

MODERNIZATION AND ACCREDITATION OF THE TERTIARY EDUCATION PROJECT

(NI-0144)

EXECUTIVE SUMMARY

Borrower:	Republic of Nicaragua	
Executing agency:	Ministerio de Hacienda y Crédito Público (MHCP)	
Amount and source:	IDB (FSO):	US\$ 3,84 million
	Borrower:	US\$ 0,96 million
	Total:	US\$ 4,80 million
Financial terms and conditions:	Amortization Period:	40 years
	Grace Period:	10 years
	Disbursement Period:	30 months
	Interest Rate:	1% during the grace period and 2% for the remaining 30 years
	Supervision and Inspection:	1%
	Credit Fee:	0,5% p.a. on undisbursed balance
Objectives:	<p>The purpose of this operation is to begin the modernization process of the tertiary education system focusing on the improvement of quality and relevance of the education given in all the tertiary education institutions—public and private—in the country. The specific objectives are: (i) to initiate and establish evaluation processes within the institutions; (ii) to come to an agreement on the design of a national accreditation system that is modern, efficient and transparent; (iii) to improve the articulation of the tertiary education with the secondary and technical education and with the productive sector; and (iv) to improve the efficiency and transparency of management of the tertiary education.</p>	
Components:	<p>Component I: Evaluation Process of the tertiary education (US\$ 1,1 million). With the objective of supporting the setting in motion of an evaluation process of the institutions, this component will finance the following activities: composition and training of self-evaluation commissions within the universities; definition of quality standards and indicators; carrying out of fora, seminars, local and national workshops to promote and disseminate the evaluation process to the education community and the civil society. In order to agree on the design and create solid bases for the future establishment of a national accreditation system, the design and creation of a national university statistics system will be financed that contains homologous information, separated by gender, of all the institutions. Raising awareness in the university community and civil society towards an evaluation and accountability culture will be a constant activity during the execution period of the project.</p>	

Component II: Program for improving the articulation of the tertiary education with the productive sector and with the secondary and technical education (US\$1,0 million). With the purpose of improving the relevance, efficiency and quality of the tertiary education, the project will use a competitive mechanism to finance specific activities for improving the institutional articulation with the secondary and technical education level, and with the productive sector. Access to these resources will be through two windows. Window I will finance those projects that link tertiary education institutions with the productive sector. Some examples of areas that are eligible under this window include, but are not limited to, agreements for agricultural expansion (export of shrimp, biological control of agricultural plagues, etc.); medical research; development of tourism; environment management and cleaner production. Window II will finance projects pertaining to the articulation with secondary and technical education. Some examples of areas that are eligible under this window include, but are not limited to, revision and development of educational curricula and material; agreements for training of teachers in schools for teachers, projects for the “adoption” of schools. Eligible proposals on both windows must include counterpart funds of no less than 20% of proposed project costs.

Component III: Institutional strengthening to generate an efficient and modern university management (US\$1,2 million). In order to meet its objective of improving the management of the system, this component will consist of three main activities: (i) institutional diagnosis resulting in recommendations for strengthening the management of the institution analyzed. Once the diagnosis is completed, the institution may devise a plan for improving an specific aspect of its management, based on the diagnosis, and apply to loan resources to carry out its plan for improvement; (ii) legal and operational technical support so that the CNU revises, streamlines and improves its processes for authorizing new universities; and (iii) formation courses for university leaders, with special emphasis on the formation of women leaders. This will be carried out through agreements with training and formation institutes—such as the Bank’s Inter-American Institute for Social Development (INDES)—or with foreign universities with known experience in this field.

Special contractual conditions:

1. As conditions prior to first disbursement, the following must be presented to the Bank's satisfaction:

- (i) The Operational Regulations of the Project in accordance with the text, terms and conditions previously agreed upon with the Bank. These Regulations will include the Operational Manual of the Program for Improving the Articulation of component 2, and the eligibility criteria to gain access to the resources for the Improvement of Management in component 3. (Par. 3.18)
- (ii) Evidence that the Steering Committee has been constituted with the attributions accorded to with the Bank. (Par. 3.18)
- (iii) Evidence of the constitution of the Executing Unit of the Project (EUP) with, at least, the contracting of the Director of the Unit by international competitive bidding, and the contracting of the financial administrator. (Par. 3.18)

Despite the conditions previously established, once conditions (ii) and (iii) and the conditions prior to first disbursement stipulated in subsections (a), (b) and (e) of Article 4.01 of the General Regulations have been complied with, a sum up to US\$100,000 may be disbursed to permit the EUP to initiate its activities and to comply with the other prior conditions. (Par. 3.19)

2. Other special contractual conditions.

For disbursing resources for the articulation improvement program of component 2, the signing of the respective agreement between the executing agency and each of the participating institutions, will be a prior condition.

