IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IBRD-73920)

ON A LOAN

IN THE AMOUNT OF EUR 61.3 MILLION
(US$ 76.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF TUNISIA

FOR A

SECOND HIGHER EDUCATION REFORM SUPPORT PROJECT

March 17, 2015

Education Global Practice
Middle East and North Africa Region
CURRENCY EQUIVALENTS
(Exchange Rate Effective November 2014)

Currency Unit = Tunisian Dinar (TND)

TND 1.00 = US$ 0.55
US$ 1.00 = TND 1.82

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

CAS Country Assistance Strategy
GPO Gestion par Objectif (Program-Based Budgeting)
ICR Implementation Completion and Results Report
IEG Independent Evaluation Group
INEPQ Instance Nationale d’Evaluation et de Promotion de la Qualité (National Authority for Evaluation and Quality Promotion -- later referred to as the Evaluation, Quality Assurance and Accreditation Agency)
IRR Internal rate of return
LMD Licence-Mastère-Doctorat (Bachelor-Masters-Doctorate)
MESRSTIC Ministère de l’Enseignement Supérieur, de la Recherche Scientifique, et des Technologies de l’Information et de la Communication (Ministry of Higher Education, Scientific Research, and Information and Communication Technology)
MoHE Ministry of Higher Education
PAD Project Appraisal Document
PAQ Programme d’Appui à la Qualité (Quality Promotion Fund)
PARES Projet d’Appui à la Réforme de l’Enseignement Supérieur (Higher Education Reform Support Project)
PDESAQ Programme de Développement de l’Enseignement Supérieur et d’Appui à la Qualité (Program for Development of Higher Education and Quality Support)
PDO Project Development Objective
PRIFF Programme Intégré de Formation des Formateurs (Integrated Program for Training of Trainers)
QER Quality Enhancement Review
REPUBLIC OF TUNISIA
Second Higher Education Reform Support Project

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A. Basic Information

<table>
<thead>
<tr>
<th>Country:</th>
<th>Tunisia</th>
<th>Project Name:</th>
<th>Higher Education Reform Support II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project ID:</td>
<td>P075809</td>
<td>L/C/TF Number(s):</td>
<td>IBRD-73920</td>
</tr>
<tr>
<td>ICR Date:</td>
<td>03/17/2015</td>
<td>ICR Type:</td>
<td>Core ICR</td>
</tr>
<tr>
<td>Lending Instrument:</td>
<td>SIL</td>
<td>Borrower:</td>
<td>GOVERNMENT OF TUNISIA</td>
</tr>
<tr>
<td>Original Total Commitment:</td>
<td>USD 76.0M</td>
<td>Disbursed Amount:</td>
<td>USD 47.9M</td>
</tr>
<tr>
<td>Revised Amount:</td>
<td>USD 55.8M</td>
<td></td>
<td></td>
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</table>

Environmental Category: B

Implementing Agencies:
Ministry of Higher Education, Scientific Research and Information and Communication Technology

Cofinanciers and Other External Partners:

B. Key Dates

<table>
<thead>
<tr>
<th>Process</th>
<th>Date</th>
<th>Process</th>
<th>Original Date</th>
<th>Revised / Actual Date(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal:</td>
<td>04/03/2006</td>
<td>Restructuring(s):</td>
<td></td>
<td>11/06/2011 12/06/2013</td>
</tr>
<tr>
<td>Approval:</td>
<td>06/15/2006</td>
<td>Mid-term Review:</td>
<td>10/13/2008</td>
<td>05/18/2009</td>
</tr>
<tr>
<td>Closing:</td>
<td></td>
<td></td>
<td>11/30/2011</td>
<td>06/15/2014</td>
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</tbody>
</table>

C. Ratings Summary

C.1 Performance Rating by ICR

<table>
<thead>
<tr>
<th>Outcomes:</th>
<th>Moderately Satisfactory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk to Development Outcome:</td>
<td>Moderate</td>
</tr>
<tr>
<td>Bank Performance:</td>
<td>Moderately Unsatisfactory</td>
</tr>
<tr>
<td>Borrower Performance:</td>
<td>Moderately Satisfactory</td>
</tr>
</tbody>
</table>

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)

<table>
<thead>
<tr>
<th>Bank</th>
<th>Ratings</th>
<th>Borrower</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality at Entry:</td>
<td>Moderately Unsatisfactory</td>
<td>Government:</td>
<td>Moderately Satisfactory</td>
</tr>
<tr>
<td>Quality of Supervision:</td>
<td>Moderately Unsatisfactory</td>
<td>Implementing Agency/Agencies:</td>
<td>Moderately Satisfactory</td>
</tr>
<tr>
<td>Overall Bank Performance:</td>
<td>Moderately Unsatisfactory</td>
<td>Overall Borrower Performance:</td>
<td>Moderately Satisfactory</td>
</tr>
</tbody>
</table>
C.3 Quality at Entry and Implementation Performance Indicators

<table>
<thead>
<tr>
<th>Implementation Performance</th>
<th>Indicators</th>
<th>QAG Assessments (if any)</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential Problem Project at any time (Yes/No):</td>
<td>No</td>
<td>Quality at Entry (QEA):</td>
<td>None</td>
</tr>
<tr>
<td>Problem Project at any time (Yes/No):</td>
<td>No</td>
<td>Quality of Supervision (QSA):</td>
<td>None</td>
</tr>
<tr>
<td>DO rating before Closing/Inactive status:</td>
<td>Moderately Unsatisfactory</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

D. Sector and Theme Codes

<table>
<thead>
<tr>
<th>Sector Code (as % of total Bank financing)</th>
<th>Original</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central government administration</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>55</td>
<td>55</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Theme Code (as % of total Bank financing)</th>
<th>Original</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative and civil service reform</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Decentralization</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Education for the knowledge economy</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Improving labor markets</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Law reform</td>
<td>17</td>
<td>17</td>
</tr>
</tbody>
</table>

E. Bank Staff

<table>
<thead>
<tr>
<th>Positions</th>
<th>At ICR</th>
<th>At Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice President:</td>
<td>Hafez Ghanem</td>
<td>Christiaan J. Poortman</td>
</tr>
<tr>
<td>Country Director:</td>
<td>Neil Simon M. Gray</td>
<td>Theodore O. Ahlers</td>
</tr>
<tr>
<td>Practice Manager/Manager:</td>
<td>Harry Anthony Patrinos</td>
<td>Regina Maria Bendokat</td>
</tr>
<tr>
<td>Project Team Leader:</td>
<td>Nina Arnhold</td>
<td>Linda English</td>
</tr>
<tr>
<td>ICR Team Leader:</td>
<td>Karine M. Pezzani</td>
<td></td>
</tr>
<tr>
<td>ICR Primary Author:</td>
<td>Michael T. Mertaugh</td>
<td></td>
</tr>
</tbody>
</table>

F. Results Framework Analysis

Project Development Objectives (from Project Appraisal Document)

The long-term objective of the Government's higher education program (PDESAQ) is: to improve the knowledge, competency, and skills of graduates so that they can contribute to
a more knowledge based and diversified economy. The proposed project would support parts of the first five-year phase (2006-2011) of this program.

The development objective of the proposed project is to support the implementation of the Government's PDESAQ program to develop the higher education system by increasing the capacity and efficiency in expanding access and improving the quality of education and institutional performance.

Revised Project Development Objectives (as approved by original approving authority)
n.a.

(a) PDO Indicator(s)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline Value</th>
<th>Original Target Values (from approval documents)</th>
<th>Formally Revised Target Values</th>
<th>Actual Value Achieved at Completion or Target Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 1:</td>
<td>Increased access to higher education by about 6,500 education places as evidenced through the construction of 4 new higher education institutions by the Project Closing Date</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value (quantitative or qualitative)</td>
<td>n.a.</td>
<td>About 13,000 education places created as evidenced through the construction of eight (8) new higher education and research institutions by the Project Closing Date</td>
<td>6,500 education places are created as evidenced through the construction of 4 new higher education institutions by the Project Closing Date</td>
<td>6,500 new places were created and 4 new higher education institutions constructed.</td>
</tr>
<tr>
<td>Date achieved</td>
<td>09/01/2006</td>
<td>11/08/2011</td>
<td>11/27/2013</td>
<td>06/15/2014</td>
</tr>
<tr>
<td>Comments</td>
<td>The explicit target of capacity expansion was met, but the underlying goal of increased enrollments was not met.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indicator 2:</td>
<td>Develop the National Evaluation Committee (CNE) into a National Authority for Evaluation and Quality Promotion as part of developing a comprehensive quality assurance system for higher education.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value (quantitative or qualitative)</td>
<td>Draft legislation prepared.</td>
<td>Strengthened capacity of the National Evaluation Committee, including enhanced ability to complete evaluations of the academic and operational</td>
<td>Develop the National Evaluation Committee (CNE) into a National Authority for Evaluation and Quality Promotion as part of</td>
<td>A new law establishing the Authority for Evaluation, Quality Assurance, and Accreditation was approved on February 25, 2008 and a Director General and key</td>
</tr>
</tbody>
</table>
Although a law establishing the new Quality Assurance Agency was approved in February 2008 and a Director General was nominated and a Secretary General and key staff were appointed, there remains a need to clarify the Agency’s priorities.

**Indicator 3 :** PAQ is fully operational and at least one round of Competitive Block Grants has been awarded and under implementation by Mid-term review

| Value (quantitative or Qualitative) | No PAQ | PAQ is fully operational and at least one (1) round of Competitive Block Grants has been awarded and under implementation by Mid-term Review | PAQ is fully operational. Three rounds of competitive block grants (involving eight calls for proposals) have been awarded. The grants under round 3 are completed or under implementation. |
| Date achieved | 09/01/2006 | 09/01/2006 | 06/15/2014 |
| Comments (incl. % achievement) | Target exceeded. | | |

### (b) Intermediate Outcome Indicator(s)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline Value</th>
<th>Original Target Values (from approval documents)</th>
<th>Formally Revised Target Values</th>
<th>Actual Value Achieved at Completion or Target Years</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator 1 :</strong> Annual increase of spaces available in public universities</td>
<td>No data</td>
<td>Not mentioned</td>
<td>346,079</td>
<td>305,783</td>
</tr>
<tr>
<td>Date achieved</td>
<td>09/01/2006</td>
<td>09/01/2006</td>
<td>05/01/2010</td>
<td>06/15/2014</td>
</tr>
<tr>
<td>Comments (incl. % achievement)</td>
<td>A 9% <em>decline</em> from 2010 baseline. Although no baseline or target was provided at appraisal, the 2011 Restructuring cited actual public-sector enrollments of 346,079 as the May, 2010 baseline for this indicator. Public-sector higher education enrollments were 305,783 in 2013/14 according to the Ministry’s final completion report for the project (dated October 2014).</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Indicator 2 :** Number of newly constructed institutions financed under the Project
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Value (quantitative or Qualitative)</th>
<th>Date achieved</th>
<th>Comments (incl. % achievement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Adoption of LMD system (number of institutions/universities with revised courses)</td>
<td>20% of institutions adopted the LMD system 100% of institutions adopted the LMD system 100%</td>
<td>09/01/2006 09/01/2006 06/15/2014</td>
<td>Target was achieved (100%).</td>
</tr>
<tr>
<td>4</td>
<td>Adoption of contract-based budgeting (GPO) (number of institutions/universities using GPO as pilot)</td>
<td>Not mentioned 0 institutions 13 13 (representing all public universities, including the Virtual University)</td>
<td>09/01/2006 09/01/2006 11/06/2011 06/14/2014</td>
<td>Target was achieved (100%).</td>
</tr>
<tr>
<td>5</td>
<td>New Quality Assurance and Accreditation Agency is operational with members recruited, a budget line and space allocated, and an operational manual adopted</td>
<td>Not mentioned Complete the INEPQ evaluation of 5% of all existing higher education institutions by 2010, thereby signaling the development and application of new institution-level standards and procedures for quality assurance New Quality Assurance and Accreditation Agency is operational with members recruited, a budget line and space allocated, and an operational manual adopted</td>
<td>09/01/2006 09/01/2006 11/27/2013 06/15/2014</td>
<td>The Agency has been set up, a budget line and a space allocated, and key staff appointed, but the Agency is not yet functional.</td>
</tr>
<tr>
<td>6</td>
<td>Quality Promotion Fund (PAQ) put in place and operational</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Indicator 7: Fifty grants awarded and implemented by PAQ

