

COLOMBIA

HIGHER LEVEL DISTANCE EDUCATION PROJECT

(CO-0053)

LOAN PROPOSAL

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Loan Proposal

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Datos Socioeconómicos Básicos de Colombia

1. Datos Generales

Población total (millones de habitantes, 1983)	27,9
Población rural %	26,3
Extensión territorial (miles de Km ²)	1.141,7
Habitantes por Km ²	24,4
Tasa de natalidad - 1981 (por mil)	28,9
Tasa de crecimiento demográfico (promedio 1970-83) %	2,1
Producto interno bruto por habitante (1983) ^{1/} US\$	1.382
Tasa de mortalidad por mil habitantes (1981)	5,9
Tasa de mortalidad infantil por mil nacidos vivos (1981)	45,7
Médicos por 10.000 habitantes (1977)	5,1
Número de camas de hospital por cada mil habitantes (1976)	1,8
Alfabetismo (1981)	81,0
Tasa de inscripción (%) ^{2/} (1977)	
Primaria	71,2
Secundaria	58,1
Tasa de cambio oficial (Dic. 31, 1983) - Pesos por dólar -	88,77
Tasa de cambio oficial (Abril 30, 1984) - Pesos por dólar -	96,45
Consumo de energía per cápita (1982) Kwh	795
Nivel de bajos ingresos por habitantes (Dic. 1983 en pesos)	72.950

Tenencia de la tierra en %:

Tamaño (has.)	No. de Explotaciones		Superficie	
	1960	1970-71	1960	1970-71
Menos de 10	76,5	73,1	8,7	7,2
de 10 a 100	20,5	22,5	25,2	25,3
más de 100	3,5	4,4	66,1	67,5
Total	100,0	100,0	100,0	100,0

Población Económicamente Activa por Sectores (1973):

	<u>En miles</u>	<u>%</u>
Total	5.979	100,0
Agricultura y pesca	2.163	36,2
Minería	43	0,7
Manufactura	964	16,1
Construcción	289	4,8
Comercio, finanzas y seguros	938	15,7
Servicios	1.153	19,3
Otros	425	7,2
Tasa de desempleo (diciembre 1982)		8,9
Tasa de desempleo (diciembre 1983)		12,7

^{1/} Preliminar.

^{2/} Matrícula total/población en grupo de edad elegible.

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Producto Interno Bruto a/	Composición						Tasa Real de Crecimiento Anual (%)				
	1978	1979	1980	1981	1982	1983	1978	1979	1980	1981	1982
Por gasto											
PIB	100,0	100,0	100,0	100,0	100,0		8,5	5,4	4,1	2,3	0,9
Inversión interna bruta	19,5	18,5	19,7	21,8	22,6		6,9	-0,3	10,9	13,2	5,0
Consumo	82,8	82,2	83,5	83,8	84,7		8,5	5,2	5,4	3,0	2,0
Exportaciones	16,6	17,4	17,2	15,2	14,7		25,2	8,4	5,1	-11,8	-2,4
Importaciones	18,9	18,0	20,4	20,7	22,0		20,7	0,8	18,8	4,9	7,5
Por Origen											
Agropecuaria	23,2	23,1	22,7	22,9	22,3		8,1	4,8	2,2	3,2	-1,9
Minería	1,2	1,1	1,3	1,3	1,3		-6,5	1,2	18,4	5,5	3,6
Manufactura	22,9	23,0	22,4	21,3	20,6		10,0	6,1	1,2	-2,6	-2,2
Construcción	3,2	3,0	3,4	3,5	3,7		-2,6	-0,6	14,6	7,1	6,1
Transporte	9,1	9,3	9,3	9,5	9,7		11,3	7,4	4,0	4,2	3,1
Comercio	13,1	12,9	12,7	12,6	12,8		7,6	3,7	2,3	1,7	2,1
Gobierno	7,3	7,3	7,8	8,0	8,3		6,5	4,3	10,3	5,8	3,9
Servicios financieros	7,2	7,4	7,9	8,0	8,3		17,9	8,6	11,2	4,4	3,6
Otros servicios	12,9	12,8	12,7	12,8	13,3		6,5	4,3	2,7	3,5	2,3

✓ A precios constantes de 1975.
✓ Preliminar.

Fuente: Dpto. Administrativo Nacional de Estadística (DANE).

Comercio Exterior	(En millones de US\$)							Tasas de Crecimiento Anual					
	1975	1978	1979	1980	1981	1982	1983 a/	1978	1979	1980	1981	1982	1983 a/
Exportaciones de Bienes (FOB)	1.536	3.080	3.531	3.987	3.003	2.999	2.793	25,8	14,3	12,9	-24,7	-0,1	-6,9
Café	680	2.027	2.025	2.374	1.394	1.615		34,0	-0,1	17,2	-41,3	15,8	
Barano	37	75	84	108	136	154		31,8	12,0	28,6	25,9	13,2	
Azúcar	95	20	50	175	74	48		45,5	150,0	250,0	-57,7	-35,1	
Flores	19	53	79	101	107	115		32,6	49,1	-27,8	3,9	7,5	
Cemento	12	22	31	53	64	46		35,9	40,9	70,9	20,7	-28,1	
Textiles y ropas	103	195	150	167	134	146		40,1	-23,1	11,3	-19,7	9,0	
Algodón	81	59	36	64	30	14		49,4	-39,0	77,8	-53,1	-53,3	
Carnes	57	47	37	33	46	44		41,9	-21,2	-10,8	39,4	-4,3	
Artículos de cuero	17	38	43	20	18	24		19,8	13,7	-115,0	-10,0	33,3	
Metalmeccánica	21	36	66	48	60	66		9,3	83,3	-27,3	25,0	10,0	
Importaciones de Bienes (FOB)	1.502	3.412	4.629	5.413	6.094	5.478	4.340	28,0	35,6	16,9	12,5	-10,1	-20,7
Bienes de Consumo	152	298	383	517	770	691		-7,7	28,8	35,0	48,9	2,6	
Productos intermedios	723	1.256	1.685	1.942	2.210	2.114		22,7	34,1	15,2	13,8	-4,3	
Bienes y equipos de capital	611	1.456	1.864	2.225	2.172	2.016		45,1	27,9	52,8	-2,4	7,2	
Combustibles	29	383	665	663	902	657		52,5	73,7	-	36,0	-27,2	
Sin clasificar	16	18	30	16	-	-		-	61,1	-46,7	-	-	

✓ Preliminar.

Fuente: INCOMEX. (Registros).

4. Balanza de Pagos	(En millones de US\$)						Tasas de Crecimiento				
	1978	1979	1980	1981	1982	1983 a/	1979	1980	1981	1982	1983 a/
Exportaciones (FOB)	3.270	3.507	4.062	3.219	3.215	2.998	7,2	15,8	-20,8	-0,1	-6,7
Importaciones (FOB)	2.564	2.996	4.300	4.762	5.405	-4.757	16,8	43,5	10,7	13,5	-12,0
Balance comercial	706	511	-238	-1.543	-2.190	-1.759	-27,6	-	548,3	-41,9	-19,7
Servicios (neto)	-393	-121	-100	595	-872	-1.117	69,2	17,3	-495,0	46,6	28,1
Intereses	(-301)	(-255)	(-211)	(-427)	(-787)	(-777)	-	-	-	-	-
Transferencias	73	102	164	242	169	173	39,7	54,7	47,5	-30,2	2,3
Saldo en cuenta corriente	322	492	-174	-1.896	-2.893	-2.703	-	-	-	-	-
Movimiento de capitales (neto)	117	892	829	1.904	1.979	1.081	662,3	-7,0	129,7	3,9	-45,4
Largo plazo	98	722	801	1.631	1.607	1.337	-	-	-	-	-
(Inversión directa)	(67)	(104)	(52)	(220)	(337)	(286)	-	-	-	-	-
Corto plazo	19	170	28	273	372	-256	-	-	-	-	-
Errores y omisiones	222	228	280	234	213	-101	-	-	-	-	-
Cambio reservas internacionales (-aumento)	-660	-1.611	-1.235	-242	701	1.723	-	-	-	-	-

a/ Preliminar.

Fuente: Banco de la República.

5. Finanzas Públicas	En % del PIB						Sector Público			
	Gobierno Central						1978	1979	1980	1981
	1978	1979	1980	1981	1982	1983 a/				
Ingresos corrientes	9,2	9,6	9,6	10,3	10,5	9,8	24,5	25,9	27,5	28,0
Ingresos tributarios	(8,9)	(9,4)	9,4	(10,0)	9,9	(9,6)	12,9	13,0	12,2	12,1
Gastos corrientes	6,2	6,9	7,7	7,7	8,6	9,0	17,6	18,3	19,2	20,0
Ahorro en cuenta corriente	3,0	2,7	1,9	2,6	1,9	0,8	6,9	7,6	8,3	8,0
Gasto de capital	2,3	2,2	2,6	3,1	3,3	3,0	8,5	8,5	8,5	10,2
Déficit (-) Superávit (+)	0,7	-0,5	-0,7	-0,5	-1,4	-2,2	-1,1	-0,3	-1,3	-1,5
Financiamiento	-0,7	-0,5	0,7	0,5	1,4	2,2	1,1	-0,3	1,3	1,5
Interno	-0,5	-0,9	-0,3	-0,1	0,8	1,9	0,9	-1,7	-0,5	-0,2
Externo	-0,2	0,4	1,0	0,6	0,6	0,3	0,2	2,0	1,8	1,7

a/ Preliminar.

Fuente: Banco de la República, Ministerio de Hacienda y Contraloría General de la República.

6. Sistema Financiero Nacional	(Miles de millones de pesos)						Tasa de Crecimiento			
	1978	1979	1980	1981	1982	1983 a/	1979	1980	1981	1982
Reservas internacionales netas	99,274	176,664	259,969	309,719	317,967	198,731	77,9	47,2	19,1	2,7
Crédito interno	282,494	319,485	437,447	607,614	805,696	1,069,158	13,0	36,9	38,9	32,6
Gobierno (neto)	-348	-7,356	-15,442	-16,501	29,810	76,947	-	-	-	-
Resto del Sector Público (neto)	747	-16,007	-18,922	-18,922	-9,871	-14,658	-	-	-	-
Sector Privado	237,502	294,640	412,783	559,734	699,108	885,770	24,0	40,0	35,6	24,9
Medios de pago (oferta monetaria)	134,890	167,593	214,287	259,709	325,699	408,925	24,2	27,9	21,2	25,4
(% del PIB)	14,7	14,0	13,8	12,8	13,0	13,9	-	-	-	-
Quasi-dinero	100,484	126,132	210,407	336,029	417,532	561,855	25,5	70,0	56,7	24,3
(% del PIB)	11,0	10,6	13,6	16,7	16,7	18,8	-	-	-	-

a/ Preliminar.

