



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 22-May-2017 | Report No: PIDISDSC21747



BASIC INFORMATION

A. Basic Project Data

Country Chile	Project ID P163437	Parent Project ID (if any)	Project Name Strengthening and Quality Improvement of State Universities in Chile (P163437)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date Jul 24, 2017	Estimated Board Date Oct 20, 2017	Practice Area (Lead) Education
Financing Instrument Investment Project Financing	Borrower(s) Ministerio de Hacienda	Implementing Agency Division de Educacion Superior	

Proposed Development Objective(s)

The objective of the project is to improve the quality of State Universities and their institutional capacity to address local development challenges, and to foster equity of the tertiary Education system.

Financing (in USD Million)

Financing Source	Amount
Borrower	450.00
International Bank for Reconstruction and Development	50.00
Total Project Cost	500.00

Environmental Assessment Category C-Not Required	Concept Review Decision Track I-The review did authorize the preparation to continue
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Other Decision (as needed)

B. Introduction and Context

Country Context



Chile has achieved sustained growth and poverty reduction over the past decade, but the country remains highly unequal. Annual GDP growth in Chile has averaged 5 percent during the last three decades. By 2013, only 6.8% 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 also made progress with respect to shared prosperity. Between years 2003 and 2013, the mean income of the bottom 40% increased by 5.1%, which was more than the overall income growth of 3.5%. 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, it continues to be one of the most unequal countries in the Region.

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 to improvement in public services but also to disparities in the access to quality services in the education, health and social protection sectors. In recent years, 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) are essential to achieve this goal, as the number of researchers and investment in R&D remains still well below peers.

Sectoral and Institutional Context

In the last two decades, Chile's higher education (HE) system has achieved remarkable progress, most notably in access. In the last 15 years, Chile 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 (Professional Institutes [IPs] and CFTs) and of private non-CRUCH universities. On average higher education remains a good investment, as shown by the high employment rate and wage premium: on average 122 percent more over their lifetime than those with only secondary education.

Despite these achievements, Chile's higher education system faces important challenges. Higher education completion rates remain low. In 2013, the completion rate for youth aged 25-29 was only slightly above 50 percent. Drop-out rates are especially high after their first year of enrollment in tertiary education. 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 (Ferreyra et al. 2017). Students from low-socioeconomic families are particularly vulnerable. Quality is also unequally distributed across regions. Unlike the wage premium, the costs of attending higher education continue to rise. About 75 percent of total expenditure on tertiary education (more than double the OECD average) comes from private sources, mainly households. Over the last two decades, growth in tuition fees has fast outpaced growth in GDP. On average, university tuition in Chile now equates to 41 percent of GDP per capita, the highest relative cost amongst OECD countries (Arango et al, 2016).

In order to address the aforementioned challenges, the Government of Chile (GoC) has set two main policy priorities: (a) to promote universal free tuition in Higher Education Institutions (HEI) for students in the lowest deciles (*Gratuidad*) and (b) to expand and develop the capacity of State HEIs by increasing the enrollment capacity of existing State universities and through the creation of 15 State CFT's and 2 new State universities ; and by improving the capacity of State universities to raise their overall quality, improve the school-university-job transition and improve their role in local development, research, and innovation.



Relationship to CPF

The proposed Project is fully aligned with the Country Partnership Strategy (CPS) and the Program and Learning Review (PLR) for the period FY11 – FY16, as well as with the Strategic Country Diagnostic (SCD). The Project will directly contribute to 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.

C. Proposed Development Objective(s)

The objective of the project is to improve the quality of State Universities and their institutional capacity to address local development challenges, and to foster equity of the tertiary Education system.

Key Results (From PCN)

- **PDO1 (Quality):** Improvement of the Institutional Quality Index of *State Universities*¹
- **PDO2 (Institutional Capacity to address local development challenges):** Improvement of Enrollment rates *in State Universities* in careers considered as local "Priority Areas", as a share of total enrollment.
- **PDO3 (Equity of the system):** Reduction in drop-out rates at the end of the first year for students in *Gratuidad in State Universities*.

D. Concept Description

The proposed Project will use Investment Project Financing (IPF) to support the GoC, over a period of four to five years, to improve the quality of State Universities and their institutional capacity to address local development challenges, all while fostering the equity of the tertiary education system. The total cost of the activities that will be undertaken under the Project is estimated at about US\$500 million, of which US\$50 million will be financed from this IBRD loan. The Project will be implemented using a results-based financing modality.

To achieve the PDO, the Project envisions 3 main components:

COMPONENT 1: Support to strategic, targeted interventions to strengthen State Universities (US\$38 Million).

This component would support State Universities to develop and implement projects to improve (i) student's school-university-job transition² and (ii) the quality, and impact on local development of their teaching, research and innovation activities. All activities under this component will use a results-based approach. The component will have 2 subcomponents.

Sub-component 1.1: Support to improve school-university-job transition in State Universities. This sub-component will support efforts made by State Universities to improve academic readiness of first year students; decrease drop-out rates (notably in year 1), foster a better university-to-job transition by implementing, *inter alia*, apprenticeship programs, graduate tracking systems, and career counseling programs for vulnerable segments of the population. This

¹ The composite quality indicator will include items such as (i) Progression / retention rates, (ii) Number of equivalent days (doctors and masters) (*Jornada Equivalente*), (iii) Percentage of patents granted, (iv) Number of publications and citations, and (v) Students perception about education quality/relevance, among others.

