

**MASTER IN MANAGEMENT AND PUBLIC POLICY
SCHOLARSHIP PROGRAM**

(TC-96-10-16-5-RG)

EXECUTIVE SUMMARY

REQUESTER: University of Chile

EXECUTING AGENCY: University of Chile, through the Industrial Engineering Department

BENEFICIARIES: The borrowing member countries of the Bank

FINANCING: IDB (in Chilean currency,
from the FSO): US\$1,850,000
Local counterpart funding:
University of Chile US\$ 632,375
Total: US\$2,482,375

TERMS: Calculated from the date of signature of the agreement:

Execution period: 42 months
Disbursement period: 48 months

ENVIRONMENTAL CLASSIFICATION: The Committee on Environment and Social Impact considered this operation at its meeting of February 18, 1997 (TRG/03/07).

OBJECTIVES: The specific objectives of the master in management and public policy (MMPP) program are to: (a) provide training in public management to professionals in the civil service from borrowing member countries of the Bank at the master's degree level; (b) conduct research on public management that strengthens the training provided at the master's level, that can be converted into teaching material, and that involves students in research activities; and (c) publish the research conducted under the program.

DESCRIPTION: The MMPP program would consist of approximately 54 scholarships 1/, which will be awarded to selected government officials from borrowing member countries of the Bank. Preference will be given to applicants from countries with limited markets and less developed countries classified as Group C and D, those working for government agencies below the central or federal level in the more advanced or

1/ 18 per course cycle, with each cycle lasting 19 months

moderately developed countries classified as Group A and B, and those working for government agencies involved in priority social areas or environmental protection. Using local counterpart resources, the University of Chile will also grant approximately 21 partial scholarships to eligible students from Chile and other countries in Latin America and the Caribbean.

Master program students must complete 11 mandatory courses, eight electives (one half semester each), and a dissertation consisting of a public policy analysis in which the student applies the concepts, methodologies, and instruments learned through the curriculum.

BENEFITS:

The main benefit of the program will be to strengthen the institutional capacity of the public sector in the countries of the region, by training a critical mass of professionals in the civil service. The skills they develop in efficient management and administration of public policy will help the governments of the beneficiary countries meet the challenges of socioeconomic development in the context of a government that promotes initiatives on the part of civil society and private enterprise while helping to promote social equity and protect the environment and natural resources.

RISKS:

There is a risk that the students may not return to their respective countries upon completion of their studies or that they may not be able to continue to work in the same area or field of expertise when they do. In order to reduce this risk, before beginning the program, each scholarship recipient will sign an agreement with the respective government agency in his or her country requiring the student to return to the country upon completion of the course and to remain in the civil service for a preset period at least equal to the term of the scholarship.

**REGIONAL
PRIORITY:**

The proposed program is consistent with the Bank's priorities, since it will support the borrowing countries in their efforts to modernize the public sector through training for current or potential government officials in public policy management, analysis, design, and implementation. The program also assigns high priority to government officials in Group C and D countries, an objective set forth in the guidelines of the Eighth General Increase in the Resources of the Bank.

(paragraph 3.8) have entered into force (see Annex II).

SUPERVISION:

The program will be supervised by the Bank's Country Office in Chile (COF/CCH), with support from the Regional Technical Cooperation Division of the Integration and Regional Programs Department (INT/RTC) at Headquarters, which will hold basic responsibility for the program.