Fuente: Banco de la República.

7. Precios (tasa de crecimiento)	1978	1979	1980	1981	1982	1983
Deflactor del PIB	17,1	23,9	24,7	25,9	23,4	19,5 a/
Al consumidor b/	17,8	29,8	26,5	26,7	23,9	16,7
Al por mayor	21,6	29,0	25,4	23,5	24,6	17,7

a/ Provisional.

b/ Tasas de diciembre a diciembre de cada año de clase obrera.

Fuente: Banco de la República.

8. Deuda Externa	Saldo a final del año							
	1970	1971	1978	1979	1980	1981	1982	1983 a/
<u>Deuda Pública Externa Pagadera en Divisas</u>								
Total autorizada	1,852	2,736	4,319	5,300	6,669	8,030	9,287	-
Desembolsada	1,250	1,913	2,803	3,374	4,078	5,168	5,789	6,585
Sin desembolsar	602	823	1,516	1,926	2,591	2,862	3,498	-
Por tipo acreedor								
Proveedores	209	197	273	360	560	762	760	-
Bancos privados	100	334	684	1,230	1,973	2,782	2,926	-
Emisión de bonos	21	57	45	34	31	30	23	-
Organismos internacionales	716	1,111	2,054	2,537	2,935	3,181	4,043	-
BID	(119)	(219)	(469)	(639)	(757)	(879)	(1,125)	(1,136)
Gobiernos	782	1,012	1,253	1,131	1,166	1,273	1,535	-
Otros	45	25	10	8	4	2	-	-
<u>Deuda privada externa</u>								
Total vigente	639	935	1,306	1,993	2,494	3,033	3,656	4,061
<u>Deuda Externa Total Desembolsada</u>	<u>1,889</u>	<u>2,848</u>	<u>4,109</u>	<u>5,367</u>	<u>6,572</u>	<u>8,201</u>	<u>9,444</u>	<u>10,646</u>

	Contratada a Final del Año (X)						
	1970	1977	1978	1979	1980	1981	1982 a/
Por vencimiento: 1 a 5 años	24,1	36,2	33,3	34,9	34,8	35,2	36,3
5 a 10 años	22,5	26,7	36,4	37,9	38,4	38,8	39,8
+ de 10 años	53,4	37,1	31,3	27,2	26,8	26,0	25,9

<u>Servicio de la Deuda Pública Externa</u>	1972	1977	1978	1979	1980	1981	1982	1983 a/
Servicio total (en millones US\$)	154,0	313,0	398,0	664,0	568,0	668,0	936,0	934,0
Serv./exp.de bienes y servicios (X)	11,9	9,1	10,0	14,5	11,2	13,3	18,7	19,8

a/ Provisional.

9. <u>Préstamos del BID</u> (aprobados hasta 31-12-83)	<u>Monto</u> (millones US\$)	<u>%</u>
Total	2.141,3	100,0
Capital ordinario	499,0	23,3
Capital interregional	910,7	42,5
FOE	637,3	29,7
FFPS	49,0	2,2
Otros fondos	45,3	2,1
Por sectores		
Agrícola y pesca	247,7	11,5
Industrial y minería	91,2	4,2
Transportes y comunicaciones	314,5	14,6
Energía	990,0	46,2
Educación, ciencia y tecnología	93,6	4,3
Desarrollo urbano	159,3	7,4
Salud pública y ambiental	184,8	8,6
Preinversión	60,2	2,8

a/ Provisional.

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COLOMBIA

HIGHER LEVEL DISTANCE EDUCATION PROJECT
(CO-0053)

LOAN PROPOSAL

I. BASIC INFORMATION

1. Borrower: Instituto Colombiano para el Fomento de la Educación Superior (ICFES).
2. Guarantor: The Republic of Colombia.
3. Executing agency: Instituto Colombiano para el Fomento de la Educación Superior (ICFES). The Unidad Universitaria del Sur de Bogotá (UNISUR) and about 9 additional Colombian universities will also participate under contracts.
4. Objectives and description: The project will consist of two specific components and one global component for the financing of academic programs. Its purpose is to increase at the national level the coverage of the higher education system through the expansion of distance education programs in professional training courses of importance for the country; the expansion of a university specifically dedicated to the continuity of higher level distance education; and the maintenance at an acceptable level of quality in higher education through distance education.
5. Cost and financing: The total cost of the project is estimated at the equivalent of US\$65.5 million and the proposed financing would amount to the equivalent of US\$37,500,000 from the following sources: (i) US\$29,500,000 in foreign exchange from ordinary capital (OC); (ii) US\$4,000,000 in Colombian pesos from Ordinary Capital (OC); and (iii) US\$4,000,000 in Colombian pesos from the Fund for Special Operations (FSO). In accordance with the current policy, the amount of the foreign exchange financing represents 45% of the total cost of the project.
6. Terms and conditions of the financing: The following conditions are proposed for the IDB financing:

	Foreign Exchange OC	Local OC	Currency FSO
Amortization period	25 years	25 years	30 years
Grace period	4 years	4 years	7 years
Disbursement period	4 years	4 years	4 years
Period for the approval of programs of the global component	18 months	18 months	18 months
Period for the initiation of works	30 months	30 months	30 months
Interest	applicable rate	4%	2%
Credit Fee	1.25%	--	--
Inspection and Supervision	1%	1%	1%

II. FRAME OF REFERENCE

A. The Education System of Colombia

1. Educational levels

- 2.01 The national educational system is divided into four graduated levels: preschool, basic, middle vocational and higher. A summary of the four levels is presented below.

Table II-A

Graduated Levels of the Colombian Educational System

Preschool Education	Children under 6 years of age
Basic Education (9 Grades)	Primary = Grades 1 - 5 7 - 11 years of age
	Secondary = Grades 6 - 9 12 - 15 years of age
Middle Vocational Education	Grades 10 - 11 16 - 17 years of age Ends with High School Certificate
Higher Education	Middle level professional Technological University Advanced (Postgraduate)

2. Higher education

- 2.02 Post-secondary or higher education offers four types of training. The middle level professional level was incorporated into the Higher Education System in 1980 and is intended to provide a basically practical education for the performance of auxiliary activities and leads to the qualification of middle level Technical-Professional. The technological education emphasizes practice in two training stages, one a terminal stage aimed at training for the performance of technological activities and leads to the qualification of Technologist; and the other, technological specialization with greater emphasis on the scientific fundamentals that leads to the qualification of Specialized Technologist.
- 2.03 A distinguishing feature of university education is its broad-based social and humanistic content and its emphasis on the scientific fundamentals, the effort being directed at the development of knowledge, techniques and arts. Advanced or Postgraduate training is the highest level of higher education and a requirement for entry to it is a university degree or a certificate of Specialized Technologist; it leads to a Master's or Doctor's degree and requires substantial research work.
- 2.04 In 1973, the higher level was provided in 58 universities (60% of which were non-official) that offered university programs, short professional training courses and postgraduate courses. At present there are 216 higher education institutions, of which 107 are universities, 36 are technological institutions, and 73 are institutions offering middle level professional programs. The non-official sector has increased its relative share of the number of institutions to 72%.
- 2.05 An examination of the development of the higher education enrollment in Colombia shows its accelerated and sustained growth, which almost tripled in the last 10 years. This growth was 187% between 1973 and 1983, much greater than that of the primary, secondary and middle levels. The enrollment structure has changed and the distinguishing feature of it is the growing share of the private sector in higher education, from 50% to 60.4% and an accelerated participation of women in university studies. Of the total higher level enrollment 82.2% represents university studies, only 8.6% middle level professional and 7.6% technological studies.

3. Problems of higher education

- 2.06 In Colombia the Secondary and Middle level education enrollment ratio is 38.3%, one of the highest in Latin America. However, it has one of the lowest coverages of higher education in the region. In 1973, only 4.3% of the Colombian population of university age had access to post-secondary education; in 1973, 8.7% had access. Despite the growth, the higher education enrollment ratio in Colombia is still too low compared with other countries. Comparing the number of higher education students per 100,000 inhabitants Colombia reaches a level of 1,106, while Ecuador, Peru, Panama, Costa Rica and the United States achieve levels of 3,166, 1,738, 2,586, 2,755 and 5,492, respectively.

- 2.07 At present the existing higher education institutions do not cover the educational demand at that level. Each year between 25 and 30% of the high school graduates who apply are not admitted to the higher level. By 1986 that figure is expected to increase to 44%.
- 2.08 With respect to the internal efficiency of higher education, only 51% of those that began university studies in 1973 graduated in 1978. In the period 1978-1983, the corresponding rate was 31%, which points to a relative increase in dropouts. It is to be noted that the shorter the training the lower the dropout rate. Thus, of every 100 students that begin a 10 semester program only 31 finish; but if the program is an 8 semester program, 35 finish; and in 6 semester programs, 52 finish.
- 2.09 The coverage by area or region shows a high concentration in the principal cities of the country, basically in Bogotá, where 37% of the higher education institutions, 42.2% of the total enrollment and 45.1% of teaching posts are concentrated. Also clear is the concentration of higher education in the five (of the 33) main political-administrative divisions of the country, where 70.8% of the higher education institutions, 79.1% of the total national enrollment and 78.8% of higher level teaching posts are concentrated. This concentration occurs in the large urban centers of those departments: Bogotá, Medellín, Cali and Barranquilla.
- 2.10 For more than a decade the range of preferences for Colombian higher education programs has not shown an adequate distribution. An analysis of the university graduates in the 25 programs in greatest demand in 1960-1982 (a total of 238,834) shows that 77.7% of them were trained in only 10 programs: Education (22.1%), Law (15.9%), Economics (7.1%), Public Accounting (6.2%), Medicine (6%), Civil Engineering (5.7%), Business Administration (4.5%), Architecture (3.9%), Industrial Engineering (3.3%) and Agronomy (3%). This concentration has led to a limited supply of programs and a very slow development of technological programs that meet the specific needs of the development of the country and of its regions. Consequently, the Colombian Government recognizes the need for a program and a strategy aimed at deconcentrating the educational supply.
- 2.11 Other countries have been more successful in adjusting higher education to the needs and demands of the economy by means of short professional training courses. In Colombia, however, a distinguishing feature of higher education is its extreme rigidity, the result of which is that 82% of the students in higher education are university students and only 16% are middle-level professional and technological students. ^{1/}

B. The Colombian Model of Higher Level Distance Education

- 2.12 In Colombia, the higher education system uses two different methodologies, namely, (1) classroom education (educación presencial) and (2)

^{1/} The remaining 2% are postgraduate students.

distance education. Classroom education includes the programs in which the traditional methodology is used, that is, that require the frequent presence of the student in the classroom for the conduct of a specified curriculum. In this typical teaching situation, a distinguishing feature of the communication is that the teacher and the student are physically in the same room at the same time. The means of communication are the voice and gestures.