<table>
<thead>
<tr>
<th>Value (quantitative or Qualitative)</th>
<th>Date achieved</th>
<th>Comments (incl. % achievement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not mentioned</td>
<td>09/01/2006</td>
<td>Target achieved.</td>
</tr>
<tr>
<td>Number and amount of conventions financed under the Quality Promotion Fund (approved, committed, and disbursed)</td>
<td>09/01/2006</td>
<td>11/27/2013</td>
</tr>
<tr>
<td>Fifty grants awarded and implemented by PAQ</td>
<td>11/01/2013</td>
<td>93 grants financed and are either completed or nearing completion. External evaluation carried out.</td>
</tr>
</tbody>
</table>

### G. Ratings of Project Performance in ISRs

<table>
<thead>
<tr>
<th>No.</th>
<th>Date ISR Archived</th>
<th>DO</th>
<th>IP</th>
<th>Actual Disbursements (USD millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>12/28/2006</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>1.33</td>
</tr>
<tr>
<td>2</td>
<td>05/07/2007</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>1.33</td>
</tr>
<tr>
<td>3</td>
<td>12/21/2007</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>1.84</td>
</tr>
<tr>
<td>4</td>
<td>03/23/2008</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>2.98</td>
</tr>
<tr>
<td>5</td>
<td>07/24/2008</td>
<td>Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>2.98</td>
</tr>
<tr>
<td>6</td>
<td>04/17/2009</td>
<td>Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>3.63</td>
</tr>
<tr>
<td>7</td>
<td>10/13/2009</td>
<td>Moderately Unsatisfactory</td>
<td>Moderately Unsatisfactory</td>
<td>5.59</td>
</tr>
<tr>
<td>8</td>
<td>05/05/2010</td>
<td>Moderately Unsatisfactory</td>
<td>Moderately Unsatisfactory</td>
<td>12.54</td>
</tr>
<tr>
<td>9</td>
<td>01/08/2011</td>
<td>Moderately Unsatisfactory</td>
<td>Moderately Unsatisfactory</td>
<td>17.76</td>
</tr>
<tr>
<td>10</td>
<td>08/26/2011</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>22.81</td>
</tr>
<tr>
<td>11</td>
<td>04/17/2012</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td>27.86</td>
</tr>
<tr>
<td>12</td>
<td>12/23/2012</td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>32.56</td>
</tr>
<tr>
<td>13</td>
<td>05/17/2013</td>
<td>Moderately Unsatisfactory</td>
<td>Moderately Unsatisfactory</td>
<td>38.36</td>
</tr>
<tr>
<td>14</td>
<td>08/01/2013</td>
<td>Moderately Unsatisfactory</td>
<td>Moderately Unsatisfactory</td>
<td>40.86</td>
</tr>
<tr>
<td>15</td>
<td>11/30/2013</td>
<td>Moderately Unsatisfactory</td>
<td>Moderately Unsatisfactory</td>
<td>43.10</td>
</tr>
</tbody>
</table>
H. Restructuring (if any)

<table>
<thead>
<tr>
<th>Restructuring Date(s)</th>
<th>Board Approved PDO Change</th>
<th>ISR Ratings at Restructuring</th>
<th>Amount Disbursed at Restructuring in USD millions</th>
<th>Reason for Restructuring &amp; Key Changes Made</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/06/2011</td>
<td>N</td>
<td>S</td>
<td>24.25</td>
<td>Cancellation/Addition of activities, reallocation of funds, revision of Results Framework, and extension of closing date</td>
</tr>
<tr>
<td>12/06/2013</td>
<td>N</td>
<td>MU</td>
<td>43.10</td>
<td>Extension of closing date, cancellation of activities and revision of Results Framework</td>
</tr>
</tbody>
</table>

I. Disbursement Profile

![Disbursement Profile Graph](image-url)
1. Project Context, Development Objectives and Design

1.1 Context at Appraisal

At the time of project appraisal in 2006, Tunisia’s economic growth was robust -- averaging over 5 percent per year, leading to steady improvements in household income and reduced poverty levels. But despite this strong performance, Tunisia had been experiencing persistent high levels of unemployment, averaging about 14% of the active population. Unemployment rates were generally lower for university graduates than for less-educated job seekers, but there was concern that unemployment was increasing even among university graduates. Unemployment rates for university graduates had increased sharply over the prior decade -- from 3.8% in 1994 to 10.4% in 2004.

In the decade prior to project appraisal, higher education in Tunisia had moved from a small, elitist system to one open to all students graduating from high school. Higher education enrollments had tripled during the decade. Although the Government made a serious effort to devote more resources to accommodate the expansion in higher education enrollments, resources did not keep up with the expansion of enrollments. The rapid growth of enrollments contributed to overcrowding of classrooms and laboratories, complaints of erosion of quality in higher education programs, and predictions of a collapse of higher education in Tunisia unless action were taken to reverse the decline. As higher education enrollments expanded, drop-out rates increased during the first and second years of study. Graduates also faced increasing problems in getting jobs at the completion of their studies, giving greater urgency to the problem of falling higher education quality and raising questions about the relevance of higher education programs. Meanwhile, higher education programs remained centrally managed within a regime of resolutely centralized management of the Tunisian economy.

The Bank worked closely with Tunisian higher education officials, other higher education stakeholders, and international partners to raise awareness of the potential benefits of relaxing central control of higher education and moving towards greater autonomy for individual institutions, thereby empowering and encouraging individual institutions to take responsibility for the quality of their programs and the labor-market outcomes for their graduates. In spite of some resistance, decentralization became a central thrust of the Government’s new program of higher-education reform for the period 2006-2014. This program, called PDESAQ (Programme de Développement de l’Enseignement Supérieur et d’Appui à la Qualité) aimed to improve the knowledge, competency, and relevance of skills so graduates can contribute to a more knowledge-based and diversified economy. In doing so, it aimed to support Tunisia’s economic strategy, which emphasized structural reforms to improve competitiveness and build a strong and diversified knowledge-based economy.

The Bank supported an initial set of higher education reforms in Tunisia under the Higher

1 Government expenditures on higher education grew by 7.2% per year between 2000 and 2005, while enrollments grew by 11.6% per year, implying declining resources per student. (PAD Annex 10 and http://www.mesrst.tn)
Education Restructuring Project (1993-2001, Loan No. 3456-TUN). The project aimed to: a) diversify the higher education system through the creation of Higher Institutes of Technology, b) provide incentives to encourage universities to strengthen practical work, greater student participation, and learning through experience, and c) establish a new normative system of budgetary allocation for higher education. The 2002 completion report for the project assessed the project’s outcome as “Satisfactory.”

The reforms under this first higher education project were followed up under the Higher Education Reform Support Project (Projet d’Appui à l’Enseignement Supérieur, or PARES, Loan No.5741-TUN), effective in 1998 and completed in 2004. The project completion report rated the project outcome as “Satisfactory.” The Second Higher Education Reform Support Project, or PARES II (Projet d’Appui à la Réforme de l’Enseignement Supérieur) was prepared in 2006. PARES II was designed to support implementation of selected parts of the first five-year phase (2006-2011) of the Government’s PDESAQ program through investments to:

- expand capacity,
- revise the legal framework to give greater autonomy to universities,
- develop a quality assurance and accreditation system, and
- develop financing mechanisms that provide higher education institutions with incentives to improve their quality and performance.

The Bank’s Country Assistance Strategy (CAS) proposed to assist the Government in addressing three major challenges: a) reducing unemployment by improving the investment climate and economic management, b) improving the quality, relevance and financial sustainability of education in order to support Tunisia’s move to a knowledge-based economy, and c) strengthening social programs and making them more fiscally sustainable.

The objectives and design of the PARES II project were consistent with all three CAS objectives – particularly, the second one -- improving the quality, relevance and financial sustainability of education in order to support Tunisia’s move to a knowledge-based economy. The project’s activities to improve quality of higher education directly address the second CAS objective, while its support for actions to improve the relevance and quality of higher education indirectly addresses the CAS goal of reducing unemployment.

1.2 Original Project Development Objectives (PDO) and Key Indicators (as approved)


Original Project Development Objectives (PDO)

The Project Appraisal Document\(^4\) (PAD) for the Second Higher Education Reform Support Project describes the Project Development Objective (PDO) in the following terms:

“The development objective of the proposed project is to support the implementation of the Government’s PDESAQ program to develop the higher education system by increasing the capacity and efficiency in expanding access and improving the quality of education and institutional performance”.\(^5\)

This statement of the PDO blurs the objectives of improved efficiency and improved access. It also appears to limit the objective of improved efficiency to efficiency in expanding access, which does not appear from the sector background in the PAD to be the authors’ intention.

The Loan Agreement presents a clearer statement of the PDO:

“The objective of the Project is to assist the Borrower in the implementation of its Program aiming at developing its higher education system by increasing the capacity in expanding access to said system, strengthening the efficiency and institutional performance of said system and improving the quality of higher education.”\(^6\)

This version of the PDO identifies three specific objectives that the project aimed to achieve:

- increasing access to higher education by expanding capacity,\(^7\)
- strengthening institutional performance, including efficiency,\(^8\) and
- improving the quality of higher education.

This version of the PDO is cited in the project ISRs and in the project Restructuring Papers. It is the basis of this ICR’s\(^9\) evaluation of the project’s effectiveness in achieving its development objectives.

Key Indicators


\(^5\) PARES II Project Appraisal Document (PAD), page 5.

\(^6\) Loan Agreement, page 14.

\(^7\) The Loan Agreement refers to “increasing capacity in expanding access.” This ICR interprets that terminology to mean “increasing access by expanding capacity.”

\(^8\) The Loan Agreement refers to “efficiency and institutional performance”, but efficiency is a component of institutional performance.

\(^9\) Implementation Completion and Results Report
The PAD presented the following PDO indicators for the project:

1. “Increase access to higher education by 13,000 places as evidenced through the construction of 8 new higher education institutions (as well as 1 restaurant and 1 student residence) by project closing date.
2. Revise the legal and regulatory framework to better support institutional autonomy - including revision of the law 2000-67 regarding the status of universities. This is to be achieved by December 31, 2009.
3. Develop the National Evaluation Committee into a National Authority for Evaluation and Quality Promotion (Instance Nationale d’Evaluation et de Promotion de la Qualité -- INEPQ), as part of developing a comprehensive quality assurance system for higher education, so that it is capable of completing evaluations of the academic and operational quality of higher education institutions in Tunisia. This is to be achieved by the project closing date.
4. Establish and effectively operate the new Quality Promotion Fund (PAQ) so that at least one round of competitive grants for the improvement of academic quality is awarded and under implementation by the project mid-term review scheduled for April 30, 2009.
5. Improve performance of Project implementation entities through improved management of the schedule set forth in the Procurement Plan.”

