematics (STEM) fields (according to SIES in 2016, only 29.7 percent of STEM undergraduate students were women), underscore the continuous importance of supporting women in higher education. As a result, the Project will support the development or strengthening of gender Action Plans across all State Universities.

63. **Climate change.** The project will support a thematic network aimed at improving the knowledge base, sharing of best practices, supporting joint work among State Universities and fostering specific activities related to mitigation and/or adaptation to climate change, as well as disaster management – a key concern for the GoC. Three State Universities supported by the project have activities related to climate change (such as renewable energy, glaciers research, and impact on Antarctica), and it is expected that at least four more universities will be added during the life of this operation. Overall, it is estimated that these activities supported by the project will represent at least 2 percent of the World Bank financing; based on historical figures from States Universities at least US\$1 million would be allocated to these activities.

64. **Citizen engagement.** At the beginning, midterm, and end of the project, consultations through focus groups with key stakeholder groups –State Universities’ rectors, boards (*consejos directivos*, which include representatives from students, faculty, and the Government), etc.- will be conducted to guarantee regular citizen engagement and beneficiary feedback in the implementation of the project. This feedback will be incorporated into the project’s midterm review and used to improve implementation. This effort will also be supported by MINEDUC’s Unit of Citizen Inclusion and Participation, which leads links with the



citizenry with regard to inclusion, dissemination, and consultations. For better monitoring, an indicator of citizen engagement has been incorporated into the Results Framework.

### **C. Financial Management**

65. An FM assessment was carried out in accordance with the Financial Management Manual for World Bank Investment Project Financing and OP/BP 10.00 to evaluate adequacy of FM arrangements for the implementation of the project. This assessment reflects the FM arrangements proposed for MINEDUC, which is responsible for implementing and carrying out the fiduciary activities of the project.

66. In accordance with proposed institutional arrangements, the project will be implemented by MINEDUC through its administrative structure under DIVESUP. The project will disburse using a DLI mechanism and reimbursement will be conditional on: (a) the execution of the EEPs; and (b) the accomplishment of DLI targets.

67. Project implementation will rely on country systems related to the use of the national financial management information system (*Sistema de Información para la Gestión Financiera del Estado, SIGFE*), and the Comptroller or Supreme Audit Institution of the Republic of Chile (*Contraloría General de la República, CGR*) will carry out the external audit. The defined arrangements for the flow of funds would be to finance EEPs executed under MINEDUC's budget lines (these consist on transfers to State Universities). A retroactive financing of up to \$10 million of the loan amount is expected. These disbursement will be: (i) for EEPs incurred up to 12 months prior to the loan signature; and (ii) based on the accomplishment of DLIs expected to be measured/achieved during the first year of implementation. Project transactions will be mainstreamed in the MINEDUC budget process and chart of accounts. Additionally, project transactions will be subject to the accountability and control of MINEDUC, applicable to programs under specific agreements between MINEDUC and State Universities that are considered adequate.

68. MINEDUC follows the Accounting Procedures Manual for the Public Sector (*Manual de Procedimientos Contables*) issued by the Supreme Audit Institution (*Contraloría General de la República*), as well as regulations and instructions of the National Accounting System (*Normativa del Sistema de Contabilidad General de la Nación*), which describes the FM operational procedures for public entities.

69. The relevant challenges faced by the project include the following: (a) MINEDUC has no experience working with a results-based project executing an EEP, (b) it demands effective coordination and clear definition of roles and responsibilities between MINEDUC and State Universities, and (c) financial information will be based not only on SIGFE but also on an auxiliary system that will complement this information specifically for financial reporting. Considering the project's design and the listed risks and challenges, it is recommended that the fiduciary risk be rated Moderate.

70. To manage the fiduciary risk, the implementation of the following mitigating measures had been agreed: (a) the definition and consensus of inter-institutional agreements and coordinating mechanisms that include clear roles and responsibilities between MINEDUC and State Universities; (b) preparation of a draft POM that covers FM and disbursement arrangements specific to this project, including content, timing, periodicity, reconciliation, and format of the financial information and reports; (c) implementation of an auxiliary system to monitor execution and activities performed by State Universities under this



project; and (d) training for the FM staff from MINEDUC on World Bank policies and procedures at an early stage of project execution regarding particularities of results-based projects.