- 2.13 Distance education is a methodological approach in which the opportunities for teaching and learning occur as close as possible to the place of residence of the student and according to the time he has available, without permanent attendance in a classroom and through the use of multiple teaching methods. The basic feature of distance education, from which all the others derive, is the replacement of the presence of the teacher as the sole medium of education by intermediate forms. In this teaching situation, the teacher and the students do not have to be physically present in the same place at the same time. For communication to take place, it is necessary to replace the voice and gestures by other non-classroom media.
- 2.14 From a socioeconomic point of view and without prejudice to the merits and possibilities of traditional education, distance education has the following advantages, among others:
- (a) It makes it unnecessary for students to change their place of residence;
 - (b) It permits students to continue to work while studying;
 - (c) It permits a flexible management of learning time, duration, pace and intensity of study, in accordance with the characteristics of the users and the contents;
 - (d) It reduces the number of teachers for teaching or orienting the learning of more students compared with the traditional methodology;
 - (e) It also reduces capital investments since the amount required for buildings and their maintenance is kept relatively low.
- 2.15 The expansion and consolidation of the Colombian model by means of the project under consideration does not entail the use of radio and television networks since they would not be the means used for bringing the educational content to the students. The means that would necessarily be used would be three: (a) printed material especially designed for distance education; (b) a system of tutorials by which each student would receive assistance, support and evaluation of his academic performance; (c) Regional Distance Education Centers (CREADs) which would concentrate in specified geographical areas a group of educational resources and services. The students would attend those CREADs for the aspects of education for which they must necessarily be present (examinations, joint experiences, advisory assistance) and for

the use of expensive equipment that cannot be supplied to each individual student (laboratories, workshops, computer terminals, video cassettes, etc.).

- 2.16 The needs and demands in industrialized countries and developing countries have put pressure on education institutions to establish a more flexible, immediate and applied type of training. Consequently, short educational programs are a post-secondary segment that has recently developed and are particularly pertinent for the training of the human resources relevant to the economic development of the region, given their technical-vocational focus. The focus in short technical professional training courses of the higher level distance education of Colombia is an important feature of the model.
- 2.17 Colombia is the first country to make the creation of a distance education system (SED), and not only a special university for carrying out distance education, a national purpose. This is the central point that distinguishes the Colombian model from the others. England decided to establish the Open University as an autonomous institution. Spain chose a similar model in the National Distance Education University (UNED); the Distance Education Model of Costa Rica (UNED) operates along similar lines, as does the Venezuelan Distance University model (UNA).
- 2.18 Instead of creating a single distance university, Colombia opted for the idea of designing a higher level distance education system in which all the post-secondary education institutions can be integrated but it also institutionalizes distance education through the creation of a specialized university for the accumulation, conceptualization and diffusion of experiences in that area. This structure makes it possible to efficiently use the human, physical and technical resources of the institutions of the educational system.

C. Conceptual Bases of the Project

- 2.19 The project has been designed as an effort of the Colombian Government to solve the following problems: (a) there are growing contingents of young high school graduates who do not have any opportunity of studying at the higher level, despite the rapid expansion of enrollment in the past 10 years, which was accompanied by a certain deterioration in the average quality of the studies; (b) there is an excessive concentration of the supply of higher studies in a few professional training courses and in large urban centers; (c) the development of the country and its regions requires professionals in various disciplines and at various levels that are not being prepared by the present system; particularly in short technical professional training courses.
- 2.20 Three basic factors have led to the proposal of this Higher Level Distance Education Project as a means of responding to the problems indicated in the foregoing paragraph: (a) the cost of classroom education is much higher than the type of education proposed in this project. It is not intended to halt the growth of traditional education,

but the limited financial and human resources would make it virtually impossible to expand that type of education to the extent necessary, at acceptable levels of quality; (b) educational circles favorable to distance education are very influential in Colombia. These circles emphasize the importance of "learning" rather than of "teaching", assign to the student himself the primary responsibility for his education, and at the same time endeavor to make available to him a set of educational resources offered by modern technology; (c) distance education in Colombia is not a first attempt, since there are already many successful experiences in that area. This project should be considered an effort to expand, strengthen and consolidate a successful Colombian experience that is potentially useful for other countries. 1/

- 2.21 To develop the SED, the university infrastructure and resources already established would be used and supplemented with whatever is necessary to ensure the achievement of the specific goals of distance education. Some institutions already provide programs of this type and wish to expand and strengthen them. Other universities propose to initiate new distance education programs and have applied to the Government for financial resources for that purpose. All these programs would be adjusted to the eligibility criteria and other regulations of the ICFES, which would approve each program before allocating resources to it. An essential aspect of those criteria is the relevance of each proposal to the economic and social development of the region of the country it intends to serve.
- 2.22 In addition, as an important component of the SED the Government of Colombia deems it necessary to develop a special higher level distance education institution: The Unidad Universitaria del Sur de Bogotá (UNISUR). This state institution would itself offer some higher level distance education programs and in addition would provide support to other SED institutions that wish to take advantage of its experience and resources. This support would take the form of the training of personnel, curriculum design, preparation of teaching materials and, in general, validation and dissemination of efficient methods of higher level distance education.
- 2.23 The development of the SED necessarily implies the creation or strengthening of its various components, in addition to the promotion of adequate interrelations between them. Therefore, the project being considered shows the internal coherence characteristic of a system, which cannot be neglected without changing the nature of what it is intended to achieve. These requirements were taken into account in the design of this project.

D. Scaling of the Project

- 2.24 The dimensions of the project were defined on the basis of two types of parameters. On the one hand, an analysis was made of the institutional and financial capacity of the institutions involved in the execution of

1/ See paragraphs 2.35 - 2.42 of the Project Report.

the project and, on the other, an analysis was made of the human resources required and of the social demand for higher education places (see Chapter VI of the Project Report).

- 2.25 The unsatisfied demand for admission to higher education by recent high school graduates is estimated at 24,000 in 1983. Using this first figure as the annual demand the system cannot at present satisfy and taking into account the average retention rates of higher education in Colombia, we find that the number of students enrolled in the system should be increased by approximately 65,000 in four years if only to prevent the unsatisfied demand increasing, at the present levels of graduates from middle education. This does not include the cumulative unsatisfied demand from earlier years nor that of dropouts who wish to reenter the system nor that of the increase in high school graduates that the growth of classroom education cannot absorb. The demand made on UNISUR by dropouts from the classroom education system and other high school graduates from earlier years who are working, is especially high (more than 50% of the total candidates). It may therefore be concluded that, only to meet the social demand, the enrollment of the SED could be increased by more than 100,000 students in the next four years. Furthermore, the set of academic distance education programs submitted to the ICFES by higher education institutions for approval has an aggregate target of approximately 75,000 students by 1989.
- 2.26 Use of a manpower planning model made it possible to determine for which of the above-mentioned program there was a surplus demand in the labor market. In addition, business and household surveys were used. When the programs that do not satisfy the requirement of surplus demand in the labor market were excluded, the result was a total adjusted target of 71,000 students. These considerations lead to the conclusion that, leaving aside financial restrictions, a reasonable maximum target would be 71,000 students as an increase in the enrollment of the SED that this project could achieve. During the analysis of the operation, a target of 35,000 was adopted because of limitations on the local counterpart contribution and, finally, a coverage of 30,000 students was used as the basic target in the scaling of the project.

III. THE PROJECT

A. Objective and Description

- 3.01 The purpose of the project is to prepare the necessary human resources of the higher level that are not being trained by the present system and to use for that purpose strategies for deconcentration of supply. It is intended to satisfy the demand for higher education of the low and middle income population sectors that cannot follow postgraduate studies in classroom education and to achieve this objective at a lower cost than that for in classroom higher education.

3.02 During the execution period of the project (4 years), it is intended to achieve the following verifiable results or targets:

- (a) To establish in the ICFES the planning and evaluative research elements necessary for regulating, directing and controlling the distance education system.
- (b) To expand a university specializing in Higher Level Distance Education (UNISUR), which will offer not less than four programs of study in approximately 20 Regional Centers (CREADs). This institution will be provided with the mechanisms for research, diffusion and support to other universities necessary for bringing into general use the transferable experiences of educational technology.
- (c) To integrate into the SED not less than 9 Colombian institutions of higher education, in addition to UNISUR. All these institutions and their respective distance education programs will be authorized and coordinated by the ICFES.
- (d) To generate capacity to serve approximately 30,000 students in the SED.
- (e) To establish approximately 50 CREADs distributed in all the regions of the country, of which 20 would be UNISUR units and 30 those of other universities.
- (f) To offer approximately 14 distance education programs, in areas of knowledge specifically related to the economic and social development of the regions in which they are offered; of those programs, 4 would be provided through UNISUR and the remainder through the other institutions of the system.
- (g) To provide the SED with the necessary instruments for achieving its purpose, including specialized consultancies; personnel training; production and distribution of teaching material; construction, remodeling, and provision of equipment, furniture, libraries and materials for the CREADs.

3.03 The project may be described as a group of activities and investments that will be executed by ICFES, UNISUR and other higher education institutions of Colombia, within the proposed execution period (4 years), in order to achieve the above-mentioned goals and objectives. Those for ICFES and UNISUR would be "specific components" of the project and the group of academic programs of the other institutions would be considered the "global component". The project is therefore a "mixed mode operation".