Bank's country and sector strategy:

The proposed project complements well the activities of the Bank in the sector. The secondary education reform program in execution (US\$9,4 million) offers comprehensive support for reforming the secondary education level, and promotes better operational outcome and consensus for a National Education Plan that includes all levels and subsectors. The technical cooperation MIF (ATN/MH-6717-NI, US\$1,0 million) is a pilot initiative in the private sector for improving the development of its human resources. A loan for Science and Technology (NI-0147, US\$4,5 million) is also being prepared, that will promote a national system of technological innovations through Conicyt.

- 1.1 By supporting very precise reform and modernization activities, this project will establish basic principles of efficiency and quality that are consistent with the new strategy of the Bank for the tertiary education sector, and will lay the foundations for a modernization process that responds better to the needs of both the labor market and

national development. The strategy indicates that reform processes imply, among other, the creation of good management tools; increasing the transparency in the entire system; that students should know better what is offered to them; and that employers and others should know more about the products of the institutions. At the same time, the strategy points out that Bank's financing for the sector will be more modest and more selective. Support will be focused on high priority tasks and on activities that will have positive multiplying effects.

Environmental and social review: The CESI recommended that the participation of women in leadership programs be promoted, and that the statistical information system incorporate separate data by gender. Both suggestions were included in the project design (See pars. 2.3 and 2.8).

Benefits: The project activities will promote a dialogue among different actors in national scene, and will foster a culture of institutional competitiveness and accountability to the civil society. Furthermore, using the sectorial facility instrument permits to finance the process of design and consensus of the changes, before investing in the reform itself on a major scale.

Risks: The possible risk of the project is related to the political situation the country is going through, and the effect that a change of government might have on the execution of the project. Nevertheless, that risk is in the most part neutralized because the Project's Steering Committee counts on broad support from different political actors who have proven, during the whole preparation process of the project, their great interest and commitment with the initiation of this reform and modernization process of the tertiary education of the country.

Poverty-targeting and social sector classification: This operation does not qualify as a poverty-targeted project, as described in the report on the Bank's Eighth Replenishment (Document AB-1704). (Par. 4.4)

Procurement and schedule for disbursements: Procurement of goods and consulting services will be carried out in compliance with the Bank's procedures. International competitive bidding will be mandatory for goods in excess of US\$250,000, and consulting services in excess of US\$200,000.

Source	Year 1	Year 2	Year 3	Total
IDB	1.487	1.564	791	3.842
Local Contribution	371	391	198	960
Total	1.858	1.955	989	4.802
%	38.6%	40.8%	20.6%	100%

Key performance 1. 100% of the institutions of the tertiary education system have

benchmarks and monitoring guidelines:

- formed self-evaluation commissions by the end of the project.
2. At least 80% of the self-evaluation commissions have been trained by the end of year 1 of the project.
 3. A national information system for collecting, processing and disseminating data is designed by the end of year 2 of the execution of the project.
 4. 100 peer evaluators have been identified and trained by the end of year 1 of the project.
 5. 60% of the institutions have been visited by external peers by the end of year 2 of the project.
 6. Carrying out of at least 4 participatory instances (seminars/ fora/workshops) each year to define and agree on the basic guidelines of an accreditation system in Nicaragua.
 7. 100% of the articulation improvement program funds have been disbursed by the end of the project.
 8. 90% of the participating institutions have completed the diagnosis of their management needs by month 12 of the project.

Follow-up and evaluation reports:

The Bank's Representation in Nicaragua, together with the technical support of RE2/SO2, will be responsible for supervising the execution of the project. The sectorial specialist of the Representation will closely collaborate with the EUP in all the stages of the execution, and will supervise the compliance with the goals and objectives of the operation. It is estimated that the specialist of the Representation will dedicate 15 to 20 weeks a year to this project.

The Bank will carry out technical revisions every six months. The EUP will be responsible for submitting those six-month progress reports. Those reports will include among other aspects: (i) the general status of the project, including a comparison of the activities and results of the execution with those expected of the project. The logical framework and verifiable indicators will be used for this purpose; (ii) an analysis of the main difficulties encountered; (iii) an analysis of how the process of consensus for the formation of a national accreditation entity is progressing; (iv) the putting the action plans into practice to comply with the recommendations that might arise from the audit report; and (v) a comparison between the expenses incurred and those foreseen.

Besides carrying out a mid-term evaluation, the EUP will be responsible for submitting an annual report for the non-objection of the Bank. The annual report includes: (i) an evaluation of compliance with the previous AOP; (ii) the presentation of the new AOP; (iii) the execution schedule and required resources; (iv) the follow-up and control indicators; and (v) as an annex, the drafts of the terms of reference for consultancies and technical

services.