71. The overall conclusion of this assessment is that once the mitigating measures have been put in place, the proposed FM arrangements will meet the World Bank's fiduciary requirements.

### FM Arrangements

72. **Organization and staffing.** DIVESUP of MINEDUC will be responsible for daily implementation, follow-up of budgetary, accounting information, funds flow, and disbursement activities. The role of this division will be to identify, record, and pay activities related to the project and be accountable for the funds according to policies and procedures issued by the World Bank and by the Division of Budget (*Dirección de Presupuesto*, DIPRES) belonging to the Ministry of Finance. DIVESUP developed experience through the general coordination of prior MECESUPs regarding projects and the World Bank's requirements. The Administrative Unit of DIVESUP has a coordinator, a chief, and seven analysts, all of them with vast experience in FM, particularly in the World Bank-financed projects. However, this will be the first time that they will work with a results-based project executing an EEP. Additional training on the World Bank's policies and procedures may be required for FM staff assigned for this project. In addition, every State university executing funds under a specific agreement based on this project will require specific staff to undertake the execution and accountability of the activities to be determined under these specific agreements.

73. **Planning and budgeting.** The preparation of the annual program and budget will follow regulations and budgetary framework submitted by DIPRES. MINEDUC will be responsible for project budget preparation. The budget is operated under SIGFE. Once the project budget has been approved by DIPRES, the commitment and implementation of activities will take place.

74. **Accounting and information system.** For this operation, MINEDUC will use SIGFE and an auxiliary system to monitor arrangements with State Universities, called the Budget Control System. On the one hand, SIGFE is a sound system that handles budget, accounting, and cash management operations using standardized norms and procedures. The implementation of SIGFE has yielded significant benefits, including enhanced fiscal transparency, robust institution strengthening, improved interagency coordination, and enhanced financial planning. SIGFE will issue the EEP reporting transfers to State Universities according to the budget lines approved by the World Bank. On the other hand, the Budget Control System was developed during the prior MECESUP and it is ready to be implemented. It is an online system where every State University receiving funds from this project under a specific agreement will need to comply. It will be used to record project transactions and it will allow monitoring execution and activities online. There will be profiles for the staff of DIVESUP and the State Universities to establish segregation of duties. The project will utilize the cash basis of accounting for project information purposes.

75. **Financial reporting.** Taking into account considerations made for the accounting and information system, unaudited interim financial reports (IFRs) will have two main parts: (a) an EEP report according to the budget lines approved by the World Bank related to the execution of the components; and (b) a report on subproject status of specific agreements with the State Universities, comprising detailed information on funds transferred, documented and not documented. IFRs will be issued on a semiannual basis 60 days after the end of each calendar semester. The core content of IFRs has been agreed with MINEDUC and



further details will be described in the POM. On an annual basis, MINEDUC will also prepare project financial statements and include cumulative figures for the year and as of the end of the year. These financial statements will include explanatory notes in accordance with the requirement to explain important variances and other relevant information not evident in a single transaction.

### Internal Controls and Audit Arrangements

76. **Internal controls/internal audit.** The regulatory FM framework in Chile includes (a) the Organic Law for the Financial Administration of the State (*Ley Organica de la Administración Financiera del Estado, Decreto ley No 1263 de 1975*); (b) Accounting Procedures Manual for the public sector (*Manual de Procedimientos Contables*) issued by the *Contraloría General de la Republica* (CGR); (c) the annual Law of the General Budget of the State; and (d) the Ministry of Finance regulations and manuals. The CGR performs compliance audits on a regular basis and results are published in its web page, including other relevant information in a section called Transparent Government (*Gobierno Transparente*). However, for the project, specific arrangements, including a detailed description of financial reporting, disbursements, and flow of funds, will be reflected in the POM. This POM will also contain rules and details related to the arrangements for monitoring and verifying the DLIs.