I. BACKGROUND

- 1.1 Modernizing the State in Latin American countries is a challenge that goes beyond simply proposing new structures, procedures, and linkages between government agencies and civil society. Consolidation of democracy, good governance, and the achievement of national socioeconomic development goals require a renewed spirit of public service along with professionalization of civil servants. More importantly, it implies strengthening the State's capacity to respond to initiatives and demands arising at the local and regional levels, and to reconcile them with the need to maintain consistency with national public policies.
- 1.2 Since 1994, the University of Chile, a public university founded in 1843, has been operating a graduate training program -- a master in management and public policy (MMPP), through its Industrial Engineering Department, to train professionals in public policy design and implementation. The specific objective of this program is to develop public-sector decision-making capacity in countries that have suffered from political and economic crises.
- 1.3 Most scholarship recipients in the MMPP program are government officials from countries that are undergoing institutional reform, redefinition of the role of the State, and changes in economic and social policies so as to better meet the challenge of development in democracy. They hold professional, technical, or managerial positions in various government agencies and institutions in their respective countries.
- 1.4 The MMPP program, which was organized by the Industrial Engineering Department in association with the Corporación de Investigaciones Económicas para Latinoamérica [Latin American Economic Research Corporation] (CIEPLAN), is faithful to the University of Chile policy of offering a course of study in public policy. Much of the work carried out by the academics involved has focused on topics pertaining to policy design and public management.
- 1.5 The Department grew out of the Planning Center (CEPLA) precisely to provide a space that could contribute to government business through engineering science. Based on a multidisciplinary approach which incorporates knowledge and experience in both applied economics and in management, the department has conducted a number of sector studies, provided support for policy design in industry and in natural resources and environmental protection, and participated in the reshaping of public policies on health and justice. Moreover, management and public policy has become an increasingly attractive field for department-trained professionals.
- 1.6 It should also be noted that the program professors and researchers have maintained close contact with the Public Administration Program of the John F. Kennedy School of Government at Harvard

University. Some of the professors who are part of the Master in Public Policy program taught at the Kennedy School and, during program design, the officials in charge of drawing up the program's general guidelines observed the Harvard program.

Background to the master in management and public policy program

- 1.7 The proposed operation is a continuation of the management and public policy program launched in 1994 with Bank financing, which was designed to help train officials and professionals from government agencies in the Bank's 26 borrowing member countries in public policy design and implementation and public administration in Latin America, through scholarships for the master in management and public policy program.
- 1.8 The program was financed by the Bank with regional technical-cooperation funding (operation ATN/SF-4347-RG) for US\$1.85 million equivalent in local currency (Chilean pesos), 80% of which was disbursed by the end of March 1997.
- 1.9 Under the program, a total of 82 scholarships have been granted for government officials from 17 countries in Latin America and the Caribbean. The Bank funding was used by the executing agency, the University of Chile, to provide 58 scholarships. In addition, using funds from the local counterpart and other sources, 24 other scholarships were provided over three course cycles during the program execution period. During each year of program execution, 18 elective courses were given on subjects in socioeconomics, public administration, and public policy management, and a number of national and international conferences, workshops, and seminars have been held on public-policy-related issues.
- 1.10 The program was evaluated in August 1996 by consultants hired by the University of Chile, based on data compiled on students completing the program during the first two course cycles in 1994/1995 and 1995/1996. The evaluation concluded that the established goals had been largely fulfilled, with academic excellence and operating efficiency demonstrating special concern for the final product.
- 1.11 It should be noted that the program beneficiaries are civil servants in professional and managerial positions in public policy management and implementation in their respective countries. Upon completion of the program and defense of their dissertations, the vast majority (95%) have returned to positions in the civil service of their countries of origin. A summary of the main findings of the evaluation report can be found in Annex I.

II. OBJECTIVES

- 2.1 The main objective of the proposed program is to contribute towards advanced, multidisciplinary training for officials and professionals from the Bank's 26 borrowing member countries who are involved in public policy design and implementation, through scholarships for the master in management and public policy program. The proceeds of the Bank contribution will be used to finance scholarships, with preference being given to officials from Group C and D countries, those working in government agencies below the central or federal level in Group A and B countries, and those working in government agencies involved in priority social areas or environmental protection.
- 2.2 The specific objectives of the program are to:
 - a. Train professionals from government agencies in the borrowing member countries of the Bank in public management at the master's level.
 - b. Conduct research in public management that will strengthen the training provided under the master program, can be converted into teaching material, and will involve students in the research.
 - c. Publish the research conducted under the proposed program.