PDO indicators were worded somewhat differently in Schedule 7 of the project Loan Agreement, with the most significant differences being in indicators 2, 3 and 5. Those actions were presented in the Loan Agreement as follows:

2. “revised legal and regulatory framework governing the Borrower’s higher education system granting increased autonomy to universities by December 2009;
3. strengthened capacity of the National Evaluation Committee, including enhanced ability to complete evaluations of the academic and operational performance and quality of higher education and research institutions;
4. improved performance of Project implementation entities through improved management of the schedule set forth in the Procurement Plan as follows:
   a. 60% of contracts signed within the schedule set forth in said Plan for the year 2007;
   b. 75% of contracts signed within the schedule set forth in said Plan for the year 2008; and
   c. 90% of contracts signed within the schedule set forth in said Plan for the year 2009.”

The Loan agreement version of PDO indicator 2 is more restrictive than the PAD version because it states that the revised legal and regulatory framework aims not only to “support” increased autonomy for universities, but actually to “grant” them increased autonomy. In

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10 PARES II PAD, page 34.
contrast to this, Loan Agreement version of PDO indicator 3 is much less restrictive, deleting mention of the National Authority for Evaluation and Quality Promotion and its carrying out of evaluations of higher education institutions by the project closing date, and simply referring to strengthened capacity of the National Evaluation Committee. It also removes the reference to this action “as part of developing a comprehensive quality assurance system for higher education.” Finally, the Loan Agreement version of PDO indicator 5 is more specific than the PAD version, setting specific benchmarks for contract signature under the procurement plan.

1.3 Main Beneficiaries

Among the project beneficiaries, the primary target group comprises the higher education students who experience improved success in completing their studies and, subsequently, in their labor market experience as a result of the improvements supported under the project. Indirect beneficiaries include the enterprises -- and the economy as a whole -- which benefit from the improved qualifications of graduates as a result of the various project interventions.

1.4 Original Components (as approved)

The project as appraised comprised three components:

Component 1: Expand Access to the Public Higher Education System (US$76.3 million total, Bank financing US$62.0 million including contingencies)

This component was designed to support the expansion of physical infrastructure of the university system to accommodate the anticipated growth in higher education enrollment by financing:

- construction and related equipment and materials for approximately eight specialized higher education institutions, as well as one university restaurant and one student residence, and
- technical assistance to reinforce the capacity of the Department of Civil Works and Equipment of the Ministry of Higher Education (MoHE)\(^1\) and the Ministry’s Department of University Reform to prepare impact studies, carry out design and supervision studies for civil works, and implement procurement.


The objective of this component was to develop resources and capacity at the central level for quality assurance of Tunisia’s higher education system by:

- supporting the development of a new Evaluation, Quality Assurance and

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\(^1\) Since then, the Ministry’s role has been expanded. It is now the Ministry of Higher Education, Scientific Research, and Information and Communication Technologies (Ministère de l’Enseignement Supérieur, de la Recherche Scientifique, et des Technologies de l’Information et de la Communication, or MESRSTIC).
Accreditation Agency (Instance d’Evaluation, d’Assurance Qualité, et d’Accréditation, IEAQA),
- revising higher education curricula to conform to international norms under a new structure of bachelors, masters, and doctoral degrees, and in so doing become more relevant to emerging labor-market needs, and
- developing the technical and managerial capacity of the Ministry of Higher Education to lead the reforms needed to move towards greater autonomy for universities.

At appraisal and project approval, this component comprised five sub-components:

Sub-component 2.1 -- Developing and strengthening the present higher education National Evaluation Committee (NEC) into an effective quality assurance system by developing procedures, capacities, and structure for the new accreditation body, allowing central oversight to progress from limited program audits and evaluations to the more complex process of comprehensive accreditation or restructuring of overall institutions and professional disciplines and programs.

Sub-component 2.2 -- Revising higher education curricula to match international norms and become more relevant to labor market needs, involving adoption of a new bachelor, masters, and doctoral degree structure, upgrading engineering programs, and introducing an entrepreneurship perspective across programs.

Sub-component 2.3 -- Strengthening governance of higher education reform by developing revisions to existing laws and regulations to facilitate institutional autonomy and the introduction of program-based budgeting (GPO12), in which the MoHE role changes from direct control of higher education institutions to oversight within the new quality assurance framework.

Sub-component 2.4 -- Strengthening the technical and management capacity of higher education institutions to operate effectively as autonomous institutions.

Subcomponent 2.5 -- Strengthening management capacities of MoHE units in policy analysis, stakeholder consultation, communication strategies, contract management, procurement, financial management and environmental management. This sub-component was also to support activities to set up the competitive grant selection process under Component 3.

Component 3: Provide Grants to Improve Academic Quality and Institutional Performance (US$14.3 million total, Bank financing US$9.6 million including contingencies)

The objective of this component was to establish a new resource transfer mechanism (PAQ, or Programme d’Appui à la Qualité)13 through the use of competitive block grants awarded directly to the investment budgets of universities. The PAQ was designed to provide two forms of grants:

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12 Gestion Budgétaire par Objectifs
13 Quality Promotion Fund
• competitive block grants to universities for quality improvements in teaching and learning, thereby building accountability and capacity to manage in a decentralized environment and motivating and enabling innovations to improve quality, and
• non-competitive management capacity grants to universities to support technical assistance, training, and materials (particularly software and hardware) to improve management information systems and IT infrastructure, financial management, procurement, human resource management, and non-tuition revenue generation related to academic activities.

1.5 Revised Components

The project was restructured twice. The first Restructuring\textsuperscript{14} was triggered by a decline in higher education enrollments (Section 2.2) and an increase in construction costs. The MoHESR\textsuperscript{15} and the Bank took this opportunity to reallocate funds from the civil works component to invest more on quality improvement and alignment with international standards. These changes were discussed with the Government during the December 2009 and June 2010 supervision missions and agreed by the Bank in December 2011. This first Restructuring:

• reduced from eight to four the number of higher education and research institutions that were to receive civil works and equipment under the loan,
• reallocated about EUR16 million of loan savings from Component 1 to components 2 and 3 (as shown in Table 1), and to the purchase of teaching equipment for existing higher education institutions (Component 1),
• expanded the activities under each subcomponent of Component 2 (shown in Table 2, below) to improve the effectiveness of each subcomponent, and
• extended the Closing Date from November 30, 2011 to November 30, 2013.

\textsuperscript{14} A level 2 restructuring, involving no change in the PDO or safeguard categories and approval by Regional Management.

\textsuperscript{15} At the time of restructuring, the MoHE became the Ministry of Higher Education and Scientific Research
<table>
<thead>
<tr>
<th>Component 1 Part A: Expand access to the public higher education system</th>
<th>Current</th>
<th>Proposed in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ million</td>
<td>€ million</td>
<td></td>
</tr>
<tr>
<td>62,0</td>
<td>50,0</td>
<td></td>
</tr>
</tbody>
</table>

| Component 2 Part B: Modernize the higher education system by strengthening quality assurance mechanisms, institutional autonomy and financial sustainability | 4,4 | 3,6 |

<table>
<thead>
<tr>
<th>Component 3 Part C: PAQ for Competitive Block Grants and Management Capacity Grants for Sub-projects under Part C of the Project</th>
<th>Current</th>
<th>Proposed in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ million</td>
<td>€ million</td>
<td></td>
</tr>
<tr>
<td>9,6</td>
<td>7,7</td>
<td></td>
</tr>
</tbody>
</table>

| Total | 76,0 | 61,3 |

<table>
<thead>
<tr>
<th>Development and strengthening of the National Evaluation Committee (CNE) to develop into a National Assessment, Quality Assurance and Accreditation Forum (INEASQA) at the central and university levels</th>
<th>Amount (1000 DT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>1,197</td>
</tr>
</tbody>
</table>

| Establishment of quality assurance system | 176 |
| Develop expertise in quality assurance | 130 |
| Strengthening quality committees in 14 universities | 891 |

| Revision of higher education curricula to match international standards and be more relevant to the needs of the labor market | 7,980 |

| Co-designed partnerships between academic and professional licenses of Applied and Professional Masters' | 2,231 |
| Reinforcement of cross training for entrepreneurship | 698 |
| University Teaching Project: Professional development of university education and strengthening the dissemination of educational culture, learning and digital | 394 |
| Development of a performance assessment of students and universities | 900 |
| Strengthening of professionalization (project benefiting the UVT and 30 academic institutions) | 479 |
| Strengthening the certification of teachers in ICT systems | 1,800 |
| Strengthening teacher training in the field of language (English) | 380 |
| Strengthening Project engineering online training | 401 |
| Project to train trainers (DGIES) | 698 |
| Strengthening capacity to implement reforms of the Ministry of Higher Education | 403 |
| Development and evaluation of projects | 403 |
| Strengthening the technical capacity and management of higher education institutions | 1,745 |
| Capacity Building for Project Management | 1,799 |
| Management training of BEPP staff to increase its capacity at central and university level | 779 |
| Strengthening management capacity and monitoring of the project and components | 1,020 |

| Total | 13,124 |

The Project Development Objective was not changed in the Restructuring, but PDO
indicators were revised as follows:

1. “Increased access to higher education by about 13,000 education places as evidenced through the construction of four (4) new higher education and research institutions, one university restaurant, and one university student housing by the Project Closing Date;
2. Revised legal and regulatory framework governing the Borrower’s higher education system granting increased autonomy to universities by November 2013;
3. Strengthened capacity of the National Evaluation Committee, including enhanced ability to complete evaluations of the academic and operational performance and quality of higher education and research institutions;
4. PAQ is fully operational and at least one (1) round of Competitive Block Grants has been awarded and under implementation by Mid-term Review; and
5. Improved performance of Project implementation entities through improved management of the schedule set forth in the Procurement Plan as follows:
   
   (a) 60% of contracts signed within the schedule set forth in said Plan for the year 2007,
   (b) (b) 75% of contracts signed within the schedule set forth in said Plan for the year 2008; and
   (c) (iii) 90% of contracts signed within the schedule set forth in said Plan for the year 2009.”

These indicators differed from the original key performance indicators in two main respects: a) The first indicator reduced the number of new higher education institutions to be constructed under the project from 8 to 4, and b) the third indicator presents the Loan Agreement version of PDO indicator 3 rather than the PAD version. The latter change eliminated any mention of the new Accreditation Agency and eliminated the specific target under which the new Accreditation Agency was to carry out by the project closing date an external evaluation of the academic and operational quality of all higher education institutions in Tunisia, replacing it with a vague target to “enhance the ability” of the National Evaluation Committee to carry out such evaluations. This change constitutes a significant scaling back of the performance target that was presented in the PAD.