77. MINEDUC has an Internal Audit Department that works with a plan of at least six audits per year. Four of them relate to the annual plan's risks and the others two respond to the Committee for the General Internal Audit of Government (*Consejo de Auditoría Interna General de Gobierno*). For the calendar year 2017, the previous Bank-financed project was included into this category. This project will also be recommended for inclusion into this scope.

78. Specific inter-institutional agreements between MINEDUC and State Universities will be signed for every subproject under this project describing roles and responsibilities.

79. **External audit.** Project annual audited financial statements are required to be submitted for the World Bank's review, six months after the end of each fiscal year of the Borrower. Audit of project annual financial statements will be conducted by the CGR in accordance with International Standards on Auditing issued by the International Federation of Accountants. The audit will comprise the expenditures covered by the financing plan to achieve the PDO. Meetings were held with the Audit Division of the CGR (*División de Auditoría*) to review audit arrangements based on the project's designs. DLIs were analyzed jointly, and the division has capable staff to staff to perform an examination of the supporting documentation according to DLI's verification protocols, as described in the POM. The audit will contain an opinion on: (a) the project financial statements; and (b) the Management Letter on internal control. Audit requirements will include the following:

Audit Type	Due Date
Project financial Statements	June 30
Management Letter	June 30



**Funds Flow and Disbursement Arrangements**

80. For the specified DLIs, loan proceeds will be disbursed against the EEPs executed based on the achievement of each indicator in accordance with the criteria established following the reimbursement method of disbursement. However, the amount disbursed for the cumulative achievement of the DLIs for the selected period cannot exceed the amount of transfers made to the State Universities, based on budget execution reports of preselected budget line items, as reflected in the reports generated by SIGFE. For components two and three the CY 2017 budget lines selected are under the code Partida 09 Capítulo 01 Programa 29 individualized by *Educación Superior Regional, Plan de Fortalecimiento Universidades Estatales*, and *Convenio Marco Universidades Estatales*.

81. A retroactive financing up to US\$10million is expected and disbursements will be carried against EEPs incurred up to 12 months prior to the loan signature. To process this reimbursement, MINEDUC would need to provide evidence of having accomplished ‘DLI 1: Strengthening Plan Committee (SPC) is established and operational’, and ‘DLI 2: State Universities pertinence diagnostic study is completed and disseminated’. In case that some of these Indicators are not achieved prior to the signature of the Loan, MINEDUC will be able to achieve them during project implementation.

82. **EEP.** Eligible Expenditure Programs will consist of transfers to universities for the payment of non-procurable expenditures within the following three budget lines: (a) the Convenios Marco Universidades Estatales (Framework Agreements), (b) Plan de Fortalecimiento Universidades Estatales (Regional Support Program); and (c) Educacion Superior Regional (Fund to Strengthen State Universities) (Partida 09 Capitulo 01 Programa 29 de/ presupuesto 2017). These yearly transfers will mainly cover salaries of State Universities staff and non-procurable administration costs (including per diems, communication expenses, utilities, course/registration fees, taxes, bank charges; and excluding expenditures related to goods, non-consulting services, works and consulting services). As part of the annual audit the Bank will verify on a sample basis that these funds have been used for the intended purposes. Yearly disbursements, expected to reach up to maximum US\$10 million, constitute only 13 percent of the total yearly EEP, which will ensure the fluidity of disbursements. Yearly transfers under the aforementioned budget lines are not expected to decrease during the life of the project.

**Table 6: EEP (Transfers to universities in 2017)**

	<b>Procurable Current Expenditures (US\$, millions)</b>	<b>Non-procurable Current Expenditures (EEP) (US\$, millions)</b>	<b>Total Current Transfers (US\$, millions)</b>
Regional Support Program	0.93	6.52	7.45
<i>Convenio Marco</i>	33.96	55.00	88.96
Fund to strengthen State Universities	—	13.23	13.23
<b>Total</b>	<b>34.89</b>	<b>74.75</b>	<b>109.64</b>

83. All reimbursements will be deposited in an account held by the *Tesorería General de la República* at the Central Bank of Chile. Disbursement arrangements will be further described in the Disbursement and Financial Information Letter.