III. DESCRIPTION OF THE PROJECT

A. Activities

- 3.1 Under the program, approximately 54 scholarships ^{1/} will be granted to selected government officials from the borrowing member countries of the Bank. Using local counterpart resources, the University of Chile will also grant 21 partial scholarships to eligible students from Chile and other countries in Latin America and the Caribbean.
- 3.2 Master program students must complete 11 mandatory courses, eight electives (one half semester each), and a dissertation consisting of a public policy analysis in which the student applies the concepts, methodologies, and instruments learned through the curriculum.

^{1/} 18 scholarships for each of the three study cycles, with each cycle lasting 19 months.

- 3.3 The program consists of the following course work:
- a. **seven mandatory courses**, of **one semester each**, including: public management, economics and public policy (parts I and II), policy analysis and governance, quantitative analysis methods, and a seminar on management and public policy (parts I and II).
 - b. **four courses**, of **one half semester each**, including: ethics and government, development strategies, and economic and sociopolitical aspects of the role of the State. A course description is given in Annex III.
- 3.4 In addition, students must select eight electives (of one half semester each) to help them strengthen their analytical skills through in-depth coverage of specific areas. The electives are divided into six broad areas and include: **social policies** (poverty, labor economics, health, and education); **public policy and the private sector** (industrial organization, export development, science and development, and innovation and technology policy); **natural resources, energy, and the environment** (environmental economics, natural resources, and energy policy); **public management** (regionalization and local government, social evaluation of projects, negotiation, leadership, organizational behavior, strategic management and public systems, human resources management, budget and financial management, and information technologies and public management); **management and tax policy** (tax policy and administration, tax management and tax service and audit systems); and **other elective courses** to be determined by the University of Chile. An elective course will be given provided that at least 10 students register for it. The course on tax management and policy course is new and was added to the MMPP program to meet the growing demand for tax-related courses on the part of the scholarship recipients.
- 3.5 Those professionals who so require (subject to a review of their background) may take preparatory courses to hone their analytical skills and meet the basic requirements for a master's degree. These courses will be given during a seven-week period before the program begins, and will include economic analysis (microeconomics and macroeconomics), mathematics and statistics, and an introduction to the social sciences.
- 3.6 As part of the study program, each scholarship recipient must complete a dissertation on a topic in the subject area of **management and public policy**, previously approved by the University of Chile and requiring research. High-quality dissertations may be published, and will then be used as supplementary teaching material.

B. Organization and execution

- 3.7 The University of Chile will be the executing agency of the MMPP program and will carry out the teaching activities through its Industrial Engineering Department. The university currently has 13 faculties and three interdisciplinary centers, including the Interdisciplinary Center for Public Policy, and close to 50 graduate-level courses with a high proportion of foreign students. It has 17,000 undergraduates, 2,000 graduate students, and 3,000 full-time professors.
- 3.8 The program will be administered and managed by the **Comisión Académica y de Administración de la Maestría (Master's Program Academic and Administrative Committee)**, consisting of academics selected by the University of Chile. It will be governed by the Operating Regulations set forth in Annex II. As a special condition precedent to the first disbursement, the executing agency will submit evidence to the Bank that the Operating Regulations for the program, as previously agreed upon, have entered into force (see Annex II).
- 3.9 The committee will be responsible for: (i) designing program guidelines and policies, as well as their execution; (ii) establishing selection criteria and program admissions; (iii) handling the preselection of candidates for scholarships under this program; and (iv) disseminating and publicizing program results.
- 3.10 Professionals who apply for admission to the program must meet the following requirements: (i) have obtained a university degree or equivalent in any discipline requiring completion of at least five years of study and fulfilling all the academic requirements that the University of Chile may establish for admission to its graduate programs; (ii) be employed in a professional or managerial position in a government institution at the municipal, or regional/departamental/provincial level, or in a central/federal government agency in their respective countries; and (iii) be a national of a borrowing member country of the IDB.
- 3.11 The selection criteria for admission to the MMPP program will be as follows: (i) high academic achievement in previous university studies; (ii) analytical capacity for completing an intensive study program; and (iii) interest in public service and in public policy design and implementation.
- 3.12 The above criteria will be evaluated based on: (i) certificates for all previous university studies, with the corresponding grades and rankings; (ii) professional record in public service; and (iii) letters of recommendation from outstanding civil servants and academics.