B. ICFES Component

- 3.04 To appropriately perform the functions of orienting, regulating, allocating resources and controlling the SED, the ICFES will establish a project Management and Coordination Unit and will carry out two activities through the existing units of the Institute: "Planning" and "Evaluative Research". Work in these fields has already begun and they will be fully developed during the execution of the project.
- 3.05 "Planning" will consist in the strengthening of the respective planning units in the higher education institutions. 1/
- 3.06 By means of evaluative research it is proposed to evaluate various aspects of the educational program; to prepare a manual of instructions for the collection of data that will permit the continuing evaluation of the institutions; and to design national standards for that evaluation, including quality scales for the programs and learning levels of the students.
- 3.07 ICFES will provide higher education institutions with services for the training of their personnel through a two-year postgraduate course in distance education planning and administration, in a Colombian university. It will also use short seminars and workshops on various aspects of planning, administration and evaluation of distance education.

B. UNISUR Component

- 3.08 The development of an education system at the national level, like that planned, requires a catalyzing mechanism that tests methods, maps out efficient routes, and provides other institutions of the SED with continuing support. This is the responsibility of the Unidad Universitaria del Sur de Bogotá (UNISUR), which will perform a dual function in the project: (a) that of being one of the universities of the system that will offer distance education programs through regional centers (CREADS); and (b) that of the catalyzing unit that will give support to other higher education institutions in the form of distance education programs.
- 3.09 UNISUR will establish the Centro de Investigación Tecnológica y Educativa (CITE), which will prepare distance education programs both for UNISUR itself and for other institutions that request its assistance. This includes: (i) basic research on the productive capability of the regions, technologies required and professional profiles of the graduates needed; (ii) curriculum design of the study program; and (iii) production of the corresponding teaching materials or "teaching package" for each assignment (basic printed module, supplementary readings, exercise guides, set of evaluations and support materials that are pertinent e.g. audio and video cassettes, diskettes, etc.).

1/ See paragraph 3.06 of the Project Report.

- 3.10 In view of the specific nature of distance education, both as regards the design of teaching material and educational methods, UNISUR will also establish the Centro de Entrenamiento y Difusión de Experiencias Educación a Distancia (EDUCAD). EDUCAD will systematize knowledge and train the teaching personnel required by UNISUR itself and by other participating institutions. EDUCAD will also prepare and distribute manuals describing the experiences of UNISUR and explain the lessons that can be learned from them so the programs of other institutions can obtain the benefit of reasonably tested procedures.
- 3.11 EDUCAD will train about 1,000 tutors and 100 teacher/research workers. In addition, it will conduct short courses, and seminars, carry out other training activities, and disseminate experiences that can increase the efficiency of the system.
- 3.12 During the execution of the project, UNISUR will itself offer at least 4 different study programs developed through the CITE in the following fields: Food Technology, Civil Works, Energy Resources, Administration of Cooperatives and Community Organizations. All these programs will be preceded by a distance education introductory level of approximately 6 months' duration. The four UNISUR academic programs will reach the students through the 20 CREADS. 1/

D. Global Component

- 3.13 The global component will include approximately 9 Colombian universities (additional to UNISUR) that will offer, through about 30 CREADS distributed throughout the national territory, 10 distance education programs leading to a higher education qualification for approximately 11,000 students in 1989. Each one of these programs will be presented previously by the respective university to ICFES, which will analyze the request, approve the program in the light of the criteria that are presented at that time, and will assign the project resources necessary for its implementation.
- 3.14 For the purposes of analysis, out of the 33 distance education programs submitted to ICFES, 5 were selected. On the basis of this sample the viability of the targets of the global component was ascertained and the following eligibility criteria to be satisfied by the institutions and programs for inclusion by ICFES in the present program were determined. 2/

1/ See paragraphs 3.16 - 3.18 of the Project Report.

2/ A description of the representative sample appears in paragraphs 3.36 - 3.63 of the Project Report.

1. Criteria for the institution 1/

- 3.15 The following institutions will be eligible: public and private higher education institutions that are authorized by the State to operate as such and satisfy at least two of the following requirements: (a) 15 consecutive years of academic experience; (b) 250 instructors of whom at least half must be full-time instructors; (c) 5 academic programs approved by ICFES in various fields of knowledge, of which at least three will be in natural sciences, technology or medicine.

2. Criteria for the contents

- 3.16 The academic programs presented will be accompanied by a study showing that the profile of the professionals of the professional training course proposed and the corresponding curriculum is in line with the specific needs of the economic and social development of the regions to be served. Each program must include the information, forecasts, and justifications normally required by the Inter-American Development Bank for specific higher education projects. Specifically:

- (a) The information will be sufficient to establish the frame of reference of the project and to show whether or not all the eligibility criteria are satisfied.
- (b) Cost estimates of each one of the investment categories and subcategories will be included, together with the respective bases for calculating them, execution schedules, lists of equipment, complete preliminary projects, final designs for a significant portion of the physical works and financial projections for 10 years subsequent to the execution period. The total cost of each program must not exceed the equivalent of US\$1,600,000, unless the Bank specifically approves it. 2/
- (c) In each participating university a unit responsible for coordinating execution of all the aspects of the project, and staffed with sufficient full-time personnel for those tasks, must be established.

3. Specialist courses

- 3.17 In accordance with the analysis of the supply and demand of human resources, the specialist courses that may be included in the global component will be determined. A distinction will be made between (a) programs for the training of personnel already working and for (b) post-secondary professional training programs, as follows:

1/ Full details of the selection criteria appear in paragraphs 3.64 - 3.74 of the Project Report.

2/ See Recommendation No. 2.

(a) Training of personnel already working

In this case the specialist courses proposed will be accepted if it is shown: (i) there is a real demand for the training by personnel already working; (ii) the training is going to lead to an increase in the productivity of the work performed; and (iii) arrangements have been made to ensure that this increase in efficiency will be translated into an increase in the income of the participants, in accordance with the promotion criteria and policies in the training areas of the participants.

(b) Professional training courses

(i) The following professional training courses may not be included because of the lack of a human resources bases (they show that there is an excess supply of resources over the demand by the classroom system or demand has not been identified):

- Business administration (surplus of business administration graduates).
- Agricultural technology (excess of agricultural engineers who for that reason are performing this function).
- Technology third age (demand has not been identified).
- Humanities and Social Sciences
- Fine Arts
- Law and Political Sciences
- Economics and Accounting
- Architecture.

(ii) The following may be included:

- Food Processing and Marketing Technologies
- Marketing and Advertising
- Electrical and Mechanical Technologies
- Electrical Installations
- Civil Works and Construction Works
- Information and Documentation Systems
- Aquaculture and Industrial Fishing
- Forestry Technologies
- Agroindustrial Technologies
- Mining Technologies

(iii) If the specialist course presented is not included in (i) or (ii), it will be accepted if it is supported by a study of the supply and demand in the labor market, which shows that there is a real demand for graduates of the program.

4. Location of the CREADS

3.18 It must be demonstrated that there is an unsatisfied demand for post-secondary education in the places in which the CREADS will be located. This requirement will be considered to be satisfied when in

the area concerned at least 100 high school graduates that have no access to higher education annually graduate from the secondary educational system.

5. Costs

- 3.19 It will be demonstrated that the annual cost per student is not higher than that of distance education programs available in that speciality and that of comparable professional training courses in classroom education. If because of the type of specialist course proposed, this comparison is not possible and the cost per student is greater than US\$840 (the maximum found in the sample), the inclusion of this program must be specifically approved by the Bank.

6. Rates of return

- 3.20 It will be demonstrated that the economic benefits derived from the program produce rates of return on the program investments in excess of 12%. Those rates will be estimated in accordance with a methodology acceptable to the Bank.

7. Contribution of the beneficiaries

- 3.21 The resources generated by the payment of registration, tuition, sales of materials, etc. by the students participating in the program may not be greater than the operating expenses of the program and must be used exclusively for ensuring its continuity.

8. Methodology

- 3.22 The institutions will specify their respective methodological approaches. Each institution may use the specific means it deems advisable; but every distance education program must include at least the following features: (a) Teaching packages for each assignment with printed material that is adequate for distance education; (b) a tutorial plan that provides students with orientation and assistance; and (c) availability of CREADS for the students.

9. Regionalization

- 3.23 The analysis of the projects will take into account the socioeconomic diversity of the Colombian regions in order to meet verified demands or emerging needs in all the regions and to prevent the excessive concentration of higher education in the departments or in the already recognized metropolitan centers. To that end, 80% or more of the CREADS will be located outside the metropolitan areas of Bogotá, Medellín, Cali and Barranquilla.

E. Costs and Financing

- 3.24 The total cost of the project is equivalent to US\$65,500,000 and will be financed in part by the Bank through a combination of resources totaling the equivalent of US\$37,500,000. ^{1/} The Bank financing would use resources from three sources, namely: (1) US\$29,500,000 in foreign exchange from ordinary capital (OC); (2) US\$4,000,000 in Colombian pesos from ordinary capital (OC); and (3) US\$4,000,000 in Colombian pesos from the Fund for Special Operations (FSO). The amount of the foreign exchange financing represents 45% of the total cost of the project, which is within the limits of the current policy for the financing of education projects in Group B countries. The inclusion of local currency as part of the financing was specifically requested by the Government of Colombia so as to keep the national counterpart contribution within the expected availabilities.
- 3.25 In addition to the Bank resources, the financing of the project envisages local counterpart resources in the amount equivalent to US\$28,000,000 (43% of the total cost). The national resources will be contributed primarily by the Government, through appropriations in the national budget, through ICFES and UNISUR, for a total equivalent to US\$22,300,000. The remainder of the local contribution will be covered by own resources of UNISUR, for the equivalent of US\$2.3 million, and from private universities, for the equivalent of US\$3.4 million. The following table shows the proposed financing plan:

^{1/} The bases for calculating the estimated costs of the project appear in paragraphs 3.76 - 3.88 of the Project Report.