### **Supervision Plan**

84. On a preliminary basis, FM supervision will include on-site and off-site supervisions. On-site supervision missions will be carried out twice a year to the extent possible, to review adequacy of FM arrangements' implementation. Off-site supervisions will comprise desk reviews of IFRs and audited financial statements.

### **D. Procurement**

85. The proposed financing of the World Bank will be for US\$50.126 million, which will be disbursed against a list of eligible expenditures and the accomplishment of the DLIs. The eligible expenditures under the financing of the World Bank will include only non-procurable items such as mostly salaries and operating costs such as utility bills for power, water, sewage, and so on, and therefore they will not need to follow the Procurement Regulations for IPF Borrowers.

86. **Procurement supervision.** As per the previous paragraph, there will not be procurement oversight by the World Bank.

### **E. Social (including Safeguards)**

87. The project's overall approach to support quality, equity, and institutional capacity of State Universities involves actions across the country. OP 4.10 is triggered given that indigenous peoples are present in the project area (project coverage is nationwide) and indigenous peoples can potentially benefit from project activities. No negative impacts on indigenous peoples are expected as a result of project activities.

88. The client prepared an Indigenous Peoples Planning Framework, building on efforts and achievements from the MECESUP3 project, particularly with regard to remediation initiatives, monitoring indigenous students' participation in project activities, and promotion of learning quality, efficiency, and relevance at participating State Universities where indigenous students are enrolled. The project will also consider encouraging investments in improvements of tertiary education that—to varying degrees—focus on issues relevant to the cultural and ethnic diversity of Chile and consistent with the PDOs. Consultations were held with representatives of Indigenous Peoples at the Universidad de la Frontera and at the Universidad de Tarapacá, where focus groups were held on August 7 and 28 respectively. The IPPF was disclosed both locally and on the World Bank InfoShop on August 11, 2017. Summaries of consultations have been appended to the IPPF as an Annex.

89. An Indigenous Peoples Planning Framework is the appropriate instrument to implement the provisions of OP 4.10 given that: a) the project will not affect IP communities but only individuals insofar as they may decide to enroll at one or the selected public universities; b) activities under components 2 and 3 of the project will be defined during the course of project implementation; and c) the allocation of resources to each of the 18 selected universities will only be determined during the course of project implementation; therefore the beneficiaries and impact of the project activities cannot be fully determined at this stage. However, a communication and disclosure campaign to inform indigenous organizations and networks has been put in place so that indigenous individuals may be aware of potential benefits that may accrue to them as a result of this project.



90. The project will also carry out a communication and consultation process at the national level (and at the subnational level in areas with significant indigenous population) to ensure the broadest dissemination of information among potential indigenous beneficiaries. The communication campaign will utilize the existing network of indigenous organizations at State Universities and their communication channels to reach the indigenous groups living in Chile.

91. The consultation process and the dissemination activities will be done in a culturally appropriate manner and using indigenous languages if needed.

#### **F. Environment (including Safeguards)**

92. This project is classified as Category C. No new infrastructure (for example, civil works) and no expansion and rehabilitation of the existing infrastructure are contemplated under this project. Therefore, no environmental safeguard policy is triggered.

#### **G. Other Safeguard Policies**

93. No other safeguard policies are triggered for the project.

#### **H. World Bank Grievance Redress**

94. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).



## VII. RESULTS FRAMEWORK AND MONITORING

### Results Framework

COUNTRY : Chile

Strengthening of State Universities in Chile

#### Project Development Objectives

The objectives of the project are to improve quality and equity within State Universities and to strengthen their institutional capacity to address regional and national development challenges.

#### Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<b>Name:</b> Improvement of the Institutional Quality Index of State Universities		Percentage	51.00	54.00	Annual	Sies / Conicyt / CNA	DFI - Analysis Unit
<p><i>Description:</i> The Institutional Quality Index is built by DIVESUP and encompasses dimensions of research output and institutional quality based on accreditation. The Index includes [by weight in the index]: (i) percentage of SUs with at least 45% of full-time faculty with PhDs [20%], (ii) percentage of SUs with 0.9 or above score in the Citations Impact of Scopus and WOS [10%], (iii) percentage of SUs with four years or more of accreditation (or their equivalent) [20%], (iv) percentage of SUs accredited in four areas or more (or their equivalent) [20%], (v) percentage of SUs with at least one accredited PhD program [20%], and (vi) percentage of SUs whose rate of students graduating late (after the on-time graduation) is below 35% [10%]. 'Equivalent' means that any changes in the accreditation system can be incorporated by adjusting the current targets to the analogous ones in a recalibrated instrument. Baseline is 2016.</p>							
<b>Name:</b> Reduction of the		Percentage	36.60	35.60	Annual	SIES	DFI - Analysis Unit



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
dropout rate of 3rd year vulnerable students							
<p><i>Description:</i> This indicator measures the dropout rate of vulnerable students at State Universities within the third year of their studies. Vulnerable students are defined as those in the bottom 60 percent of the income distribution. The rate is the number of graduates in the third year of studies with respect to all students who enrolled three years earlier (t-3). The baseline is 2016.</p>							
<b>Name:</b> Proportion of Conicyt-Nuevo Milenio projects in execution adjudicated to State Universities		Percentage	49.30	50.00	Annual	Conicyt / Milenio	DFI
<p><i>Description:</i> The indicator measure the proportion of projects in progress (namely that are currently being executed) that were allocated to State Universities. This includes the following funds: FONDECYT, FONDEF, Proyectos Milenio, Proyectos Astronomia, Proyectos FONIS, Proyectos PIA, Proyectos Investigacion Conjunta. The baseline is 2016.</p>							

**Intermediate Results Indicators**

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<b>Name:</b> Institutional consolidation of the State University system		Text	"Ley de Fortalecimiento de las Universidades Estatales" has been	12 State Universities accomplish 70% of the yearly ISDP objectives	Annual	MINEDUC / SPC	DFI



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
			introduced in Congress				
<p>Description: This indicator measure various milestones in the institutional consolidation of the State University system. The 'regional diagnostics' are explained in Component 1. The SPC and ISDPs are described in component 2. Yearly objectives will be set by each State University but must undergo the approval and review of the SPC. Baseline is 2017.</p>							
<b>Name:</b> Impact Evaluations (IEs) are designed and completed		Text	0	Two reports describing the main findings of the Impact Evaluations are completed	Annual	Centro de Estudios DIPLAP/ World Bank	DFI
<p>Description: This indicator measure progress towards the completion of impact evaluations as described in component 1. Baseline is 2017.</p>							
<b>Name:</b> Improvement of State Universities' Information Systems		Text	State universities do not have a central information system	A central information system is operational at state universities	Annual	MINEDUC	DFI
<p>Description: This indicator describes the progressive improvement of State Universities' central information systems and their implementation and coordination with each institution's individual systems. Baseline is 2017.</p>							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<b>Name:</b> Development of Early-Warning Systems (EWS)		Text	State universities do not have EWS	12 state universities have operational early-warning systems	Annual	MINEDUC	DFI
<p><b>Description:</b> This indicator describes the progressive development or early-warning systems at State Universities and their implementation and coordination with existing tools. Baseline is 2017.</p>							
<b>Name:</b> Number of structural networks that are operational		Amount(USD)	0.00	6.00	Annual	DIVESUP	DFI
<p><b>Description:</b> This indicator measures the number of established structural networks as described in component 2. While some networks already exist, both the baseline and the targets only include networks that have been approved by the SPC and have measurable objectives and targets. The indicator can count pilots, but in all cases 'operational' is defined as: (i) counting with participation of the majority of State Universities, (ii) holding meetings at least once per semester, and (iii) having drafted an action plan. The targets are cumulative. Baseline is 2017.</p>							
<b>Name:</b> Number of thematic networks that are operational		Text	None	At least 4 thematic networks accomplish 70% of their yearly performance	Annual	DIVESUP	DFI