The Results Framework presented in Annex 1 of the 2011 Restructuring Paper presents conflicting versions for two of these PDO indicators. The target for expanded enrollment capacity under PDO indicator 1 is presented as “about 13,000 education places” in the list of revised indicators presented on page 8 of the Restructuring Paper, but as “6,000 places” in the revised Results Framework in Annex 1 on page 13 of the same document. Also, the text of the 2011 Restructuring Paper cites the Loan Agreement version of this indicator, whereas the Results Framework in Annex 1 of the Restructuring Paper cites the PAD version, mentioning the new Quality Assurance Agency, situating its work in the context

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of the new higher education quality assurance system.

A second project Restructuring,\(^{17}\) was discussed with the Government in September 2013 and agreed by the Bank in November 2013. This second Restructuring was triggered by a recognition that it would not be possible to complete project implementation and full disbursement of the loan by the project Closing Date. The second Restructuring extended the Closing Date of the project by a further 6.5 months to June 15, 2014, cancelled €15 million of the original €61.3 loan amount (resulting from cancellation of civil works and equipment under Component 1 and consultant services and equipment under Component 2), and amended the Results Framework to reflect the actual situation.\(^{18}\) PDO indicators were revised as follows:

Table 3 – PDO Indicators Under 2011 and 2013 Restructuring

<table>
<thead>
<tr>
<th>PDO Indicator Under 2011 Restructuring</th>
<th>PDO Indicator Under 2013 Restructuring</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased access to higher education by about 13,000 education places as evidenced through the construction of four (4) new higher education and research institutions, one university restaurant, and one university student housing by the Project Closing Date</td>
<td>Increased access to higher education by about 6,500 education places as evidenced through the construction of 4 new higher education institutions by the Project Closing Date</td>
<td>The 2011 Restructuring revised PDO indicator 1 to reflect the reduction in the number of higher education and research institutions to be constructed under the project from 8 to 4, but neglected to adjust the indicator for new study places to reflect that change. The 2013 Restructuring did so.</td>
</tr>
<tr>
<td>Revised legal and regulatory framework governing the Borrower’s higher education system granting increased autonomy to universities by November 2013</td>
<td>(Deleted)</td>
<td>“PDO indicator 2 refers to university autonomy and related legal changes (which were initiated; however, with insufficient impact on the ground). While the indicator will continue to be monitored by the Bureau for Studies, Planning, and Policy (BEPP), it will be taken out as a PDO indicator as it is not directly supported under the project.”(^{19})</td>
</tr>
<tr>
<td>Strengthened capacity of the National Evaluation Committee, including enhanced ability to complete evaluations of the academic and operational performance and quality of higher education and research institutions</td>
<td>Develop the National Evaluation Committee (CNE) into a National Authority for Evaluation and Quality Promotion as part of developing a comprehensive quality assurance system for higher education</td>
<td>This revision adopts the PAD version of the PDO indicator, acknowledging the role of the new accreditation agency within the new higher education quality assurance system.</td>
</tr>
<tr>
<td>PAQ is fully operational and at least one (1) round of Competitive Block Grants has been awarded and under implementation by</td>
<td>PAQ is fully operational and at least one (1) round of Competitive Block Grants has</td>
<td>No change.</td>
</tr>
</tbody>
</table>

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\(^{17}\) Again, a level 2 Restructuring.

\(^{18}\) The November 2013 Restructuring Paper explained that the changes in the Results Framework were designed to: “a) correct mistakes in the performance indicators as set forth in Schedule 7 of the LA as amended, b) ensure that the Results Framework is realistic, measurable, and relevant to the PDO, and c) delete indicators that have become obsolete due to the cancellation of certain activities.”

### PDO Indicator Under 2011 Restructuring | PDO Indicator Under 2013 Restructuring | Explanation
--- | --- | ---
Mid-term Review | been awarded and under implementation by Mid-term review | Deleted due to absence of a system to measure procurement delays and to the fact that the measure is procedural in nature and not directly related to project outcomes.

Improved performance of Project implementation entities through improved management of the schedule set forth in the Procurement Plan as follows:
(a) 60% of contracts signed within the schedule set forth in said Plan for the year 2007,
(b) 75% of contracts signed within the schedule set forth in said Plan for the year 2008; and
(c) 90% of contracts signed within the schedule set forth in said Plan for the year 2009

The revised Results Framework in the 2013 Restructuring Paper deleted the second PDO indicator concerning development of a revised legal framework for greater autonomy of higher education institutions “because it is not directly supported under the project” and because it was already formally implemented (although, as acknowledged in the 2013 Restructuring Paper, it achieved “insufficient impact on the ground.”)

1.6 Other significant changes
N.A.

2. Key Factors Affecting Implementation and Outcomes

2.1 Project Preparation, Design and Quality at Entry

**Project Design**

At the time of project preparation, there was among higher education professionals a widespread urgent need for reform. But at the same time, there was considerable resistance among some higher-level officials to the fundamental reforms of higher education management that were sought under the project, and there were some attempts to limit the scope of the project to supporting the construction and equipping of new university facilities (Section 5.2a). It required persistence and deliberate involvement of a broad spectrum of stakeholders to help overcome this initial reluctance.

The Government’s interest in expanding higher education capacity under the project was based on an expectation that the rapid growth experienced in the recent past would continue for the foreseeable future. But the Bank’s project preparation team raised questions about the justification for expanding enrollments under the project in view of the shrinkage of
the university-age cohort that was projected to occur by 2015.\textsuperscript{20} Despite the Bank’s reservations about the rationale for capacity expansion under the project, the Government’s position was that the project’s support for capacity expansion was a non-negotiable element of the project.\textsuperscript{21} The Bank and the Government ultimately agreed to proceed with a project incorporating significant expansion of facilities as well as a progressive set of higher education reforms. As described in Section 3 of the ICR, this compromise solution addressed the priorities of both the Government and the Bank, but ultimately led to problems in assessing project’s added-value on sectoral reforms.

The project was prepared through an extended participatory process involving central Ministry staff, managers of higher education and research institutions, and other stakeholders. A key element of project preparation was the two-week workshop during which separate groups of MOHE staff, high-level experts, and stakeholders worked together under the guidance of a professional facilitator to develop the individual project components. A manual of procedures was also finalized to guide implementation. (This participatory process helps to explain the comparatively high cost and long duration of project preparation.) Particular attention was focused on developing a consensus around the competitive grants under Component 3 – a totally new approach for higher education financing in Tunisia -- and developing detailed implementation procedures and staff capacity for effective implementation of that component.

Project design reflected the experience and lessons of earlier higher education operations in Tunisia – particularly of the prior project, the Higher Education Restructuring Project – and of lessons of global experience. The decentralization reforms supported under the project aimed to bring the management of Tunisia’s higher education system into alignment with OECD trends. As described in the PAD, key lessons reflected in project design were:

- Successful implementation requires involvement of key stakeholders in project design. (During project preparation and appraisal, universities and other stakeholders were involved in the design of the project.)
- Increased university autonomy is essential to allow universities to manage staff and resources to meet evolving educational needs, thus improving quality and relevance of higher education programs. (Increased autonomy was a central goal of the project.)
- Successful reform implementation requires clear implementation responsibilities and oversight of various aspects of reform by a project Steering Committee.
- Competitive funding mechanisms are an effective approach for piloting educational innovations. (Component 3 supports a competitive model for educational innovations to improve quality and relevance of higher education.)

Project design also reflects the recommendations of the March, 2006 Quality Enhancement Review (QER), including the following:

\begin{itemize}
  \item Successful implementation requires involvement of key stakeholders in project design. (During project preparation and appraisal, universities and other stakeholders were involved in the design of the project.)
  \item Increased university autonomy is essential to allow universities to manage staff and resources to meet evolving educational needs, thus improving quality and relevance of higher education programs. (Increased autonomy was a central goal of the project.)
  \item Successful reform implementation requires clear implementation responsibilities and oversight of various aspects of reform by a project Steering Committee.
  \item Competitive funding mechanisms are an effective approach for piloting educational innovations. (Component 3 supports a competitive model for educational innovations to improve quality and relevance of higher education.)
\end{itemize}

\textsuperscript{20} November 26, 2014 interview with the preparation team economist. This concern is alluded to but not fully documented in the economic and financial analysis summary in Section D1 of the PAD.

\textsuperscript{21} November 12, 2104 interview with the task team leader for project preparation and appraisal.
“The Panel strongly recommends that the building up of a quality assurance system for the Tunisian higher education system is accompanied with greater institutional autonomy.”

“It is important that NEC develops into a professional quality assurance organization, which primary function is to promote quality in higher education teaching and learning,” and

“It is the assessment of the Panel that a competitive fund is an appropriate instrument given the objective in Tunisian higher education of (i) improving quality in the context of expansion and (ii) enhancing institutional autonomy with accountability for results.”

2.2 Implementation

Project implementation went through several phases, with quite different performance across components:

- During the first phase, from Board presentation in June 2006 to the May 2009 Mid-Term review, Component 1 made little progress; there was some progress under Component 2 (although well short of targets); and implementation of Component 3 was generally timely and effective. During the Mid-Term Review mission, the Government proposed to cancel construction of the Music Institute at Sfax and the Sports Institute at Sousse. It later proposed also to delete the Institutes of Science at Kasserine and Manouba, and to reallocate the loan proceeds from the four cancelled facilities to Components 2 and 3, with the addition of several new activities to Component 2.

- The second phase of implementation covered the period from the Mid-Term Review to December 2010 and the “Arab Spring.” Although the Government and Bank teams had informally agreed the elements of the Restructuring in May 2009, this period was characterized by continued delays for several reasons: during the restructuring phase, an ad hoc task group was mandated to carry-out a study on employability of graduates, the conclusions and recommendations of which would serve to restructure the project and reallocate unused funds. Other delays were due to the revolution in December 2010 and the various changes that occurred after at the levels of MES and coordination unit of PARES II.

- The third phase of implementation covered the period from the abdication of President Ben Ali and the installation of a new Government in January 2011 to the November 2013 Restructuring. In March 2011 the new Government submitted the Restructuring request and appointed as PCU director the team leader that had managed the successful Component 3. Despite these gains, project implementation continued to be affected by the aftermath of the Arab Spring and the 2010/2011 revolution. The revolution had been motivated partly by public frustration with corruption under the former Government. Following the revolution, there was acute political sensitivity to any appearance of corruption in public procurement.

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22 March 10, 2006 memorandum from QER panel to the PARES II team leader, “Quality Enhancement Review Panel Report, Tunisia Higher Education Reform Support Program II.”
This concern led to a tightened control of all evaluation reports and contract awards by the Commission des Marchés -- that resulted in slower implementation. Because the Commission lacked the capacity to deal with the additional workload in a timely fashion, this additional step in procurement review contributed to ongoing delays in project procurement and ultimately to cancellation of some procurement packages. By November 2013, immediately prior to the revised project closing date, only 57% of the loan had been disbursed.

- The fourth and final stage of project implementation covered the period from the November 2013 Restructuring to the new (and final) closing date of June 15, 2014. The Restructuring cancelled part of the loan and focused activities on what could reasonably be expected to be completed by the new closing date. This period was marked by more vigorous progress under all three components, and an acceleration of disbursements to 82.4% of the revised loan amount at project closing. Loan payments at closing as a percentage of loan allocations by component were 78.9% for Component 1, 69.9% for Component 2, and 92.2% for Component 3. The lower figure for Component 2 partly results from the fact that a number of planned technical assistance activities under the component were carried out with concessionary bilateral and multilateral funds instead of loan funds.