² Such as academic readiness programs, employment counseling, and apprenticeships, among others.



sub-component could also support actions to improve teaching training and to update the curricula to deliver programs that are more responsive to priority sectors and local demand.

Sub-component 1.2: Support to State Universities to improve their research and innovation capacity for local development. This sub-component will support efforts made by State Universities to improve their research and innovation as well as its relevance to address local development challenges.

COMPONENT 2: Support to the establishment and implementation of structural and thematic networks (US\$7 Million)

The component will support State Universities to develop their capacity to work as a **structural network** as well as the development of **thematic networks** led by State Universities to promote sector and local development:

- **Structural Networks:** Structural networks promote the capacity of universities to plan and implement academic and non-academic activities and policies cooperatively. Developing a performing structural network often requires mechanisms of governance and coordination; action plans at the university level that embrace national and regional priorities; and adequate systems to monitor the performance of each university against pre-determined sets of targets. A structural network of State Universities would also promote common and clear standards for quality assurance and mobility of students and teachers across the universities of the network (e.g. join programs, joint degrees, policies to transfer credits, etc.).
- **Thematic Networks:** Thematic networks promote the development of research, innovation, and value chains for particular sectors of the economy (e.g. mining, fishing) and or themes (e.g. environment). Thematic networks could be local, regional, or national. Developing performing thematic networks requires adequate funding; coordination between State Universities, local authorities, and the productive sector; and rigorous evaluation to assess the interventions that work based on evidence. Thematic Networks would be supported in a competitively basis.

All activities under this component will use a results-based approach. This component will have 2 subcomponents.

Sub-component 2.1: Support to the establishment of structural networks for State Universities. This sub-component will support efforts made by State Universities and the Government to establish a State Universities Coordinating Council (CCDUE, *Consejo Coordinador para el Desarrollo de las Universidades Estatales*). The component would support the capacity of the CCDUE and of State Universities to plan and coordinate short and medium-term policies and to improve their quality assurance mechanisms.

Sub-component 2.2: Support to the establishment of thematic networks. This sub-component will support efforts made by State Universities to establish a thematic networks that promote research and innovation to address sector and local development challenges.

COMPONENT 3: Technical Assistance for strengthening the State Universities system (US\$5 Million)

This component would provide technical assistance to improve the State University system at the central and local levels. Possible activities to be financed include:



- Design and development of an on-line Management Information System (MIS) for State Universities³ (mainly software design)
 - Development of regional institutional diagnostics and institutional strategic action plans.
 - Studies and surveys (including data collection) to identify areas of priority to develop academic programs locally
 - Development of quality assurance mechanisms and curricula reform
 - Impact evaluations of selected interventions at the University level
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³ The MIS could also be used by the whole tertiary education system



SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

This is a project with a nationwide scope focused on improving quality, equity and relevance of higher education offered by national universities in Chile. The Project's overall approach to strengthening quality and relevance of higher (university) education in Chile involves action at all levels of higher education public institutions across the country. Environmental safeguards are not triggered by this project given that it will not provide funding for activities consisting of civil works, education infrastructure expansion and rehabilitation, and equipment and inputs for laboratories and workshops.

B. Borrower's Institutional Capacity for Safeguard Policies

This operation will capitalize from ample experience from previous Bank education projects in a country with already strong environmental institutional and regulatory frameworks. This extensive experience has helped consolidate strong institutional capacity for the monitoring and implementation of World Bank social and environmental safeguard policies. However, during project preparation, the project team will gather information about current regulations in the Education Sector for managing environmental, health and safety issues at public universities' laboratories and workshops in Chile.

C. Environmental and Social Safeguards Specialists on the Team

Raul Tolmos, Fabio Pittaluga

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	This project is classified as category C. No new infrastructure (civil works) and expansion and rehabilitation of the existing one is contemplated under this project.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	Yes	The Project overall approach to strengthening the quality, efficiency and relevance in tertiary education in Chile involves actions at all levels and types of tertiary education institutions across the country. OP 4.10 will be triggered, given that indigenous peoples are present in the project area (given that project coverage is nationwide) and can potentially benefit from the Project activities. No negative impacts on Indigenous Peoples are expected as a result of project



activities.

The client will prepare an Indigenous Peoples Planning Framework (IPPF) and picking up from the efforts of previous Bank education projects, particularly in terms of remediation initiatives, monitoring IP students' participation in Project activities, and promotion of learning quality, efficiency, and relevance at participating TEIs 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 racial and ethnic diversity of Chile and consistent with Project development objectives.

The Project will carry out a communication and consultation process at national level (and at sub-national level where IP groups reside) to ensure the broadest dissemination of information among potential indigenous beneficiaries. The communication campaign will be utilizing the existing network of indigenous organizations at national and sub-national levels, and their communication channels to reach the indigenous groups living in Chile.

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

Involuntary Resettlement OP/BP 4.12	No
Safety of Dams OP/BP 4.37	No
Projects on International Waterways OP/BP 7.50	No
Projects in Disputed Areas OP/BP 7.60	No

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Jul 21, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

Studies if required, will be completed by Appraisal.



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