7

Costs and Financing

(In US\$ Thousands)

<u>Investment Category</u>	<u>I D B</u>			<u>Counter-</u> <u>part</u>	<u>Total 1/</u>	<u>%</u>
	<u>Foreign</u> <u>Exchange</u> <u>(OC)</u>	<u>Local</u> <u>Currency</u> <u>(OC)</u>	<u>Currency</u> <u>(FSO)</u>			
1. <u>Engineering and Administration</u>						
1.1 Engineering	--	--	--	308.9	308.9	0.5
1.2 Administration	--	--	--	670.0	670.0	1.0
2. <u>Works and Constructions Works</u>						
2.2 Buildings and Remodelings	1,750.5	1,599.6	2,826.9	--	6,177.0	9.4
3. <u>Equipment, Materials and Furniture</u>						
3.1 Equipment	7,700.0	--	641.8	--	8,341.8	12.7
3.2 Materials and Books	4,600.0	--	472.8	337.5	5,410.3	8.2
3.3 Fixtures (furniture)	500.0	--	58.5	--	558.5	0.9
4. <u>Associated Costs</u>						
4.1 Additional Teaching Personnel	--	--	--	8,730.3	8,730.3	13.3
4.2 Personnel Training	293.4	--	--	3,673.1	3,966.5	6.1
4.3 Consultants	79.8	--	--	879.0	958.8	1.5
4.4 Research	--	--	--	866.1	866.1	1.3
4.5 Promotion and Diffusion	--	--	--	692.3	692.3	1.1
5. <u>Global Component for Universities 1/</u>	7,000.0	--	--	9,000.0	1,600.0	24.4
6. <u>Unallocated</u>						
6.1 Contingencies	546.6	1,502.2	--	--	2,048.8	3.1
6.2 Escalation	2,239.5	311.2	--	--	2,550.7	3.9
7. <u>Finance Charges</u>	4,790.2	587.0	--	2,842.8	8,220.0	12.6
Totals	29,500.0	4,000.0	4,000.0	28,000.0	65,500.0	100.0
Percentages	45.0	6.0	6.0	43.0	100.0	

1/ The global component appears as a separate item. For this reason, the totals of categories 1, 2, 3, 4, and 6 are for the specific components of the project.

IV. EXECUTION OF THE PROJECT

A. Execution Mechanism

- 4.01 The execution of the project will be the responsibility of ICFES, which for that purpose would establish the Management and Coordination Unit of the project, 1/ which comes under the authority of the General Directorate of the ICFES. The several components of the project would be executed by the following institutions:

<u>Institution Responsible</u>	<u>Component</u>
<hr/>	
ICFES	
Unit for the Management and Coordination of the SED Development Program	Coordination and supervision of the project. Analysis and approval of applications of universities for academic programs.
Planning Subdirector	Planning System
Promotion Subdirector	Research Evaluation System.
<hr/>	
UNISUR	
Executing Unit	Institutional Development, transfer of materials and technology and academic programs.
<hr/>	
Participating Universities	Design, execution and evaluation of academic programs.

- 4.02 The components of the project that would be executed through UNISUR will be executed in accordance with a participation contract to be signed with ICFES. For the execution of the global component of academic programs, the General Operating Regulations of the project will be used. 2/ The Regulations as well as the UNISUR contract will be formalized before the first disbursement of the loan. 3/ The agreements with the universities participating in the global component will be signed during the execution of the project.

1/ See Resolution, Special Condition 8 (c)(i). The functions and personnel of the Unit are described in the draft Executive Agreement, which is presented in Annex V-2 of the Project Report.

2/ See Annex VI-1 of the Project Report for the General Operating Regulations.

3/ See Resolution, Special Condition 8 (c)(ii) and (iii).

B. Mobilization, Transfers and Ownership of Resources

- 4.03 The system for ensuring the flow of financial resources of the project and their distribution to the participating institutions will basically consist in the consolidation by ICFES of the counterpart resources of the National Government and the loan resources for distribution to the participating institutions once the contributions established for each institution have been confirmed. The contract between ICFES and UNISUR, as well as those with the universities, will stipulate the participation conditions and the distribution of the financial resources of the project.
- 4.04 ICFES will transfer the resources of the project to the participating institutions as a non-reimbursable transfer. This type of transfer is proposed since the project will make low cost education available to low and middle income persons. Therefore, the payments of the students (registration, tuition, purchase of materials, etc.) 1/ do not even cover the cost of operating the various academic programs, much less the investment costs. The private universities that participate will use their own resources to cover the operating deficits of their distance programs and the official institutions will do so out of the regular contributions they receive from the State. Therefore, the transfers mean a special state contribution for 4 years to cover the investment costs of a priority effort.
- 4.05 ICFES will reserve its right to publish the educational textbooks and materials produced under this project; that is to say, it may publish them on its own account when it considers it advisable and authorize others to publish them. In addition, the General Regulations state that ICFES will coordinate the preparation of educational materials through inter-institutional units so as to take advantage of the complementarity of resources and avoid unnecessary duplication of efforts.
- 4.06 The ownership of the works, equipment and furniture constructed or purchased as a result of the execution of this project will be vested in the respective institutions, which will undertake to give them the academic uses ICFES approves. This commitment will be stipulated in the agreement concluded between ICFES and each one of the participating institutions. Since the programs will not generate sufficient net income to ensure the continuation of the system once the project is executed, it is planned to include a special clause in the guarantee contract that requires the Colombian Government to provide the SED with an adequate level of financing for higher level distance programs. 2/

1/ ICFES authorizes the payments fixed by each university. See Criteria for Eligibility for the contribution of the beneficiaries in paragraph 3.20.

2/ See Recommendations.

C. Execution Plan and Investment Schedule

- 4.07 The execution period of the project will be 4 years from the date of the prospective loan contract. In the first two years of the execution period, ICFES will approve all the academic programs of the global component that will use resources of the Bank financing, in accordance with the eligibility criteria. Since the programs of the sample constitute a high proportion (56%) of the global component, ICFES intends to finalize the selection of participating institutions and programs within the first year of execution of the project. However, to prevent any unforeseen circumstances from unnecessarily reducing the global component, a deadline of 18 months for the approval of the academic programs is proposed.
- 4.08 The physical initiation of all the works included in this project will commence within the first 30 months of the execution period. This deadline is considered feasible, given the state of preparation of the project and the proposed execution in the PEP and the investment schedule. Annex VI-6 of the Project Report includes a Preliminary Project Execution Plan, which must be updated and presented to the Bank before the first disbursement of the proposed financing.
- 4.09 The following Table shows the schedule of investments and disbursements of the project for each one of the components.

Investment Schedule

(in US\$ thousands)

Component	YEAR I		YEAR II		YEAR III		YEAR IV		Totals		
	IDB	Local Contribution	IDB	Local Contribution	IDB	Local Contribution	IDB	Local Contribution	IDB	Local Contribution	Total
ICFES	304.9	858.1	97.1	712.3	78.2	634.9	54.0	419.2	534.2	2,624.2	3,158.7
UNISUR	11,498.7	2,735.0	6,245.1	4,203.1	5,957.7	4,467.5	6,109.3	4,008.9	29,810.8	15,414.5	45,225.3
Academic Programs	<u>1,414.0</u>	<u>1,893.4</u>	<u>2,129.0</u>	<u>2,879.5</u>	<u>2,148.0</u>	<u>2,991.1</u>	<u>1,464.0</u>	<u>2,197.0</u>	<u>7,155.0</u>	<u>9,961.0</u>	<u>17,116.0</u>
Total											65,500.0 =====

D. State of Preparation of the Project

- 4.10 The plans for the buildings included in the specific component of UNISUR headquarters and CREADS are 100% complete. UNISUR has developed plans for 6 basic types of CREADS, which are adapted to different sizes and topographical and climatic conditions; this makes it possible to install the 20 CREADS included in the project. In the case of the global component of the project, it is basically a matter of building the CREADS, for which the building plans included in the representative sample are sufficiently advanced to permit an adequate estimate of costs and execution periods. In addition, the UNISUR designs can be used for other CREADS of the global components.

- 4.11 At present, executing offices have already been organized in ICFES and UNISUR; also available are preliminary lists of equipment, terms of reference of the consultants and draft Decrees, agreements, eligibility criteria for the global component, general execution regulations and PEP. Consequently, the project is ready for immediate execution following approval by the Bank.
- 4.12 For the procurement of equipment, materials and furniture, as well as of other goods relating to the project, and in the award of contracts for works and facilities, the international public bidding procedure must be used when the procurements and contracts exceed the equivalent of US\$100,000, provided foreign exchange resources from the Bank's financing are used. When the procurements and contracts are chargeable to resources exclusively coming from the local counterpart contribution or the local currency financing of the Bank, the respective tenders will be restricted to the national sphere of Colombia. However, all the tenders will be governed by the bidding procedure agreed upon by and between the Bank and the Government of Colombia, which will also be that of this project and will appear as part of the General Operating Regulations.
- 4.13 Despite what is stated in the foregoing paragraph, for the procurement of specialized laboratory equipment, for which the bidding procedure cannot be used because of the special characteristics of the equipment, other procedures consistent with the rules established in loan contracts may be used, subject to authorization of the IDB. These procedures must be submitted to the Bank in the case of procurements whose value exceeds the equivalent of US\$25,000, together with the technical reasons justifying them.
- 4.14 Most of the consultants included in this project are Colombia nationals and will be hired with local counterpart funds. In the case of consultants (individuals, firms or agencies) to be hired with resources of the Bank's financing, the procedures previously approved by the Bank will be used, as indicated in the General Operating Regulations. The General Regulations also cover the details of the procedure to be used for granting fellowships and traineeships under the project.

E. Recognition of Expenses

- 4.15 It is recommended that the expenses incurred by ICFES and UNISUR since the presentation of the loan application (November 8, 1983) but prior to the approval of this operation, be included as project investments. The total amount is estimated at the equivalent of US\$4,300,000 for the initiation of the specific components of the project. Of this amount, it is recommended that up to the equivalent of US\$2.4 million ^{1/} be reimbursed out of funds coming from the Bank's financing in local currency. These expenses have been incurred in the construction of the first CREADs of UNISUR as well as in the purchase of equipment, materials and furniture by UNISUR and ICFES. It is recommended that the

^{1/} See Resolution /SF, Special Condition 8 (d).

remaining expenses, i.e. the equivalent of US\$1.9 million 1/ that has been used for engineering and administration expenses, as well as for associated costs, be recognized as part of the local counterpart contribution to the project. To be eligible for recognition or reimbursement, it must be demonstrated that procedures accepted by the Bank have been applied.

F. Maintenance

- 4.16 Each institution will assume responsibility for the maintenance of its respective works, facilities, equipment and furniture, constructed or procured during the execution of the project. ICFES, UNISUR and the universities of the representative sample all have maintenance programs run by the central administration and those programs are implemented through special offices in the respective institutions.