- 3.13 The University of Chile, through the Industrial Engineering Department, will contribute to the program by making its full-time researchers available to give the courses under the program. The department has 15 professors with doctorates, two with master's degrees, and two with doctoral studies. Another 30 professors associated with the department will also participate in the program, four with undergraduate degrees, nine with master's degrees, and 17 with doctorates.
- 3.14 All of the professors have extensive teaching experience in Chilean universities and in some cases in foreign universities as well. Many also work or have worked in the civil service or have close ties to the public sector as consultants.
- 3.15 The scholarships will be awarded in three study cycles, with students beginning their academic activities in June each year. The program is three semesters long, with each course having a duration of either one semester or one half semester.

C. Cost and financing

- 3.16 Total project cost is US\$2,482,375 equivalent. The nonreimbursable Bank contribution, chargeable to the net income of the Fund for Special Operations, has been budgeted at the equivalent of US\$1,850,000 in local currency. The counterpart contribution will consist of US\$632,375 equivalent from the University of Chile.
- 3.17 The Bank's contribution will be used to finance the following expenses of the scholarship recipients under the program: (i) round-trip air fare, in economy class; (ii) tuition and fees; (iii) health insurance and emergency medical expenses; (iv) subsistence allowance; (v) educational and study materials; (vi) support for promotion and dissemination; and (vii) case studies. The Bank's contribution will also be used to hire a consultant to evaluate the program and to cover contingencies. The counterpart contribution from the University of Chile will be used to finance scholarships for students from Chile and other Latin American and Caribbean countries to cover: (i) tuition (regular courses); (ii) research and publications; and (iii) promotion and dissemination of the program.
- 3.18 Tuition and subsistence expenses per student have been estimated at US\$12,700 and US\$13,300 equivalent, respectively, and are comparable to the costs of other similar regional technical-cooperation scholarship programs (PIMA and ILADES).

3.19 The above contributions are broken down by component as follows:

Cost table
(in US\$ equivalent)

Component	IDB	University of Chile	Total
A. Scholarship recipients	<u>1,644,300</u>	<u>342,675</u>	<u>1,986,975</u>
1. Tuition	685,000	262,675	948,475
2. Subsistence allowance	718,200		718,200
3. Travel	86,400	80,000	166,400
4. Insurance and medical expenses	35,100		35,100
5. Teaching materials	64,800		64,800
6. Case studies	54,000		54,000
B. Promotion and dissemination	<u>29,700</u>	<u>29,700</u>	<u>59,400</u>
1. Materials	29,700		29,700
2. General support		29,700	29,700
C. Research and publications	-	<u>260,000</u>	<u>260,000</u>
D. Evaluation	<u>40,000</u>		<u>40,000</u>
1. Honoraria	35,000		35,000
2. Travel	5,000		5,000
E. Contingencies	<u>136,000</u>		<u>136,000</u>
TOTAL	<u>1,850,000</u>	<u>632,375</u>	<u>2,482,375</u>
Percentage	<u>74.5</u>	<u>25.5</u>	<u>100.0</u>

3.20 The Bank's contribution will be disbursed according to Bank procedures. The executing agency may request an advance of 10% of the total Bank contribution.

D. Follow-up and reports

3.21 The executing agency will submit the following reports to the Bank:

- a. Progress reports: within 30 days following the close of each academic year, containing a description and evaluation of the activities carried out, activities planned for the following cycle, and recommended measures, including possible program changes; and
- b. Financial reports: (i) annually, within 90 days following the close of each year, and (ii) a final report, within 90 days following final disbursement, all audited by independent outside auditors to be selected with Bank approval, and itemizing how the Bank's contribution and the counterpart funds have been used.