**Staff and Counterpart Turnover.** Implementation was also affected by turnover of key staff on the Government side and on the Bank supervision team. During the seven and a half years of project implementation, there were six Ministers of Higher Education (and consequently six consecutive chairmen for PARES II Steering Committee), four PCU coordinators, and 3 Bank task team leaders. The change of the Bank’s project team leader a year after project launch led to a decline in mutual trust between the Bank and the Borrower (Section 5.1b) that was not restored until a new team leader was assigned in August 2013. On the Borrower’s side, overall project implementation benefitted when the component team leader for the successful Component 3 was given responsibility for overall project coordination in March 2011. She remained in that position through project closing.

**Enrollment Changes.** Another development that affected implementation was the decline of higher education enrollments that became apparent early in implementation. One of the two main objectives of the project was to increase the capacity of higher education institutions in Tunisia to absorb increasing student enrollment. Higher education enrollments had tripled over the decade prior to appraisal, and the PAD projected that enrollments would continue to increase at the same pace. But actual higher education enrollments increased only briefly after initiation of the project, rising from 326,200 in 2006/07 to 349,100 in 2008/09, and falling steadily for all but the final year since then (Figure 1). At project closing, they were just 305,783 – 16% lower than they were in 2008/09 and 10% lower than they were at the time of project appraisal. This development (as well as higher-than-expected bid prices for civil works) led to a decision by the Ministry to cancel four of the institutions scheduled for expansion under Component I of the project.

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23 PAD page 38.
24 The causes of this decline are discussed in Section 5.1b. Enrollment figures are from the Ministry’s website, http://www.mesrst.tn/francais/index.htm.
The cancellation of these sites was approved under the 2011 Restructuring (Section 1.6). As shown in Table 4, enrollments in the new institutions created under the project are below projected enrollments, and enrollments declined in the 2013/14 academic year. This development may reflect a transitional situation, reflecting not fully operational facilities.

Despite the shrinkage of overall enrollments, the project contributed to improved equity of access and regional balance in access to university places. As described in Section 3.5, the 2011 Restructuring deliberately gave priority to the new Institut Supérieur des Études Technologiques and related facilities for the new university campus in Tataouine, a relatively remote, poor and underserved area, whereas the cancelled facilities included those for the relatively prosperous and well-provisioned existing universities in Sousse and Sfax. The project also contributed to quality improvements in existing higher education institutions in poorer regions of the country. Reallocation of loan proceeds under the 2011 restructuring gave priority to poorer regions in providing updated laboratory equipment and other teaching equipment to existing universities.

**Figure 1 – Evolution of Higher Education Enrollments (2006-2014)**

Source: Government’s October 2014 Completion report and revision for 2014 enrollments subsequently provided by MESRSTIC.
2.3 Monitoring and Evaluation (M&E) Design, Implementation and Utilization

M&E Design. There were several weaknesses in M&E design, as well as in M&E implementation. In order to allow effective evaluation, performance monitoring indicators need to be feasible and realistic. The Results Framework for the project included a number of outcome indicators for which data were not being routinely collected by the Ministry’s data-collection body – the BEPP. Some of the indicators – including levels of student and employer satisfaction with skills acquired in various programs -- would have required elaborate purpose-built surveys for which no financing was provided either under the project or in the Ministry’s budget. Moreover, the Results Framework did not provide baseline figures for any of the outcome indicators, making it difficult to assess progress achieved under the project even if data for the indicators had been collected during project implementation. These deficiencies were recognized and addressed in the 2013 project Restructuring, which revised some of the objectives and performance indicators in the Results Framework to reflect greater “realism, consistency, and relevance to the PDO, as some of the [original] indicators have some factual errors while others have either become obsolete due to the cancellations of related activities or have not been monitored due to the absence of baseline, unclear description or because they lack relevance.”

M&E Implementation. Bank supervision missions reported that the Ministry did not provide adequate monitoring of project outcomes during the initial years of

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25 ISR 16 (April 2014)
implementation. The May 2009 Mid-Term Review noted that “the table of monitoring indicators and the analysis of indicators are not being included in the project progress reports and are not provided to the Bank prior to each mission.” Data on project outcomes at the level of each higher education institution were to be collected by new “Observatories” that were to be established at each higher education institution. As late as April 2012, the supervision mission reported that “most of the Observatories exist on paper. The project will staff them and build their capacity to monitor labor market needs and graduates’ employment rates after graduation.” Despite this, M&E performance was rated as “moderately satisfactory” in all but one of the first 13 ISRs (from November 2006 through December 2012.) Under new team leadership, the M&E performance rating was downgraded to “moderately unsatisfactory” after the May 2013 supervision mission, where it stayed through project closing (although some improvement was noted during the final year of project implementation). Supervision missions, however, generally reported outcome indicators for which data were available in published sources.

M&E Utilization. Although Bank supervision reports did include data that showed falling enrollments starting with the 2009-2010 academic year, Bank supervision failed to react to this important and unexpected development or to report its implications for project implementation (Section 5.1b). And although falling higher education enrollments motivated the Government’s request for the 2011 Restructuring, falling enrollments are not mentioned in the Bank’s 2011 Restructuring Paper and supporting documentation. This oversight indicates a mechanical approach to monitoring and evaluation on the part of the Bank – collecting the required data, but not using those data to draw the appropriate conclusions about project performance and the need for project restructuring. Fortunately, in this case, the Government promptly noticed the decline in enrollments and took the appropriate action -- requesting cancellation of the remaining new facilities – even if the Bank failed to do so.

2.4 Safeguard and Fiduciary Compliance

No significant safeguard and fiduciary compliance issues arose in the course of implementation. During implementation, World Bank supervision missions and audit missions by the Conrôle Général des Finances commended the MOHE for the conformity and transparency in the procurement process.

2.5 Post-completion Operation/Next Phase

The Borrower’s project completion report includes a sustainability plan for the activities carried out under PARES II, including a plan for budget financing of the ongoing project activities carried out after the eligibility deadline for financing under the loan. Preliminary discussions with the Government were held during the completion mission about possible

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26 Starting March 2011, comprehensive progress reports were submitted to the Bank before each mission, i.e. twice a year.
27 May 2009 Aide Mémoire
28 ISR 11 (April 2012)
Bank assistance for continuation and follow-up of the activities supported under PARES II.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

Rating: High

Relevance of objectives, design, and implementation is rated as high. ICR guidelines state that “the relevance test in this rating requires that the achievement of objectives is judged by the development priorities and circumstances prevailing at the time of the ICR, not those at the time of loan approval.”

Although the objectives of Component 1 were not entirely relevant in light of the decline in higher education enrollments that occurred under the project, the objectives, design, and implementation of Components 2 and 3 were, in comparison, highly relevant to Tunisia’s needs and priorities at the time of project preparation and proved to be even more relevant at project completion. These components supported reforms in the management, content, and delivery of higher education programs to make them more relevant to labor market needs. The project achieved real successes under Component 2 and 3 in spite of very challenging conditions that prevailed during most of the implementation period (i.e. the 2010 revolution and uncertain political climate that followed, combined with a global financial crisis). The frustration of higher education graduates who were not able to obtain jobs was a major contributing factor to the 2010/2011 revolution, and unemployment rates for university graduates are even higher now than they were at project appraisal. These developments make it ever more urgent to improve employment prospects for university graduates – a key objective of the project. This objective is a central priority of the new Government. The successful – and, in some cases, highly successful - implementation of programs delivered under PARES II such as the PAQ produced promising long-term results that convinced the Government that reforms launched under Components 2 and 3 of the PARES II project are highly relevant to the country’s needs and priorities. Consequently, the Government has requested Bank support for continuing to build on the foundational programs delivered in PARES II under a follow-up project. This is clear evidence of the project’s continuing relevance.

3.2 Achievement of Project Development Objectives

With bold emphasis as provided in the ICR guidelines, Section 3, Implementation Completion and Results Report Guidelines, OPCS, World Bank, August, 2006, updated October 5, 2011.

The objectives of Component 1 would have been more relevant if the PDO had been expressed in terms of improved equity and regional balance in enrollments, since the project did make an undeniable contribution to enrollments in Tataouine – an underserved and relatively poor region. However, the objectives and design of Component 1 as expressed in the project documentation made no mention of a regional balance objective. Instead, the justification for Component 1 was presented as supporting an overall expansion in higher education capacity to accommodate increasing total higher education enrollments which proved to be not fully relevant at project completion because of the contraction of higher education enrollments (Section 2.2).
Rating: Substantial

Achievement of project development objectives is rated as “substantial,” based on project accomplishments in relation to stated project objectives and key performance indicators. Those accomplishments are summarized below.
<table>
<thead>
<tr>
<th>PDO Indicator Under 2011 Restructuring</th>
<th>PDO Indicator Under 2013 Restructuring</th>
<th>Project Outcomes</th>
</tr>
</thead>
</table>
| Increased access to higher education by about 13,000 education places as evidenced through the construction of four (4) new higher education and research institutions, one university restaurant, and one university student housing by the Project Closing Date | Increased access to higher education by about 6,500 education places as evidenced through the construction of 4 new higher education institutions by the Project Closing Date | Student capacity was increased by 6,500 places:  
• 1,500 in the Institut Supérieur des Arts et Métiers de Gabès (100% completed),  
• 1,500 in the Institut Supérieur des Études Technologiques de Tataouine (95% completed),  
• 2,000 in the Institut Supérieur des Études Appliquées en Humanité de Zaghoud (94% completed), and  
• 1,500 in the Institut Supérieur des Arts et Métiers de Tatouine (98% completed)  
But the enrollment increase that was expected from this capacity expansion did not occur. (Higher education enrollments actually contracted during project implementation.) |
| Revised legal and regulatory framework governing the Borrower’s higher education system granting increased autonomy to universities by November 2013 | (Deleted) | A new higher education law including provisions granting autonomy to higher education institutions and several related implementation decrees were approved under the project. |
| Strengthened capacity of the National Evaluation Committee, including enhanced ability to complete evaluations of the academic and operational performance and quality of higher education and research institutions | Develop the National Evaluation Committee (CNE) into a National Authority for Evaluation and Quality Promotion as part of developing a comprehensive quality assurance system for higher education | A law establishing the new Quality Assurance Agency was approved in November 2013 and a Director and staff were appointed. But there is still no clear statement of the Authority’s priorities and no significant progress in launching the Agency’s work. |
| PAQ is fully operational and at least one (1) round of Competitive Block Grants has been awarded and under implementation by Mid-term Review | PAQ is fully operational and at least one round of Competitive Block Grants has been awarded and under implementation by Mid-term review | PAQ is fully operational. Three rounds of competitive block grants involving 8 calls for proposals have been awarded, and are either completed or under implementation. External evaluations report generally very satisfactory results. |
| Improved performance of Project implementation entities through improved management of the schedule set forth in the Procurement Plan as follows:  
(a) 60% of contracts signed within the schedule set forth in said Plan for the year 2007,  
(b) 75% of contracts signed within the schedule set forth in said Plan for the year 2008; and  
(c) 90% of contracts signed within the schedule set forth in said Plan for the year 2009 | Deleted due to absence of a system to measure procurement delays and to the fact that the measure is procedural in nature and not directly related to project outcomes. |
Other accomplishments under the project are summarized in Annex 2.