G. External Auditing

- 4.17 The external auditing of the Program will be the responsibility of the General Accounting Office of the Republic, which will present each year consolidated financial statements for all the components of the project. 2/

H. IDB Inspection and Supervision

- 4.18 The Bank will exercise its normal inspection and supervision of the project through its Field Office in Colombia.

I. Ex-Post Evaluation

- 4.19 To measure the impact and extent of the achievement of the goals of the project, the borrower, three years after the final disbursement, will submit to the Bank a report containing the data included in the Appendix V of this Report, paragraph 7.01.
- 4.20 12 months from the signature of the contract, the borrower will submit the basic data with which the information mentioned in the foregoing paragraphs for measuring the impact of the project will be compared. 3/

V. THE BORROWER AND THE EXECUTING AGENCY

- 5.01 The Borrower would be the Instituto Colombiano para el Fomento de la Educación Superior (ICFES), with the guarantee of the Republic of Colombia, which would contribute the necessary budgetary resources for ensuring the execution, operation and maintenance of the project.

1/ See Recommendation 4.

2/ See Recommendation 5.

3/ See Normativos, Appendix V, Description of the Project.

- 5.02 The execution of the project will be the responsibility of ICFES, which for that purpose will be responsible for the administration, planning, coordination, supervision, and evaluation of the project; it will also serve as the channel of communication with the Bank. Some components of the proposed project will be executed directly by ICFES, and others will be executed by the Universidad del Sur de Bogotá (UNISUR) and other universities of the country, under contracts.
- 5.03 ICFES is a specialized agency of the education sector responsible for the coordination of the activities and institutions of the higher education system. It is responsible for promoting that education, assistance, orientation, coordination and supervision of teaching and research functions and the provision of services in institutions of the higher education system of the country. In accordance with those objectives and on the basis of the university development policies of the National Government, ICFES has carried out its work through specific programs based on studies of the needs of these institutions prepared by the various specialized units of the Institute.
- 5.04 At present ICFES is the co-executor of the National Scientific Research and Technological Development Program financed by loans 109/IC-CO and 110/IC-CO. Therefore a description of the institutional aspects of the ICFES appears in document PR-1226 of October 19, 1982. To summarize the analysis of the Institution, it may be concluded that ICFES has the organizational structure, administrative and internal control system, and coordination mechanism, personnel and experience in design, programming evaluation, execution and administration of educational development programs. Together with other elements or institutions of the educational system, ICFES has executed several higher education programs, both formal and informal. However, in view of the size and importance of the SED system at the national level, it is deemed necessary for the Institution to increase its planning and evaluation capacity in order to monitor the system and measure its progress and efficiency in achieving its objectives. Consequently, a specific component for ICFES has been included in the project for the purpose of increasing its capacity in this field and formalizing the corresponding systems.

VI. JUSTIFICATION

A. Justification of the Project from the standpoint of Education

- 6.01 In Latin America Colombia is the country with probably the largest diversified stock of experiences in distance education; there are already several higher education institutions with successful distance education programs; the project proposes appropriate activities for dealing with the key aspects of this type of education (preparation of materials, training of tutors, organization of resources in Regional Centers for providing classroom support to students, etc.); the costs have been calculated on a reasonable basis and the criteria for the

eligibility of universities participating in the project includes only institutions capable of providing good quality programs. The design and scaling of the proposed project will make it possible to satisfy the following educational needs of Colombia:

1. It will expand the capacity of the educational system of Colombia by not less than 30,000 places and provide higher educational opportunities for graduates of the middle level education system who are increasingly seeking, but are not finding, real possibilities of continuing their studies. Because of the special characteristics of the type of education used, it will provide university studies in particular for middle and low-income persons residing in small cities who can not move to the larger urban centers, as well as for those who, because they have to work, need a flexible methodological approach as regards to timetables, time limits and ways of satisfying curricular requirements.
 2. It will give considerable impetus to the educational renewal of higher education in Colombia and provide a similar stimulus for other countries. In a very real way, it may be stated that this type of education takes the university to the students and therefore reverses the terms of the usual relationships. Its special methodological requirements entail a substantial effort for preparing appropriate text books and teaching materials, which has been greatly neglected in classroom education. Distance education makes available to students modern technological resources and requires them to learn by themselves without depending so much on the oral lessons of the teacher. Furthermore, the type of education considered does not isolate the student since it includes classroom methods and direct support of tutors. It is rather a deliberate attempt to balance the relationship between teacher and student in such a way as to facilitate the dedication of both to what is essential.
 3. It will help adjust the supply of higher education in Colombia to the specific needs of the area or region it is intended to serve, which implies deconcentrating and diversifying that supply as regards disciplines, geographical area, and sublevels within higher education.
 4. It will help strengthen and consolidate a higher level distance education system that takes advantage of the interest and resources of many institutions already established, promotes their cooperation with one and other, and facilitates the progressive influence of this type of education, with its renovating potential, to other higher education institutions.
- 6.02 The project fits into this education system of Colombia. Therefore, the prestige and quality of the distance programs as well as of the traditional education programs largely depends on the Institution that offers them. Higher education qualifications do not make any difference between the type of education and many students expressed a preference

for distance programs from renowned universities over the equivalent classroom programs of little known universities. For this reason, because there is a great difference between higher education institutions in Colombia, the eligibility criteria for the program to be financed by the project include not only criteria for the quality of the programs but also for the quality of the institution. For that reason, the universities that have submitted programs to ICFES are prestige institutions that are necessarily interested in maintaining the quality of their program at a high level.

B. Institutional and Financial Viability

1. Institutional feasibility

- 6.03 As a result of the experience gained since its creation in executing other educational development programs, ICFES has the necessary institutional and financial administration capacity for executing the proposed project. This capacity will be reinforced through the establishment of the Management and Coordination Unit of the project, which already exists informally and is partially staffed with qualified and capable staff experienced in the development of the project. In addition, the unit will be supported by the Institution as a whole, which has personnel in the financial administration and accounting, programming and legal affairs sectors experienced in the execution of projects financed by the IDB and other international agencies.
- 6.04 The execution of the project will be based on Operating Regulations that specify the guidelines and conditions for eligibility and financing of the academic programs to be included in the project.
- 6.05 It is important to emphasize that, during the analysis process, the project was the subject of a conceptualization exercise by the Bank and the ICFES, which made it possible to redefine targets and costs. As a result of that process as well as of the review of the unit costs of each category, it is believed that the values of the project components are reasonable. It is also emphasized that the procedures for designs, contracts, supervision of investments, that will be used during the project execution are appropriate and embody the experience gained in earlier projects. Therefore, the proposed components are considered feasible since the activities envisaged have been previously undertaken by the borrower and, in addition, in those cases in which reinforcement will be required, that reinforcement has been provided for.

2. Financial viability

- 6.06 The financial impact of the project was measured on the basis of the counterpart contribution resources necessary for the execution of the project as well as the projections of the income and expenditure of the project. The total amount required as the local counterpart during the execution period would be US\$28 million. This amount would be divided

into additional government allocations to the program in the amount of US\$19 million and allocations of the participating universities from their own budgets in the amount of US\$9 million. 1/ The amounts from the national budget showed an incremental effort that would be within the financial capacity of the government but it necessarily requires that the national commitment to maintain the priority assigned to the higher education sector be continued. The amounts required for the execution of the global component coming from the projected budgets of the universities showed that the incremental effort would be within their financial capacity. The contributions required from the universities would come from their annual budget, based on specific allotments for that purpose, in accordance with the criteria established in the agreements between the institutions and the ICFES.

- 6.07 To measure the results of the project, cash flow projections were prepared. They showed that the income from all sources, that is to say, university budgets, IDB, and own funds, covered the investment costs but during the ten years projected do not cover recurrent expenses. The deficits resulting from the operation and maintenance of academic programs executed by UNISUR and other universities is estimated at a cumulative amount of US\$15.8 million over ten years of operation (US\$12.3 million in UNISUR and US\$3.4 million in global component). On the basis of cash flow projections for the global component, it is believed that the additional local resources required for the execution of the project will be within the financial capacity of the country. These amounts, which would average US\$1.5 million annually over the ten year operation period projected for the academic programs, would mean an annual increase of only 1.5% over the 1983 appropriations for the official universities.

C. Socioeconomic Justification

- 6.08 The economic evaluation of the project was based on an analysis of the economic objective of preparing the post-secondary technical level human resources required by the labor market. The project intends to achieve that objective by capturing the graduates of secondary schools that do not have access to the classroom system and to do so at a lower cost than that of that system. First, for the proposed specialist courses, an analysis was made of the labor market situation and then the rates of return were calculated on the basis of the increases in wages that the beneficiaries will receive as a result of that training, which were used as an indicator of the rate of return of the educational programs.
- 6.09 The socioeconomic analysis shows that the project will achieve the objective of training the post-secondary level manpower the market requires at lower costs than at present while the supply of places at the university level will be increased for population groups that for economic reasons or quantitative or geographic limitations have not had

1/ Between 1980 and 1983, an average of 84.7% of the income of the national universities came from the national and state budgets.

access to the system. The analysis shows that the capital cost for establishing a new university place varies in the project between US\$397 and US\$2,134 and the annual current cost per student, between US\$97 and US\$367. In the classroom university system the capital cost of a new place is US\$14,000 and the annual current cost is US\$1,250.

- 6.10 The economy of the country requires in its occupational structure a 65% ratio of middle level technicians to professionals and graduates of longer profession training courses. However, the fact of the matter is that only 32% of the university graduates are of the technical level. Furthermore, the size of the project is smaller than the additional demand for places by high school graduates. The foregoing indicates that the project achieves its quantitative objectives at a considerably lower cost than that of the classroom system. In view of the need to expand the post-secondary system in technological programs, if the low-income population with less capacity to pay their educational costs is to be reached, the distance education clearly does so at lower costs, which mean a smaller burden on the public treasury.
- 6.11 The rates of return were estimated for the various programs on the basis of the annual cost of training during the number of years the studies are expected to last, but including in this cost the cost due to those that do not complete their studies and, as a benefit, the annual increment in income from the time the student receives his diploma on graduating.
- 6.12 It should be pointed out that in these programs the student can continue to work while he studies, which means that there is no opportunity cost due to the fact that student attends the university and gives up his job. For that reason, the rates of return for the same speciality will be higher in the distance system.
- 6.13 The overall rate of return of the program was estimated at 36%, which is higher than that of the classroom system, which is 18%. In addition, it is estimated that 49% of the resources of the loan will go to beneficiaries whose income is below the low-income level.