IV. BENEFITS AND RISKS

- 4.1 The main benefit of the program will be to strengthen the institutional capacity of the public sector in the countries of the region, by training a critical mass of professionals in the civil service in public policy formulation, design, and implementation. These professionals will develop skills in efficient public policy management and administration that will help the governments of the beneficiary countries meet the challenges of socioeconomic development in the context of a government that promotes initiatives on the part of civil society and private enterprise, while helping to promote social equity and protect the environment and natural resources.
- 4.2 There is a risk that the students may not return to their respective countries upon completion of their studies or that they may not be able to continue to work in the same area or field of expertise when they do. In order to reduce this risk, before beginning the program, each scholarship recipient will sign an agreement with the respective government agency in his or her country requiring the student to return to the country upon completion of the course and to remain in the civil service for a preset period at least equal to the term of the scholarship (see Annex II).

V. EVALUATION

- 5.1 An evaluation of the MMPP program will be conducted under both operation ATN/SF-4347-RG and the proposed program. Within three months after completion of the third cycle of scholarship recipients, the executing agency will submit to the Bank an evaluation report on program quality, reviewing its academic aspects, teaching materials, publications, research, and any other pertinent information, and determining the usefulness of the training received by the beneficiaries from Group C and D countries. The report will also provide information on the professional performance of the scholarship recipients, in order to follow up on their commitment to remain in the public sector. Annex IV contains the logical framework of the goals and expected results of the program, along with the terms of reference for the consultant to be hired to conduct the evaluation.
- 5.2 The program will be supervised by the Bank's Country Office in Chile (COF/CCH), with support from the Regional Technical Cooperation Division of the Integration and Regional Programs Department (INT/RTC) at Headquarters, which will hold basic responsibility for the program.

MASTER IN MANAGEMENT AND PUBLIC POLICY
SCHOLARSHIP PROGRAM

OPERATING REGULATIONS

1. These operating regulations shall govern the Master in Management and Public Policy (MMPP) Scholarship Program being financed by the Inter-American Development Bank (IDB) in association with the University of Chile.
2. Executing agency and resources of the MMPP program: The executing agency of the program shall be the University of Chile, which shall carry out the program activities through its Industrial Engineering Department. The financial resources of the program will consist of an IDB contribution of US\$1,850,000 equivalent in local currency (Chilean pesos), under regional technical-cooperation operation ATN/SF_____ -RG, and a local counterpart contribution from the University of Chile of US\$632,375 equivalent, for a total of US\$2,482,375 equivalent.
3. Type of financing: scholarships

Eligibility criteria for scholarship recipients:
4. Eligible candidates shall be individuals in professional or managerial positions in public policy management and/or administration in the public sector or government agencies in their respective countries who meet the requirements set forth in paragraph 7 below.
5. Categories of expenses eligible for financing under the program: The following items may be financed under the MMPP program: (i) round-trip air fare in economy class; (ii) tuition and fees; (iii) health insurance and emergency medical care; (iv) subsistence allowance; (v) teaching and study materials; and (vi) case studies, including research and publications.
6. Preferential allocation of MMPP resources: In allocating the Bank contribution to the MMPP program, the executing agency shall select at least 50% of the eligible scholarship recipients from IDB member countries classified as having limited markets or as the less developed (Group C and D countries); the other 50% may be from countries classified as more advanced or moderately developed (Group A and B). In the case of candidates from Group A and B countries, priority shall be given to those in professional positions in municipal, regional/departmental, or provincial governments or in government agencies in charge of high-priority social issues or environmental protection.