The “substantial” rating for achievement of project development objectives is more positive than the “moderately unsatisfactory” PDO ratings reported in the last four ISRs and with the “moderately unsatisfactory” rating in the recent IEG\textsuperscript{31} Country Program Evaluation rating for the Bank’s contribution to education sector reforms in Tunisia,\textsuperscript{32} reflecting not only the progress made during the final year of project implementation, but the very positive results achieved in some foundational programs. These successes encouraged the Government to pursue its reforms and were a basis for the Government’s request for Bank assistance to continue these initiatives. The ICR rating for achievement of project development objectives is based on the fact that three of the four\textsuperscript{33} key performance indicators for the project were fully met, even if some of their intended outcomes have not yet been achieved. These achievements are summarized in Table 4 and further described below.

Expansion of Access. As described in Table 4, the project fully achieved its performance targets in terms of capacity expansion, even if it did not achieve the higher education enrollment increase that was sought and expected from the capacity expansion. The project contributed to enhancing the regional network with an emphasis on underserved regions, which was a critical need at the time. The Results Framework for the 2011 Restructuring included among its intermediate indicators a performance target of expanded student capacity from the May 2010 baseline of 346,079 -- the number of students enrolled in public-sector higher education institutions during the 2009/2010 academic year. Actual enrollments were 305,783 at project closing according to the Ministry’s final monitoring report\textsuperscript{34} -- a decline of 9%.

Revised Legal and Regulatory Framework. The Government adopted new legislation and implementation decrees on institutional autonomy, including:

- Law No. 2008-19 on Higher Education, one third of whose articles are dedicated to quality and quality assurance;
- Decree No. 2008-2716 of August 4, 2008 on the organization of universities and higher education and research institutions and the rules for their operation;
- Decree 2008-3581 establishing the conditions for transformation of the universities and public scientific research institutions into scientific and technological public institutions with greater financial autonomy;

\textsuperscript{31} Independent Evaluation Group
\textsuperscript{33} This reflection includes the performance indicator relating to the development of institutional autonomy legislation because although it was deleted in the 2013 Restructuring, this activity remains a central element of the project and of the Government’s reform program (Section 1.6).
• Texts governing the organization and operation of the National Authority for Evaluation, Quality Assurance and Accreditation (Decree No. 2012-1719) and the appointment of its Scientific Council (Decree 2013-4512), its President (Decree N° 2013- 4511) and its secretary general (Decree 2014-716).

In some respects, however, the content of the legislation fell short of expectations, as noted by the Sector Manager in a 2007 implementation report:

“The reform process is clearly hesitant and political commitment to the agreed institutional reforms is much weaker than the commitment to implement the project physical investments. In fact, the Government is preparing a new organizational law for higher education, but this law seems much less ambitious than comparable ones from Egypt and Jordan, especially with respect to institutions’ autonomy, quality assurance and academic freedom.” 35

Creation of a new Quality Assurance Agency. The National Authority for Evaluation, Quality Assurance and Accreditation was created under the project and its officers and staff named. However, there is still a need to clarify the new Agency’s priorities. At a June, 2014 workshop on the activities of the new Quality Assurance Agency, it was observed that the priorities of the Agency had yet to be decided, including whether its focus was to be evaluation or accreditation, and whether this was to involve programs or institutions.36

Implementation of the PAQ Program. PAQ program implementation has exceeded targets and expectations. Three rounds of competitive grants have been carried out, and the results of evaluations to date indicate generally successful outcomes. The competitive grants (PAQ) under Component 3 led to a constructive new mentality of competition among institutions and programs that is likely to deliver longer-term benefits quite apart from the financial support provided under the project. Competition for funding was an alien concept for higher education and research institutions at the start of the project. Many of the institutions that participated in the PAQ competitions were not able to develop strong proposals in the early rounds, but improved their submissions and succeeded in obtaining grants in successive rounds of the competition. The requirements of the PAQ competitive

35 World Bank, “Tunisia PARES II Project, Implementation Status and Results Report #2” (archived May 7, 2007)
36 “Debriefing of the INEAQA Workshop, Tunis, 13 June 2014”
process required institutions to undertake an analysis of their strengths, weak- 
ess, and needs that should serve them well as higher education institutions move to autonomous management.

The “substantial” rating for achievement of project development objectives also reflects the ambitiousness of the reforms sought under the project and the significant progress achieved against this ambitious reform agenda: the project aimed to achieve changes in content and management of higher education programs that took decades to achieve in most countries in Europe and North America (Section 2.1).37 Despite the shortfall in achievement of some of the specific expected benefits of the project, the project was instrumental in launching this paradigm shift—in laying the groundwork that is enabling and incentivizing higher education institutions to take responsibility for improving the quality and relevance of their teaching programs. The actions supported and carried out under the project should provide a solid basis for individual institutions to move ahead with further improvements to the quality and relevance of their programs, with long-term benefits for graduates and for the Tunisian economy. In particular, project-supported reforms have introduced a critical new dimension of accountability to the work of universities, under which universities and programs will be evaluated and supported according to their effectiveness in responding to actual skill needs of the labor market.

3.3 Efficiency
Rating: Moderate

Project efficiency is rated as “moderate.” The shrinkage of enrollment during project implementation suggests that the expansion of university capacity under Component 1 was not necessary in terms of total university enrollments, although it clearly did contribute to improved equity and regional balance in availability of higher education. If it were not for this evolution in total enrolle-ments, project efficiency would have been rated more positively because of the gains achieved in launching a process that should yield economic benefits and budget savings in the future and because the costs of carrying out the various project activities appear to be reasonable in relation to cost comparators. Civil works and equipment costs under Component 1 were consistent with cost estimates and with costs experienced in the Ministry’s procurement under other financing sources. Introduction of the LMD degree structure contributed to budget savings by lowering the average unit cost of university graduates at the bachelors and masters degree levels. Costs of technical assistance were also reduced by substitution of bilateral and other concessional financ- ing for loan financing under the project. Although graduate unemployment actually increased under the project due to the sharp reduction in economic growth that dampened the absorption of graduates into the labor market, the project is expected to contribute to lower graduate unemployment in the future as economic growth recovers, and as the reforms initiated under Components 2 and 3 relating to institutional autonomy, accountability,

37 In fact, Bologna/LMD reforms are still ongoing in many European countries as the 2012 Bologna Stocktaking report shows. (Education, Audiovisual and Culture Executive Agency (EACEA P9 Eurydice), The European Higher Education Area in 2012: Bologna Process Implementation Report, April 2012.)
quality, and relevance are deepened and embodied by a larger share of the working labor force. In the view of the ICR, formal cost-benefit analysis is not appropriate for \textit{ex-post} evaluation of the benefits of the project because of the enrollment contraction that occurred under the project, and because of the intangible and long-term nature of the benefits sought under Components 2 and 3. External evaluation of the activities financed under the competitive grants in Component 3 found widespread benefits in terms of improved teaching and learning environment and processes (Section 3.6). (See Annex 3 for additional information on economic and financial performance.)

3.4 Justification of Overall Outcome Rating

Rating: Moderately Satisfactory

The overall outcome rating for the project is “moderately satisfactory”, reflecting the “high” rating for relevance of objectives, design, and implementation (Section 3.1), the “substantial” rating for achievement of project/program development objectives (Section 3.2), and the “moderate” rating for efficiency (Section 3.3).

3.5 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

Project implementation gave priority to poverty impacts in two significant respects. First, the decision of which facilities were to be retained and which were to be cancelled under the 2011 Restructuring deliberately gave priority to the new \textit{Institut Supérieur des Études Technologiques} and related facilities for the new university campus in Tataouine, a relatively remote, poor and underserved area, whereas the cancelled facilities included those for the relatively prosperous and well-provisioned existing universities in Sousse and Sfax. Reallocation of loan proceeds under the 2011 Restructuring also gave priority to poorer regions, both for laboratory and other equipment to be supplied to existing universities, and to the expanded PAQ grant program under Component 3. In addition, the last round of PAQ grants in 2012 was earmarked for young universities and underserved regions.

(b) Institutional Change/Strengthening

Institutional change was a major objective of the project. The project successfully started a process of devolving responsibility for management of higher education institutions from the central level to the institutions themselves, under which individual institutions are starting to be empowered to undertake curriculum changes, staffing changes, and other changes to improve the quality and relevance of their programs. Project support for institutional change and capacity building included the development and adoption of a new legal framework for devolution and autonomous management under performance-based contracts for each university, provision of an extensive program of training for managers of the decentralization process and staff involved in the development of new degree programs under the new LMD degree structure, and support for education quality and management enhancement initiatives under the PAQ program.
(c) Other Unintended Outcomes and Impacts (positive or negative)

The provision of laboratory equipment and other teaching and learning equipment under Component 1 (post 2011 Restructuring) had an unexpected demonstration effect, and led to “creative jealousy” on the part of programs and institutions that did not receive these improvements under the project. In a number of cases, this resulted in budget financing for improved teaching equipment for institutions and programs that had not received these upgrades either under the project or under earlier budget financing.

3.6 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

External evaluations were carried out for the activities financed under the PAQ program in Component 3. Separate evaluations were carried out for grants awarded in each of six subject areas: management capacity, engineering, arts and letters, health, sciences, and social sciences. Evaluations were carried out for each subject area using the “results-oriented monitoring” approach, which looked at each activity in terms of its relevance, efficiency, impacts, and sustainability. Evaluation findings were generally very positive, citing diverse benefits in terms of teaching and learning environment and processes. As summarized in the Borrower’s completion report (Annex 7), an overall benefit of the PAQ program was “a closer alignment of higher education and research institutions to the priorities of the Government, notably in terms of employability, absorption of graduates into the labor market, and equity, as well as greater influence over the performance of the institution and creation of a culture of quality.” (Detailed findings of the PAQ evaluations are available in the project file.).

4. Assessment of Risk to Development Outcome
Rating: Moderate

The initial reluctance on the part of some parties within the Government to endorse the educational reforms sought under the project (Section 2.1) and the hesitant start of the new Quality Assurance Agency and questions about its intended direction (Section 3.2) signal a risk that some elements of the reform could ultimately be undermined by a lack of commitment to the underlying principles of the reform. This risk is judged moderate but not severe because the project-supported actions at the institutional level – including the extensive training and competitive grant programs supported under components 2 and 3 – have created a broad base of support for the reforms and the expectation of further progress that would be difficult to reverse.
5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry
Rating: Moderately Unsatisfactory

The Bank’s performance in ensuring quality at entry is rated as “moderately unsatisfactory,” despite the highly relevant objectives and design for Components 2 and 3 and the care that went into preparation of those components (Section 3.1). During preparation, the project team requested and received guidance of a Quality Enhancement Review panel on the design of key features of the project (Section 2.1). The design of Components 2 and 3 was consistent with best practice in Europe and North America, and with the recommendations of the QER panel. On this basis alone, the rating for Bank performance in ensuring quality at entry would have been at least ‘satisfactory,” if not “highly satisfactory.” The “moderately unsatisfactory” rating reflects the fact that there were several significant deficiencies in project design – particularly for Component 1 -- that reflect shortcomings in Bank performance in ensuring quality at entry. As mentioned in Section 3.1, these include: a) inconsistent presentation of the PDO and PDO indicators, b) lack of a baseline for performance monitoring, c) lack of attention to demographic trends affecting future enrollments, d) presentation of instruments rather than development outcomes in the PDO and key performance indicators, and e) questionable rationale for capacity expansion. The first of these shortcomings is described in Sections 1.2 and 1.6, the second in Section 2.3. The remaining ones are briefly described below.