PROPOSED RESOLUTION 1/

COLOMBIA. LOAN /OC-CO TO THE INSTITUTO COLOMBIANO PARA
EL FOMENTO DE LA EDUCACION SUPERIOR (ICFES)
(Project of distance higher education)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Instituto Colombiano para el Fomento de la Educación Superior (ICFES), of Colombia, as borrower and the República de Colombia, as guarantor, for the purpose of granting the former a loan to cooperate in the execution of a project of distance higher education. This financing shall be subject substantially to the following conditions:

1. Amount and Currencies: Up to US\$33,500,000 or its equivalent in other currencies which are part of the ordinary capital resources of the Bank, of which amount: (a) up to US\$29,500,000, or the equivalent in other currencies (except that of Colombia) shall be to pay for goods and services acquired through international competition in the member countries of the Bank and for such other purposes as may be specified in the loan contract; and (b) up to the equivalent of US\$4,000,000 shall be in pesos colombianos to cover local expenses. Payments of amortization and interest shall be made with respect to part (a) of the loan in the currency or currencies specified by the Bank, in a quantity equivalent to the corresponding amount owed, calculated in units of account in terms of dollars of the United States of America, and with respect to part (b) of the loan in pesos colombianos in a quantity equivalent to the corresponding amount owed, calculated in terms of dollars of the United States of America, in accordance with provisions to be included in the loan contract.
2. Source of Funds: The ordinary capital resources of the Bank.
3. Guarantee: Joint and several guarantee of the República de Colombia.

1/ The provisions contained in this Appendix II and in Appendix I and III will only be final when the Board of Executive Directors has approved the proposed loan.

4. Credit Fee: 1-1/4% per annum on the undisbursed portion of the financing referred to in paragraph (a) of Clause 1 of this Resolution, commencing to accrue 60 days after the date of the loan contract and payable in dollars of the United States of America on the same dates as the interest.
5. Amortization: The borrower shall amortize the loan in a period of 25 years from the date of the loan contract, by means of semiannual, consecutive and, insofar as possible, equal installments. The first installment shall be paid six months after the date scheduled for the last disbursement of the financing. The Bank may credit the amortization installments proportionally to the outstanding balance of each of the portions of the loan which accrue different interest rates.
6. Interest: The borrower shall pay interest semiannually on the outstanding balances of the loan. The first payment shall be made six months after the date of the loan contract. In relation with the amount indicated in subparagraph 1(a) of this Resolution and during the disbursement period the Bank: (a) shall determine the rate of interest to be applied as of the first day of each January and for the life of the loan to any amount disbursed during the ensuing year; and (b) may modify the interest rate, in accordance with the policy of the Bank, to be applied to disbursements of the loan made during the second half of the year. With respect to the amount indicated in subparagraph 1(b), the borrower shall pay interest of 4% per annum on the outstanding balance thereof (in both cases, interest shall include the 1% special commission of the Bank). At the request of the borrower, resources of the financing may be used to pay interest during the period of disbursement thereof.
7. Physical Initiation, Approval of Programs and Disbursement: The term for the physical initiation of all the principal works of the project shall expire 30 months after the effective date of the loan contract, the term for approval of the academic programs of the global component of the financing shall expire 18 months after the same date, and the term for disbursement of the financing shall expire 4 years after the same date.
8. Special Conditions:
 - (a) The resources of the loan shall be utilized in their entirety by the borrower with the collaboration of the Unidad Universitaria del Sur de Bogotá (UNISUR) and those Colombian institutions of higher education eligible to participate in the project (hereinafter referred to jointly as the "participating entities"). If modification in the legal provisions or the basic regulations concerning the borrower and/or the UNISUR and/or the participating entities are approved which, in the opinion of the Bank, may substantially affect the project, the Bank shall have the right to require the borrower and/or UNISUR and/or the participating entities to provide explanatory and

detailed information in order to determine whether such modification or modifications may have an adverse impact on the execution of the project. Only after hearing the borrower and/or UNISUR and/or the participating entities and assessing their information and clarifications, may the Bank take such measures as it deems appropriate in accordance with provisions to be set forth in the loan and guarantee contracts.

- (b) The resources of the loan, together with the resources of loan /SF-CO, shall be used to participate in the execution of a project estimated in the equivalent of US\$65,500,000. Consequently, the loan contracts shall contain such provisions as the Bank deems appropriate to ensure that such national resources as may be necessary, in addition to the two loans, for the complete execution of the project shall be duly provided, in an amount estimated in the equivalent of US\$28,000,000, in accordance with a schedule of investments satisfactory to the Bank.
- (c) Prior to the first disbursement of the financing, the borrower, shall demonstrate to the satisfaction of the Bank that:
 - (i) the Directing and Coordination Unit is in operation, with the facilities necessary for execution of the project, and is duly supplied with qualified staff as specified in paragraph 5.01 of Appendix IV;
 - (ii) it has signed the agreement with UNISUR whereby the latter undertakes to execute the specific components to be assigned to it within the project, such agreement to conform to the guidelines set forth in Paragraph 6.01 of Appendix IV; and
 - (iii) it has approved the General Regulations for the project.
- (d) In the acquisition of machinery, equipment and other materials for the project, and in the awarding of construction contracts, the system of public bidding shall be followed in each case in which the value of such acquisitions or contracts exceeds the equivalent of US\$100,000. The bidding shall be subject to the procedures to be attached as an annex to the loan contract.
- (e) Notwithstanding the provisions of paragraph (d) above, the Bank may waive the bidding requirement for procurement of specialized laboratory instruments, books and other publications, provided that the borrower so requests, stating its reasons for the request and indicating the procedure it plans to follow, consistent with the purposes of the financing. In every case, the procurement procedures, as well as each purchase or contract award individually exceeding the sum of US\$25,000 or its equivalent, shall be subject to prior approval by the Bank.

- (f) The Bank shall establish such inspection procedures as it deems necessary to assure the satisfactory execution of the project, and the borrower and the guarantor shall extend all cooperation which is required for the most effective accomplishment of this purpose. From the amount of the financing the sum of US\$335,000 and the equivalent of US\$40,000 in pesos colombianos shall be allocated for credit to the general income accounts of the Bank to meet expenses of general inspection and supervision.

PROPOSED RESOLUTION 1/

COLOMBIA. /SF-CO LOAN TO THE INSTITUTO COLOMBIANO PARA EL
FOMENTO DE LA EDUCACION SUPERIOR (ICFES)
(Project of distance higher education)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Instituto Colombiano para el Fomento de la Educación Superior (ICFES), of Colombia, as borrower, and the República de Colombia, as guarantor, for the purpose of granting the former a loan to cooperate in the execution of a project of distance higher education. This financing shall be subject substantially to the following conditions:

1. Amount and Currencies: Up to the equivalent of US\$4,000,000, in pesos colombianos which are part of the Fund for Special Operations of the Bank to cover local expenses and for such other purposes as may be specified in the loan contract. Payments of amortization and interest shall be made in pesos colombianos.
2. Source of Funds: The Fund for Special Operations.
3. Guarantee: Joint and several guarantee of the República de Colombia.
4. Amortization: The borrower shall amortize the loan in a period of 30 years from the date of the contract, by means of 46 consecutive, semiannual, and insofar as possible, equal installments. The first installment shall be paid 7-1/2 years after the date of the loan contract.
5. Interest: 2% per annum, payable semiannually on principal amounts outstanding. The first payment shall be made 6 months after the date of the loan contract. At the request of the borrower the loan resources may be used to pay interest on the loan during the disbursement period thereof.

1/ The provisions contained in this Appendix II and in Appendix I will only be final when the Board of Executive Directors has approved the proposed loan.

6. Physical Initiation, Approval of Programs and Disbursement. The term for the physical initiation of all the principal works of the project shall expire 30 months after the effective date of the loan contract, the term for approval of the academic programs of the global component of the financing shall expire 18 months, after the same date and the term for disbursement of the financing shall expire 4 years after the same date.
7. Special Conditions:
 - (a) The resources of the loan shall be utilized in their entirety by the borrower with the collaboration of the Unidad Universitaria del Sur de Bogotá (UNISUR) and those Colombian institutions of higher education eligible to participate in the project (hereinafter referred to jointly as the "participating entities"). If modifications in the legal provisions or the basic regulations concerning the borrower and/or UNISUR and/or the participating entities are approved which, in the opinion of the Bank, may substantially affect the project, the Bank shall have the right to require the borrower and/or UNISUR and/or the participating entities to provide explanatory and detailed information in order to determine whether such modification or modifications may have an adverse impact on the execution of the project. Only after hearing the borrower and/or UNISUR and/or the participating entities and assessing their information and clarifications, may the Bank take such measures as it deems appropriate in accordance with provisions to be set forth in the loan and guarantee contracts.
 - (b) The resources of the loan, together with the resources of loan /OC-CO, shall be used to participate in the execution of a project estimated at the equivalent of US\$65,500,000, and in no case shall the participation of the resources of the loans exceed 57% of the total amount of the project. Consequently, the loan and guarantee contracts shall contain such provisions as the Bank deems appropriate to ensure that such national resources as may be necessary, in addition to the two loans, for the complete execution of the project shall be duly provided, in an amount estimated in the equivalent of US\$28,000,000, in accordance with a schedule of investments satisfactory to the Bank.
 - (c) Prior to the first disbursement of the financing, the borrower, shall demonstrate to the satisfaction of the Bank that:
 - (i) the Directing and Coordination Unit is in operation, with the facilities necessary for execution of the project, and is duly supplied with qualified staff as specified in paragraph 5.01 of Appendix VI;

- (ii) it has signed the agreement with UNISUR whereby the latter undertakes to execute the specific components to be assigned to it within the project. Such agreement to conform to the guidelines set forth in Paragraph 6.01 of Appendix IV; and
- (iii) it has approved the General Regulations for the project.
- (d) Up to the equivalent of US\$2,400,000 of the resources of the loan may be used for the financing of expenses incurred in the project in the categories of engineering and administration, construction and other works, equipment, materials and furniture and concurrent costs before the date of this resolution but after November 8, 1983, provided that requirements substantially similar to those of this resolution and the loan contract have been fulfilled.
- (e) In the acquisition of machinery, equipment and other materials for the project, and in the awarding of construction contracts, the system of public bidding shall be followed in each case in which the value of such acquisitions or contracts exceeds the equivalent of US\$100,000. The bidding shall be subject to the procedures to be attached as an annex to the loan contract.
- (f) Notwithstanding the provisions of paragraph (e) above, the Bank may waive the bidding requirement for procurement of specialized laboratory instruments, books and other publications, provided that the borrower so requests, stating its reasons for the request and indicating the procedure it plans to follow, consistent with the purposes of the financing. In every case, the procurement procedures, as well as each purchase or contract award individually exceeding the sum of US\$25,000 or its equivalent, shall be subject to prior approval by the Bank.
- (g) The Bank shall establish such inspection procedures as it deems necessary to assure the satisfactory execution of the project, and the borrower and the guarantor shall extend all cooperation which is required for the most effective accomplishment of this purpose. From the amount of the financing, the equivalent of US\$40,000 in Colombian pesos shall be allocated for credit to the income accounts of the Bank to meet expenses of general inspection and supervision.