7. Criteria for applicants: To be considered eligible for the MMPP program, each applicant must meet the following criteria: (a) submit evidence that he or she has obtained a university degree or equivalent in any discipline requiring completion of at least five years of study; (b) have fulfilled all the academic requirements that the University of Chile may establish for admission to its graduate programs; (c) be employed in a government institution at the municipal, regional/departmental/provincial or central federal level or in an agency in the public sector in their respective countries; and (d) be a national of a borrowing member country of the IDB.
8. Procedures for the selection of scholarship recipients: Prior to calling for candidates to register in the MMPP program, the executing agency shall appoint a Master's Program Academic and Administrative Committee, consisting of academics selected by the University of Chile.
9. The committee shall be responsible for: (i) designing and implementing program guidelines and policies; (ii) establishing selection criteria and program admissions; (iii) handling the preselection of candidates for scholarships under this program; and (iv) disseminating and promoting program results.
10. Selection criteria for scholarship recipients: The selection criteria for admission to the program shall be as follows: (i) high academic achievement in previous university studies; (ii) analytical capacity for completing an intensive study program; and (iii) interest in public service and in the design and implementation of public policy. The executing agency reserves the right to require applicants to submit the following in order to evaluate the applications: (i) certificates for all previous university studies, with the corresponding grades and rankings; (ii) professional record in public service; and (iii) letters of recommendation from outstanding civil servants and academics.
11. Those applicants who so require (subject to evaluation of their background) shall take preparatory courses to develop their analytical skills and meet the criteria and standards for admission to the MMPP program.
12. Scholarship recipient requirements: The scholarship recipients admitted to the MMPP program shall: (i) work exclusively on program-approved activities; (ii) complete a total of 11 mandatory courses, eight elective courses (of one half semester each), and a dissertation, consisting of a public policy analysis in which the student applies the concepts, methodologies, and instruments learned through the curriculum.
13. Prior to initiating the MMPP study program, each scholarship recipient selected shall sign an agreement with the government

agency or public-sector institution sponsoring his or her candidacy to the MMPP program requiring him or her to provide professional services in the public sector of his or her country for a period at least equal to the length of the training provided under the MMPP program.

14. Upon completion of the MMPP study program, the scholarship recipient shall return to his or her country of origin.

Curriculum

15. The MMPP program shall consist of 11 **mandatory** courses, seven of which shall be one semester each and four of which shall be one half semester each. The one-semester courses will include: public management, economics and public policy (parts I and II), policy analysis and governance, quantitative analysis methods, and a seminar on management and public policy (parts I and II). The one-half-semester courses will include: ethics and government, development strategies, and economic and sociopolitical aspects of the role of the State.
16. In addition, students shall select eight **electives** (of one half semester each) to help them strengthen their analytical skills through in-depth coverage of specific areas. The electives are divided into six broad areas and include: **social policies** (poverty, labor economics, health, and education); **public policy and the private sector** (industrial organization, export development, science and development, and innovation and technology policy); **natural resources, energy, and the environment** (environmental economics, natural resources, and energy policy); **public management** (regionalization and local government, social evaluation of projects, negotiation, leadership, organizational behavior, strategic management and public systems, human resources management, budget and financial management, and information technologies and public management); **management and tax policy** (tax policy and administration, tax management and tax service and audit systems); and **other elective courses**.
17. The executing agency shall offer an elective course provided that at least 10 students register for it.
18. The **preparatory** courses shall be given during a seven-week period prior to the program, and will include **economic analysis, mathematics and statistics, and introduction to the social sciences**.
19. Duration of the course cycle: The course cycle shall have a duration of three semesters, beginning in June each year. The program shall be carried out in three cycles with approximately

18 scholarship recipients each. Each cycle shall have a duration of 19 months.

20. Professors on staff: The University of Chile shall contribute to the MMPP program by making its full-time researchers available to give the courses under the program. Prior to submitting candidates for the first cycle of scholarship recipients, the executing agency shall submit to the Bank a list of the professors and researchers on staff at the university in the areas of specialization and expertise of the MMPP program.

PROPOSED RESOLUTION

REGIONAL. NONREIMBURSABLE TECHNICAL COOPERATION FOR A SCHOLARSHIP
PROGRAM FOR MASTERS IN MANAGEMENT AND PUBLIC POLICY

The Board of Executive Directors

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreements as may be necessary with the Universidad de Chile, and to take such additional measures as may be pertinent for the execution of the plan of operations referred to in Document AT-_____ with respect to a nonreimbursable technical cooperation for the execution of a Scholarship Program for Masters in Management and Public Policy.

2. That up to the equivalent of US\$1,850,000 in pesos chilenos, is authorized for the purposes of this resolution, chargeable to the net income of the Fund for Special Operations.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.