Figure 2 – Actual and Projected Size of 20-24 Year Old Cohort

![Graph showing actual and projected sizes of 20-24 year old cohort.](http://esa.un.org/unpd/wpp/unpp/panel_indicators.htm)


Lack of Attention to Demographic Trends Affecting Future Enrollments. Project design did not reflect the reversal in the growth of higher education enrollments that undermined one of the two project development objectives (Section 2.2). The PAD projected that enrollments in public universities would increase by about 6.6% annually to about 470,000
in 2010, followed by growth at 2.2% per year until stabilization in 2015. Had this occurred, higher education enrollments would have reached 519,000 in 2015. Actual higher education enrollments reached a maximum of 360,200 in 2008/09, and declined thereafter to 305,783 in September 2014 – 41% less than the projected level. This reversal could have been anticipated at the time of appraisal, since the imminent shrinkage in size of the higher education cohort was already apparent in the form of published data on primary and secondary enrollments, as well as age-specific data available in census and population projection data. As shown in Figure 3, the size of the university-age cohort reached a maximum in 2005 and was projected to contract sharply thereafter, based on the observed sizes of the younger cohorts. This information, which was readily available from the UN Population Division at the time of appraisal, should have revealed the questionable rationale for capacity expansion. Had that development been given more attention during project preparation, it would either not have supported the decision to support expanded capacity under the project, or would have motivated a reformulation of the objective and design of Component 1 to emphasize the regional balance and equity benefits of facilities expansion under the project rather than growth of overall higher education enrollments.

_Instruments Rather than Development Outcomes._ The project’s stated PDO was “to assist the Borrower in the implementation of its Program….” The objective of that program is described as “development of its higher education system,” which it aimed to achieve by increasing capacity, institutional performance, and quality of education. The only one of these activities that is actually a development outcome is improved education quality. Expanded capacity is an instrument for expanded higher education enrollment. But as project experience has demonstrated, it is not a sufficient condition to ensure enrollment expansion. (Education capacity expanded under the project, but enrollments declined.) Quite apart from the inconsistent description of project objectives and performance indicators (described in Sections 1.2 and 1.6), the presentation of project objectives and performance indicators in project design would have been more satisfactory if it focused on desired development outcomes rather than instruments for achieving development outcomes.

_Questionable Rationale for Capacity Expansion._ As described in Annex 3 of the ICR, the economic and financial analysis in the PAD conflicts with the design of the project, since that analysis advocated avoiding new construction (which the project supports) and diversifying financing for higher education (which the project does not directly support). The 2011 Restructuring also inadvertently raised a question about the appropriateness of the project’s support for capacity expansion: The 2011 Restructuring Paper states that “four other sites have been cancelled based on the assessment that it would be more efficient to accommodate new students without necessary [sic] building new sites.” This statement, which is not further explained in the Restructuring documentation or elsewhere in the project file, calls into question the project’s rationale for supporting construction of new higher education facilities, even if enrollments had continued to increase as expected.

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38 PAD, page 1.
39 Enrollment figures are from the Ministry’s website.
40 Page 1, 2011 Restructuring Paper
(b) Quality of Supervision
(including of fiduciary and safeguards policies)
Rating: Moderately Unsatisfactory

The quality of supervision is rated as “moderately unsatisfactory,” reflecting successful supervision at the start and finish of implementation, but significant shortcomings during the middle years of project implementation. Implementation counterparts reported that there was a very positive working relationship between the Government’s implementation team and the Bank’s supervision team at start of project implementation, characterized by mutual trust and respect, but that that relationship deteriorated under the next team leader. Moreover, there were several deficiencies in project supervision during this period, summarized below. On the basis of these shortcomings alone, the quality of Bank supervision would have been rated as “unsatisfactory.”

However, supervision standards improved during the final ten months of implementation under the final Bank task team leader that was appointed in August, 2013. This period included a second Restructuring that pragmatically focused on completing actions that could reasonably be concluded under the final 6½ month extension. The final ISR for the project described the rationale for that restructuring, and suggested that the 2011 Restructuring might have addressed those needs earlier:

“This restructuring, coming at a late stage in implementation, is intended to ensure an orderly project closure. Activities that can realistically be completed will be completed, and those that cannot have been canceled. The changes are reflected in the Results Framework where a number of indicators for which it has not been possible to collect data have been removed. An earlier intervention – for example a level one restructuring that calibrated the PDO and Results Framework more closely to the pace and scope of progress on the ground – would have afforded greater opportunities for course correction. As it is, this restructuring is intended to focus efforts on completing substantive activities in the time remaining and capturing them in the Results Framework.”

Based on the strong supervision performance at the start and end of project implementation, with a weaker performance during the longer middle period of implementation, the overall quality of Bank supervision is rated as “moderately unsatisfactory.”

Apart from the Bank-Borrower relation issue and the positive conclusion of the project, described above, the notable positive and negative aspects of the supervision experience are summarized below.

- Supervision missions were generally timely and unusually amply staffed – generally with six or seven specialists, and were often joined by sector and Country management. Missions usually met with the Minister and other senior Ministry staff, and often carried out field visits to examine on-site progress. Aides Mémoires were

41 ISR 16 (April 2014)
very detailed and went to considerable lengths to inform the Government and management of the actions needed to achieve the objectives of each project component. Although the Ministry did not provide adequate monitoring of project outcomes during much of the implementation, supervision missions generally monitored performance indicators.

- To strengthen the capacity of universities implementing PAQ projects as well as the capacity of Central services of the MoHE, the Bank designed and delivered during project implementation several training sessions and procurement clinics to address procurement related issues and try to resolve them. Several procurement tasks were delegated to the Central Coordination Unit (PCU), including: a) requests for rejection of bids and re-launch of the procurement process, b) sole-source selection and direct contracting up to a stipulated threshold, and c) approval of revised procurement plans in agreed situations.

- Bank supervision did not report and respond to the reversal of higher education enrollment growth that appeared in 2009, and did not present an accurate motivation for the 2011 Restructuring. The 2011 Restructuring Paper includes no mention of falling enrollments as a motivation for cancellation of the planned expansion at the four sites. On the contrary, it erroneously states that “the cancellation of these sites has not changed the achievement of the increased access rate, and the Ministry has been able to meet its enrolment targets.”

- Most of the early supervision missions provided misleading positive reports of project performance. In March 2009, just before the mid-term review, only 5% of the loan had been disbursed, but the supervision mission reported that “the project is on track to achieve the development objectives.” Critical comments on project performance by the Country Director’s office in March 2009 played an important role in calling attention to implementation shortcomings and the need for corrective actions. Following this input, performance ratings were downgraded and discussions were initiated with the Government on the need to restructure the project. The problems with project implementation and the need for restructuring might usefully have been flagged earlier by sector management review.

- Despite slow disbursements and serious delays in implementation of Components 1 and 2, the first Restructuring was not approved until December 2011 – five years

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42 Page 1, 2011 Restructuring Paper. The Government had requested that the enrollment capacity indicator be reduced from 13,000 to 6,500 to reflect the deletion of four of the sites formerly planned for expansion. This error was corrected in the 2013 Restructuring (Section 2.3).

43 “This project is approaching its mid-term review and it is less than 5 percent disbursed. Thus, there are clearly some issues that will need to be addressed. The "soft" part of the project as regards the reform program seems to be working well but the "hard" part (i.e. procurement of civil works) is not yet off the ground. One would thus question whether a MS rating is justified for this project given the long delays in this component and the weak overall disbursement. For certain, the S rating for Procurement must be reviewed as it does not seem to reflect the reality of the lack of progress there. The MTR will have to consider whether this project should be restructured in order to perform better and whether some of the loan amount should be cancelled. The ISR states that the project is on track to meet its development objectives: if this is indeed true, then the MTR should look at whether the financial envelope of the project is appropriate. A project of $76m with just $3.36m disbursed at the half-way point presents several questions which would need to be reviewed carefully at MTR stage.” ISR 6
after effectiveness. This late response to lagging implementation resulted largely from processing delays by the Government and the Bank. Discussion of the need for Restructuring was initiated much earlier – at the May, 2009 mid-term review. The 2½ year delay that elapsed between the mid-term review and Restructuring arose for two reasons. After agreement in principle to the key elements of the reallocation at the mid-term review, the Government’s formal request for the Restructuring was delayed first by the appointment of a new Minister (in December 2009) who asked for a review of project implementation before transmitting the reallocation request to the Bank, and then by the revolution and change of Government in January, 2011. The second source of delay resulted from the Bank’s slow response to the Government’s request for Restructuring, which it received in March 2011. It was not until December 2011 that the Bank approved the request.

(c) Justification of Rating for Overall Bank Performance
Rating: Moderately Unsatisfactory

Overall Bank performance is rated as “moderately unsatisfactory,” reflecting the “moderately unsatisfactory” ratings for Bank performance in ensuring quality at entry and for quality of supervision.

5.2 Borrower Performance
(a) Government Performance
Rating: Moderately Satisfactory

Despite the initial reticence of some Government’s representatives about the project’s reform agenda and the significant delays in implementation that were observed during the first four years of implementation, Government performance is rated as moderately satisfactory because of the improvements that were observed following the Arab spring and the change of Government in January 2011. The design of the project represented a compromise (Section 2): Throughout project preparation, the Ministry of Finance had some reservations about the reform elements of the project and opposed borrowing for technical assistance. Although the Bank and some representatives of MoHE saw the reforms of higher education under Components 2 and 3 as the raison d’être for the project, the Ministry of Finance reportedly was primarily more inclined to support activities related to construction and equipment for university faculties. On the part of most Government counterparts, there was reluctance to be seen to be supporting reforms that were inconsistent with centrist principles at the time. These elements – combined with the appointment of a project coordinator quite new to the management of donor-financed projects - affected project implementation until the 2010/2011 revolution ushered in a new Government. Although the Borrower and the Bank project teams informally agreed on reallocation of loan proceeds at the May 2009 Mid-Term Review, the Government did not actually request the project Restructuring until after the January 2011 change of Government.

44 November 12, 2014 interview with Bank task team leader through preparation, appraisal and early implementation.
45 Ibid.
There was a distinct improvement in Government performance after the Arab spring and the 2011 change of Government. Just two months after its installation, the new Government took two critical actions that brought new energy to project implementation: It requested the Restructuring that had been pending since the May 2009 Mid-Term Review, and it appointed as Project Coordinator the team leader who had managed the successful Component 3. Although procurement continued to suffer from delays related to the new Government’s acute concerns to eliminate the corruption of the former regime, this marked a turning point in the project: A number of new reform activities were added to Component 2 and implementation of these reforms began to see real progress. The new Government also confirmed its commitment to the reforms sought under the project. Ministry leadership during the final year of project completion reiterated the Government’s commitment to the reform goals of the project. The “moderately satisfactory” rating for Government performance reflects this situation of somewhat ineffective Government and project leadership during preparation and early implementation of the project, but more positive performance in the final years of implementation. Although the period of ineffective project management was longer than the more dynamic leadership that was observed towards the end of project implementation, this rating weights the latter performance more heavily in order to recognize the contributions of the democratically elected Government and to reflect the status of implementation progress at project closing.