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
				e targets			
<p><b>Description:</b> This indicator measures the number of established thematic networks as described in component 2. While some networks already exist, both the baseline and the targets only include networks that have been approved by the SPC and have measurable objectives and targets. The indicator can count pilots, but in all cases 'operational' is defined as: (i) counting with participation of at least 3 State Universities, including at least 1 institution with few accreditation years, (ii) holding meetings at least once per semester, and (iii) having drafted an action plan. The targets are cumulative. At least 4 thematic networks accomplish 70% of their yearly performance targets. Baseline is 2017.</p>							
<b>Name:</b> Dropout rate of 3rd year students		Percentage	36.10	35.00	Annual	SIES	DFI
<p><b>Description:</b> This indicator measures the dropout rate of all students at state universities within the third year of their studies. The baseline is 2016.</p>							
<b>Name:</b> Percentage increase in the share of full-time faculty with PhDs		Percentage	0.00	9.00	Annual	SIES	DFI
<p><b>Description:</b> This indicator measures the increase in the share of state university professors with PhDs over the total number of State University professors, with respect to the baseline. The baseline is 2016 (year in which the share of full-time faculty with PhDs was 46.6 percent).</p>							
<b>Name:</b> Peer reviewed publications at State Universities		Number	4952.00	6000.00	Annual	Conicyt	DFI
<p><b>Description:</b> This indicator measure progress in the number of quality publications at State Universities. It counts publications from State University professors according to Scopus. The targets are computed and calculated based on the latest information that will be available at the designated year of monitoring (normally from two years earlier). Baseline is 2015.</p>							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<b>Name:</b> Number of institutions that improve their accreditation level (or equivalent)		Amount(USD)	0.00	7.00	Annual	CNA	DFI
<p><b>Description:</b> This indicator measures advancements in the quality of education at state universities according to Chile's accreditation system. Improvement of accreditation level means increasing the number of years of accreditation, the number of accredited programs or the number of accredited areas. 'Equivalent' means that any changes in the accreditation system can be incorporated by adjusting the current targets to the analogous ones in a recalibrated instrument. The targets are cumulative with respect to each state university's accreditation level during the baseline year 2017.</p>							
<b>Name:</b> Number of Projects related to regional or national development		Text	n/a	70% of all regional and national development projects are deemed satisfactory	Annual	State Universities	DFI
<p><b>Description:</b> The indicator measure the implementation of regional and national development research projects led by SU. The target for year 4 is cumulative with respect to the target for year 3. Baseline is 2017.</p>							
<b>Name:</b> Share of last year students who have received quality career services		Percentage	0.00	20.00	Annual	State Universities	DFI



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<p>Description: This indicator measure the proportion of last year students (during the year before graduation) at State Univeristies who at some point in their university trajectory have received career services that comply with the quality standards set by the SPC. Baseline is 2017.</p>							
<b>Name:</b> Number of state universities with Centers of Inclusion with gender Action Plans		Number	0.00	16.00	Annual	State universities	DIVESUP
<p>Description: This indicator will measure the number of State Universities whose Centers of Inclusion have gender Action Plans that promote gender equity in dimensions such as addressing gender violence and sexual harassment, encouraging female enrollment or success in STEM fields, etc. Baseline is 2017.</p>							
<b>Name:</b> Students benefiting from direct interventions to enhance learning	✓	Number	0.00	360000.00	Annual	SIES	DFI
Students benefiting from direct interventions to enhance learning - Female	✓	Number	0.00	180000.00			
<p>Description:</p>							
<b>Name:</b> Citizen engagement in Project design and implementation		Text	Focus groups on Project design were conducted with State University	Focus groups on Project impact were conducted with State University	Biannual	DIVESUP	DIVESUP



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
			rectors and other key stakeholders	rectors and other key stakeholders			
<p>Description: This indicator measure the Project's engagement with citizens and key stakeholders during Project design, and implementation. Key stakeholders include rectors and other representatives in State Universities such as consejos directivos (students, faculty, government, etc.).</p>							