RECOMMENDATIONS

- A. It is recommended that the following conditions, to be fulfilled to the Bank's satisfaction, be included in the loan contracts in addition to the conditions set forth in the proposed resolutions:
1. Prior to the call for bids for each work or group of works, the borrower shall:
 - (a) submit for the Bank's approval the plans, specifications and other documents required for the construction in question and also, if applicable, the documentation for the call for bids, including the relevant contract models; and
 - (b) submit evidence to the Bank that it has legal possession of or easements or other rights, as needed, for the construction in question.
 2. Except with the prior approval of the Bank, funds for the academic programs for the global component of the project may not be granted out of resources of the project in amounts exceeding, in each case, the equivalent of US\$1,600,000.
 3. At the end of the third year after the date of the last disbursement of the financing, the borrower shall submit to the Bank an ex post report evaluating the results of the project on the basis of the methodology set forth in paragraph 7.01 of Appendix IV.
 4. The Bank may recognize as part of the local contribution to the project, expenditures, up to the equivalent of US\$1,900,000, incurred by the borrower in the categories of engineering and administration, construction and other work, equipment, materials and furniture, and concurrent costs prior to the date of Resolutions DE- /OC-84 and DE- /SF-84 but after November 8, 1983, provided that requirements substantially similar to those set forth in the resolutions and the respective loan contracts have been fulfilled.
 5. The guarantor undertakes to contribute to ICFES, during a period of 10 years from the date of the loan contracts, such resources as may be required to maintain an incremental level of approximately 30,000 students in higher-level distance education programs.
 6. The financial statements of the borrower and those of UNISUR, during the life of the loan contracts, and those of the project, during its execution, shall be presented certified by the Contraloría General de la República.
- B. An annex substantially similar to Appendix IV (The Project) shall be included in the loan contracts.

THE PROJECT
(Annex A to the Loan Contract)

I. Objective and Description

- 1.01 The purpose of the project is to satisfy the demand for higher education of low and middle income population that is not able to pursue on-the-spot postsecondary studies and to lower the costs of on-the-spot higher education studies.
- 1.02 To this end, it is hoped to increase the coverage of the higher education systems throughout the country by means of an expansion of distance education programs relevant to the country's needs, the expansion of UNISUR, and the maintenance of an acceptable quality in higher level distance education.
- 1.03 The specific targets to be achieved during the project's execution are to:
 - (a) Establish in ICFES the elements of planning and evaluation of research needed in order to regulate, direct and control the Distance Education System (DES).
 - (b) Develop a university specializing in higher-level distance education (UNISUR) which will offer at least four programs of study in approximately 20 Regional Distance Education Centers (CREADs). This institution will have such mechanisms for research, diffusion and support of other universities as necessary to disseminate transferable education-technology experiences.
 - (c) Bring at least nine Colombian higher-education institutions, in addition to UNISUR, into participation in the DES. All these institutions and their respective distance education programs will be authorized and coordinated by the ICFES.
 - (d) Generate the necessary capacity to accommodate approximately 30,000 students in the DES
 - (e) Establish approximately 50 CREADs throughout the various regions of the country, including approximately 20 in UNISUR and 30 in other universities.
 - (f) Offer approximately 14 distance education programs in areas specifically related to the economic and social development of the

regions where they are offered, four of which will be conducted at UNISUR and the rest at other institutions forming part of the system.

- (g) Provide DES with the necessary tools for accomplishing its purposes, including specialized advisory services, personnel training, production and distribution of training materials, construction, remodeling and provision of equipment, furnishings, libraries and CREAD materials.
- 1.04 For the purpose of attaining the aforesaid goals and objectives, the project's activities and investments will be carried out through two specific components to be carried out by ICFES and UNISUR and a global component to be carried out by a group of participating entities.
- 1.05 The goods and services required for the specific ICFES component will include: (a) the recruitment of additional staff and the purchase of equipment and furnishings for the Project Management Unit and other units of ICFES that will support it; (b) specialized advisory services; (c) contracts for research and training services; and (d) fellowships and study grants. The goods and services for the UNISUR component will include: (a) hiring of instructional staff; (b) training services; (c) short-term advisory services; and (d) foreign fellowships and study grants. In addition, a headquarters building with an area of approximately 9,113 m² and 20 CREADs will be constructed and equipped.
- 1.06 The global component calls for the transfer of resources of the project on a nonreimbursable basis to participating entities for the execution of distance education programs. The funds will be used primarily for teaching materials, hiring of tutors, construction of CREADs and purchase of equipment.

II. Cost and Financing

- 2.01 The total cost of the project is estimated at the equivalent of US\$65,500,000, to be financed in accordance with the following table:

Cost and Financing
(in US\$ thousands)

<u>Investment Categories</u>	<u>Foreign</u>			<u>Counterpart a/</u>	<u>Total a/</u>	<u>%</u>
	<u>Exchange</u> (OC)	<u>Local Currency</u> (OC)	<u>(SF)</u>			
1. <u>Engineering and Administration</u>						
1.1 Engineering	-	-	-	308.9	308.9	0,5
1.2 Administration	-	-	-	670.0	670.0	1,0
2. <u>Construction and Other Work</u>						
2.2 Construction and remodelling	1,750.5	1,599.6	2,826.9	-	6,177.0	9,4
3. <u>Equipment, Materials and furniture</u>						
3.1 Equipment	7,700.0	-	641.8	-	8,341.8	12,7
3.2 Materials and books	4,600.0	-	472.8	337.5	5,410.3	8,2
3.3 Furniture	500.0	-	58.5	-	558.5	0,9
4. <u>Concurrent Costs</u>						
4.1 Additional teaching staff	-	-	-	8,730.3	8,730.3	13,3
4.2 Staff training	293.4	-	-	3,673.1	3,966.5	6,1
4.3 Consultants	79.8	-	-	879.0	958.8	1,5
4.4 Research	-	-	-	866.1	866.1	1,3
4.5 Promotion and dissemination	-	-	-	692.3	692.3	1,1
5. <u>Global Component for Universities a/</u>	7,000.0	-	-	9,000.0	16,000.0	24,4
6. <u>Unallocated</u>						
6.1 Contingencies	546.6	1,502.2	-	-	2,048.8	3,1
6.2 Escalation	2,239.5	311.2	-	-	2,550.7	3,9
7. <u>Financial Costs</u>	4,790.2	587.0	-	2,842.8	8,220.0	12,6
<u>TOTALS</u>	<u>29,500.0</u>	<u>4,000.0</u>	<u>4,000.0</u>	<u>28,000.0</u>	<u>65,500.0</u>	<u>100,0</u>
Percentages	45,0	6,0	6,0	43,0	100	

a/ The global component appears as a separate category. For this reason the totals for categories 1, 2, 3, 4 and 6 refer to the specific components of the project.

III. Procurement of Goods and Services

- 3.01 Whenever the goods or services to be contracted are financed totally or partially by foreign exchange from the loan, the procedures and specific guidelines governing the bidding or other forms of acquisition or contracting shall allow for the free competition of goods and services, including those relating to whatever means of transportation, originating from member countries of the Bank. Consequently, those procedures and specific bases shall not include conditions that impede or restrict the supply of goods or services or the participation of contractors from those countries.

IV. Contracting of Consultants

- 4.01 In the selecting and contracting of consultants for services to be financed in whole or in part with foreign exchange from the financing, no provisions or stipulations may be imposed that would restrict or impede the participation of consultants from member countries of the Bank.

V. Management Unit

- 5.01 For the purposes of the provisions of paragraphs 8(c)(i) and 7(c)(i) of Resolutions /OC-CO and /SF-CO, ICFES shall demonstrate, to the Bank's satisfaction, that it has supplied the following staff to the Project Management and Coordination Unit: Executive Director (1); Engineer (1); Architect (1); Lawyer (1); Educator (1); Economists (2); Accountant (1); Administrator (1), Administrative Support Employees (2); and Secretaries (2). Unless the Bank expresses its objection, the number and functions of the Management and Coordination Unit may be modified.

VI. Contract with UNISUR

- 6.01 For the purposes of paragraphs 8(c)(ii) and 7(c)(ii) of Resolutions /OC-CO and /SF-CO, the agreement of ICFES with UNISUR shall include the following obligations, among others:
- (a) establish, prior to the first disbursement by ICFES, of the Project Executing Unit, provided with the following staff: Office Manager (1); Specialized Professionals (5); University-trained Professionals (5); Systems Programmer (1); Executive Secretary (1); and Draftsman (1);
 - (b) establish an Educational Technology Research Center (CITE) for the preparation of distance academic programs;
 - (c) establish a Center for Training and Dissemination of Distance Education Experiences (EDUDCAD), to train approximately 1,000 tutors and 100 instructor-researchers; and
 - (d) conduct four distance academic programs through 20 CREADS in the country.

VII. Ex Post Evaluation

- 7.01 To measure the impact of the project and the extent to which its goals have been attained, the borrower, will present to the Bank three years after the last disbursement, a report containing:
- (1) the following annual data, for years subsequent to the initial year of project execution, for each of the specialized academic program:
(a) enrollment per course; (b) number of graduates; (c) costs per graduate and per enrolled student, broken down by components (faculty, administration, material, investments);
 - (2) the results of a survey of graduates in the various specialized fields, describing their characteristics, their placement in the labor market, and their income; and
 - (3) an evaluation of the project's targets in the light of the above information.
- 7.02 Twelve months after the effective date of the loan contract, the borrower shall present the base-year data with which the information outlined in the above paragraphs is to be compared to measure the project's impact.