



1. Project Data:		Date Posted : 09/29/2003	
PROJ ID: P004004		Appraisal	Actual
Project Name: Development Of Undergraduate Education (DUE)	Project Costs (US\$M)	102.1	69.5
Country: Indonesia	Loan/Credit (US\$M)	65	55.75
Sector(s): Board: ED - Tertiary education (92%), Central government administration (8%)	Cofinancing (US\$M)		
L/C Number: L4043			
	Board Approval (FY)		97
Partners involved :	Closing Date	09/30/2002	09/30/2002
Prepared by :	Reviewed by :	Group Manager :	Group:
Helen Abadzi	Jorge Garcia-Garcia	Alain A. Barbu	OEDST
2. Project Objectives and Components			
a. Objectives			
The project objectives were to: (a) improve the quality of undergraduate education; (b) improve the efficiency of the educational process; and (c) improve the relevance of the study programs offered . Achieving these objectives was to lead to increased earnings for graduates of the six target universities .			
b. Components			
(a) Provision of block grants to six universities (development program; US\$63.3m appraised, US\$62m actual); (b) institutional capacity-building in higher education (US\$6.4m appraised, US\$1.59m actual); (c) implementation of a national accreditation system for higher education (US\$10m appraised, US\$0.6m actual); (d) competitive domestic fellowship program (US\$9.9m appraised, US\$4.09m actual); and (e) project administration (US\$2.4m appraised, US\$1.26m actual).			
c. Comments on Project Cost, Financing and Dates			
Due to the economic crisis in Indonesia, project costs and the loan amount were reduced as indicated above .			
3. Achievement of Relevant Objectives:			
- Quality of undergraduate education - satisfactory; five-year block grants were provided to six universities on a competitive basis, and a transparent peer-review system was established for the internal awards of grants . The universities used the funds to pay for civil works, equipment, books, journals, staff development, and technical assistance (46,900 square meters were rehabilitated, 31.4% more than targeted; 165,000 units of teaching and laboratory equipment were purchased, 223% more than targeted; 30,100 book titles and 997 journals were purchased, slightly above the number targeted).			
- Efficiency of the educational process - satisfactory; A board of higher education was created, and received technical assistance through the loan to undertake study tours and carry out workshops . A national accreditation board assessed the quality of programs on the basis of international guidelines and provided accreditation to about 87% of the funded undergraduate programs .			
- Relevance of study programs - satisfactory; Staff received incentives to teach and publish through 560 teaching and 517 research grants. Technical assistance included overseas visiting scholars (35 person-months vs. 46 targeted) and domestic assistance (223 person-months delivered). Competitive domestic fellowships were given to enable 849 staff pursue graduate studies (85% of the target number).			
4. Significant Outcomes/Impacts:			
All project-supported study programs achieved or exceeded a 10% increase in mean scores on benchmark tests . The average time to graduate decreased from 5.75 years at appraisal to 5.25 years at project completion in 87% of the study programs. The mean job search time of graduates was reduced from 1.75 years to 1.5 years in 95% of the supported programs, despite the economic crisis . Furthermore, grade point averages and undergraduate thesis			

showed significant improvements. Higher education delivery may have become more efficient, and funding may have become more performance-based.

5. Significant Shortcomings (including non-compliance with safeguard policies):

Use of performance data was deemed important to improve management decision, but it is not certain that universities decided about resource allocation on the basis of such data. Libraries, computer centers, and language laboratories had lower use than expected, partly because user fees may discourage students. The project experienced early procurement problems and delays, and financial management has been problematic throughout its life. Initially the block grant mechanism was poorly understood and resisted.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- Block grant funding mechanisms can be effective means of distributing funds to universities and empowering them to make their own decisions on how to spend the money best. However, their award must be supported by information to beneficiaries regarding how these mechanisms work.
- Dissemination and feedback mechanisms may be established but are not automatically used for decision-making purposes. The value of performance statistics must be clear to managers as a decisionmaking tool before a great deal is invested in their collection.
- Early and continuous training in procurement and financial management is necessary to implement projects with the needed speed and transparency. However, it may not be sufficient in improving financial management.

8. Assessment Recommended? Yes No

Why? First, an assessment (PPAR) would help to document lessons of experience and to establish the validity of a key project assumption "that the new institutional arrangements inspired by DUE and the New Paradigm (e.g., the block grant scheme) will contrive to improve the quality of education over the long run" (ICR page 3). Second, the PPAR would help to establish the quality of the impact data and methodology underlying the reported project results which is especially important given that "...some universities questioned the validity of baseline data and pointed out that exogenous factors may also impact UMPTN scores" and because there were "continued measurement problems" (ICR page 3). Third, the PPAR would help to establish the soundness of financial management under the project. And fourth, it would help to determine the appropriateness of the cost estimates made at appraisal.

9. Comments on Quality of ICR:

While satisfactory overall, the ICR has a number of deficiencies, in particular, the lack of a more thorough examination of the financial management problems faced by the project; inconsistencies in cost figures (see for example, section 5.4 page 9 which gives the total loan amount as US\$57.75 million versus Annex 2 page 16 which gives it as US\$55.75 million); and an insufficiently in-depth analysis of the lessons emerging from the project.