**Target Values**

**Project Development Objective Indicators**

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
Improvement of the Institutional Quality Index of State Universities	51.00	51.00	52.00	52.50	53.00	54.00	54.00
Reduction of the dropout rate of 3rd year vulnerable students	36.60	36.60	36.40	36.20	35.90	35.60	35.60
Proportion of Conicyt-Nuevo Milenio projects in execution adjudicated to State Universities	49.30	49.30	49.50	49.60	49.80	50.00	50.00

**Intermediate Results Indicators**

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
Institutional consolidation of the State University system	"Ley de Fortalecimiento de las Universidades Estatales" has been introduced in Congress	Strengthening Plan Committee (SPC) is established and operational	Drafting of 15 Regional Diagnostics	18 Institutional Strengthening Development Plans are approved by the SPC and adopted by each university	10 state universities accomplish 70% of the yearly ISDP objectives	12 state universities accomplish 70% of the yearly ISDP objectives	12 State Universities accomplish 70% of the yearly ISDP objectives
Impact Evaluations (IEs) are designed and completed	0	Design of IEs	Data collection for IEs	Data collection for IEs	Preliminary results and report	IEs Completed	Two reports describing the



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
							main findings of the Impact Evaluations are completed
Improvement of State Universities' Information Systems	State universities do not have a central information system	TORs are developed for a central Information System for state universities	Contracts have been awarded to develop a central Information System for state universities	Development of a central Information System for state universities has begun	A central information system is operational at state universities	A central information system is operational at state universities	A central information system is operational at state universities
Development of Early-Warning Systems (EWS)	State universities do not have EWS	TORs are developed for EWS for state universities	Projects have been awarded to develop EWS for state universities	Development of EWS for state universities has begun	4 state universities have an operational early-warning system	12 state universities have an operational early-warning system	12 state universities have operational early-warning systems
Number of structural networks that are operational	0.00	0.00	3.00	3.00	4.00	6.00	6.00
Number of thematic networks that are operational	None	0	0	5	At least 4 thematic networks accomplish 70% of their yearly performance targets	At least 4 thematic networks accomplish 70% of their yearly performance targets	At least 4 thematic networks accomplish 70% of their yearly performance targets



Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
Dropout rate of 3rd year students	36.10	36.10	35.90	35.60	35.30	35.00	35.00
Percentage increase in the share of full-time faculty with PhDs	0.00	1.00	3.00	5.00	7.00	9.00	9.00
Peer reviewed publications at State Universities	4952.00	5400.00	5500.00	5650.00	5800.00	6000.00	6000.00
Number of institutions that improve their accreditation level (or equivalent)	0.00	0.00	2.00	6.00	7.00	7.00	7.00
Number of Projects related to regional or national development	n/a	n/a	18 regional or national development projects are included within state universities' ISDPs	10 projects related to regional or national development are operational	18 projects related to regional or national development are operational	70% of all regional or national development projects are deemed 'satisfactory'	70% of all regional and national development projects are deemed satisfactory
Share of last year students who have received quality career services	0.00	0.00	0.00	10.00	15.00	20.00	20.00
Number of state universities with Centers of Inclusion with gender Action Plans	0.00	1.00	1.00	4.00	8.00	16.00	16.00
Students benefiting from direct interventions to enhance learning	0.00	194000.00	236000.00	278000.00	320000.00	360000.00	360000.00
Students benefiting from direct interventions to enhance learning - Female	0.00	97000.00	118000.00	139000.00	160000.00	180000.00	180000.00



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Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
Citizen engagement in Project design and implementation	Focus groups on Project design were conducted with State University rectors and other key stakeholders	Focus groups on Project design were conducted with State University rectors and other key stakeholders		Focus groups on midterm Project implementation were conducted with State University rectors and other key stakeholders		Focus groups on Project impact were conducted with State University rectors and other key stakeholders	Focus groups on Project impact were conducted with State University rectors and other key stakeholders

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