(b) Implementing Agency or Agencies Performance
Rating: Moderately Satisfactory

Implementation agency performance is rated as “moderately satisfactory”. Implementation performance in the initial years of implementation performance would have merited an “unsatisfactory” rating for implementing agency performance, due to the delays mentioned above, that affected Components 1 and 2. The ICR’s “moderately satisfactory” rating balances this situation with: i) the vigorous effort by the project coordination unit to make up the lost time in implementation during the final three years of implementation, ii) reaffirmation by the current Minister of the Ministry’s commitment to the systemic reforms under Component 2, and iii) an exceptionally thorough and well prepared Borrower’s completion report.
(c) Justification of Rating for Overall Borrower Performance
Rating: Moderately Satisfactory

Overall Borrower performance is rated as “moderately satisfactory,” reflecting the “moderately satisfactory” rating for Government performance and the “moderately satisfactory” rating for implementing agency performance -- recognizing in particular the improvements in most areas of project implementation following the January, 2011 change of Government.

6. Lessons Learned

Project development objectives and key performance indicators need to be chosen carefully to reflect the actual expected benefits of project interventions. In this project, as in many completed projects, ICR ratings do not capture the full range of project benefits because those benefits were not included in the statement of project objectives and key performance indicators (Sections 3.4 and 5.1a.) This situation understates actual project benefits and gives a misleading, negative impression of project outcomes. Greater care in drafting project development objectives, key performance indicators, and results frameworks could ultimately lead to higher performance ratings for projects. Indicators of actual development outcomes rather than instrumental variables (Section 5.1a) should be chosen as key performance indicators.

Investments in expanded education capacity need to be justified by a careful analysis of demographic evidence. A detailed demographic analysis during project preparation would have documented the unlikelihood of meeting the project’s expectations for continued enrollment growth.

The Bank and the Borrower need to maintain attentive oversight of project activities in order to take timely action when the project context changes. The unexpected reversal of higher education enrollment growth in 2009 led to changes in the project only in December 2011. A more active engagement by the Bank and the Government in monitoring and evaluating the needs of the project would have led to a more timely response to this change.

Efforts to build ownership and implementation capacity during project preparation result in better implementation performance. The unusually extensive efforts during the preparation stage to build ownership among key stakeholders and implementation capacity for the competitive grants under Component 3 led to successful implementation of this activity, even as implementation of other project components got off to a slower start.

Team assignments and management oversight should take care to ensure that team members interact with counterparts in a constructive and supportive working relationship throughout implementation. Like most Bank-financed projects, PARES II was implemented in an environment that was significantly constrained by exogenous events – including, in this case, the political instability in 2010 and 2011 and the exceptional procurement controls that were put in place after the revolution. Bank supervision needs to reflect an awareness of these constraints and to be sensitive to evidence of the good-faith implementation efforts by counterparts under these less-than-ideal circumstances. Team
leaders should be selected not only on the basis of their technical skills, but also on the basis of their people-management and leadership skills and their ability to motivate both their team colleagues and their implementation counterparts (Section 5.1b). Bank management review should remain sensitive to this need as implementation progresses. Bank management should take swift corrective action if problems arise in the Bank team’s relationship with the Borrower. Whenever possible, project implementation would benefit from continuity of the same Bank team leader from project preparation through implementation.

Performance monitoring is useful only if it is accompanied by thoughtful evaluation. Monitoring data are useful only when they are used. Although Bank supervision reports did include data that showed falling enrollments, Bank supervision did not react to this important development and did not consider its implications for project implementation until the Government requested cancellation of four of the planned university expansions (Sections 2.3 and 5.1b). This oversight indicates a mechanical approach to monitoring and evaluation on the part of the Bank – collecting the required data, but not using those data to draw the appropriate conclusions about project performance and the need for project restructuring. Periodic revalidation of the results chain underlying a project’s design could help to prevent oversights of this nature. As the implementation experience for PARES II demonstrated, this would require a more thoughtful reporting of project outcomes as implementation progresses.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/implementing agencies

Implementing agency partners reported that they found Bank procurement procedures onerous and a source of unnecessary delay throughout implementation. They found it ironic that the Bank would not consent to their request to delegate procurement authority to individual institutions, given that the project’s raison d’être was decentralization of authority to higher education institutions. The Bank supervision team seriously considered this request, but judged that institutional capacity at the institutional level was not yet well-enough developed to ensure compliance with the Bank’s procurement guidelines. In any case, with the increased attention to procurement in the aftermath of the revolution, closer review by the Bank of project procurement provided an additional safeguard against possible charges of any irregularities.

The Borrower’s completion report (Annex 7) made a number of constructive recommendations to reflect the lessons learned under PARES II implementation and to sustain and spread the benefits that it achieved. These include recommendations to:

- decentralize implementation responsibilities (which contributed to successful performance of the competitive grants under Component 3),
- reflect the new skills and responsibilities called for under the decentralization of higher education management in a new structure of career development, with appropriate incentives to attract the necessary skills – as for job-insertion training,
• continue training in project management, procurement, and monitoring and evaluation in order to broaden and deepen implementation skills at the institutional level, and
• extend the competitive mechanism to cover other programs of higher education institutions.

(b) Cofinanciers

(c) Other partners and stakeholders
( e.g. NGOs/private sector/civil society)
Annex 1. Project Costs and Financing

(a) Project Cost by Component (in USD Million equivalent)

<table>
<thead>
<tr>
<th>Components</th>
<th>Appraisal Estimate (USD millions)</th>
<th>Actual/Latest Estimate (USD millions)</th>
<th>Percentage of Appraisal</th>
</tr>
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<tbody>
<tr>
<td>Component 1</td>
<td>62.0</td>
<td>29.0</td>
<td>46.8</td>
</tr>
<tr>
<td>Component 2</td>
<td>4.4</td>
<td>3.2</td>
<td>72.7</td>
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<tr>
<td>Component 3</td>
<td>9.6</td>
<td>15.5</td>
<td>161.5</td>
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<tr>
<td><strong>Total Baseline Cost</strong></td>
<td><strong>76.0</strong></td>
<td><strong>47.7</strong></td>
<td><strong>62.8</strong></td>
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<tr>
<td>Physical Contingencies</td>
<td>6.3</td>
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<td>0.0</td>
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<tr>
<td>Price Contingencies</td>
<td>3.1</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td><strong>Total Project Costs</strong></td>
<td><strong>95.0</strong></td>
<td><strong>47.7</strong></td>
<td><strong>50.2</strong></td>
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<tr>
<td>Front-end fee PPF</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Front-end fee IBRD</td>
<td>0.2</td>
<td>0.2</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total Financing Required</strong></td>
<td><strong>95.2</strong></td>
<td><strong>47.9</strong></td>
<td><strong>50.3</strong></td>
</tr>
</tbody>
</table>

(*) Disaggregated figures not available

(b) Financing

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Type of Cofinancing</th>
<th>Appraisal Estimate (USD millions)</th>
<th>Actual/Latest Estimate (USD millions)</th>
<th>Percentage of Appraisal</th>
</tr>
</thead>
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<tr>
<td>Borrower</td>
<td></td>
<td>19.20</td>
<td>7.27</td>
<td>37.9</td>
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<tr>
<td>International Bank for Reconstruction and Development</td>
<td></td>
<td>76.00</td>
<td>47.7(*)</td>
<td>62.7</td>
</tr>
</tbody>
</table>

(*) After cancellation of US$28.89 million.
Annex 2. Summary of Principal Outputs by Component

Component 1

- 100% completion of construction of new Institut Supérieur des Arts et Métiers de Gabes,
- 100% completion of construction of new Foyer Universitaire de Tataouine,
- 100% completion of construction of new Restaurant Universitaire de Tataouine,
- 98% completion of construction of new Institut Supérieur des Arts et Métiers de Tataouine,
- 95% completion of construction of new Institut Supérieur des Etudes Technologiques de Tataouine,
- 94% completion of construction of new Institut Supérieur des Études Appliquée en Humanités de Zaghouan,
- Provided furniture and equipment for 11 higher education institutes and faculties, and
- Provided science and engineering equipment for 14 higher education institutes and faculties.

Component 2

- Trained 150 managers of higher education institutions in principles and methods for autonomous management.
- Provided training and equipment to Ministry’s BEPP and to newly-created “observatories” in all higher education institutions to strengthen monitoring and evaluation capacity.
- Developed legislation on new LMD diploma structure
- Trained 134 staff in curriculum and program development under new LMD diploma structure.
- Trained 25 technical experts and 73 pedagogy experts to assist higher education institutions in developing new LMD programs.
- Trained 500 subject experts in new LMD diploma structure.
- Developed 584 newly accredited Bachelors (licence) programs and 419 Masters (mastères) programs.
- Developed methodology for developing joint programs with employers.
- Trained 202 staff in development of joint programs.
- Provided equipment and software to 165 higher education and research establishments to oversee implementation of the new LMD programs.
- Carried out external evaluation of 101 higher education and research institutions by the Comité Nationale d’Évaluation.
- Signed performance contracts with 13 universities and 9 research centers.

Component 3

Signed contracts for 93 competitive grants with higher education institutions for education and management improvement initiatives.
Annex 3. Economic and Financial Analysis  
(*including assumptions in the analysis*)

The economic and financial analysis presented in Section D.1 of the PAD focuses on financial sustainability of higher education. It concludes that financial sustainability of higher education can be maintained in a situation of stabilizing enrollments after 2015 through implementation of the Government’s reform program – in particular, by: a) avoiding construction of new buildings through more intensive use of available buildings (including space available in primary education schools), b) diversifying sources of financing (including more parental and student participation), and c) improving internal efficiency by reducing repetition and drop-out rates and shortening the average duration of studies by implementation of the new LMD degree structure.

The analysis in Section D.1 of the PAD conflicts with the design of the project, since that analysis maintains that financial sustainability of higher education depends upon avoiding new construction (whereas the largest component of the project supported new construction) and diversifying higher education financing (whereas the project does not explicitly include measures to diversify financing).

The economic and financial analysis presented in the main text of the PAD does not discuss the economic benefits of the project in terms of the rate of return to higher education – i.e., the discounted benefits of higher education through enhanced lifetime earnings of graduates, net of the social and private costs of higher education – other than to say that “economic returns are contingent on the capacity of the economy to absorb the flow of graduates which in turn depends primarily on the positive and high rates of growth during the coming years.” During the past few years, experience has shown that a growth rate of 5 percent has been insufficient to absorb the growing numbers of graduates.”\(^{46}\)

The PAD Annex on Economic and Financial Analysis presents a broader discussion of the expected economic and financial benefits of the project, including the individual benefits for university graduates. It describes the expected economic benefits of the project in the following terms:

“The project financed by the World Bank, by improving quality, will have two major impacts on the economic rate of return of higher education: (i) improvements in completion rates in higher education through continual improvements in pass rates; and (ii) reduction in unemployment of graduates due to an improvement in the relevance and quality of training. An improvement in on-time completion rates from 77 percent to 85 percent and a reduction in unemployment rates for graduates from 10.2 percent (in 2004) to 5 percent in 2010. Operational costs do not change but are restructured in favor of non-salary costs, and reforms reduce unit investment costs by 10 percent. The rate of return for higher education, with the project, is estimated at 11 percent, and without the project, it is estimated at 8.7 percent.”\(^{47}\)

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\(^{46}\) PAD, page 13.  
\(^{47}\) PAD Annex 10, page 74.
“The major objective of PDESAQ consists of improving the quality of higher education through various actions, investments, reforms and mechanisms. For the purposes of the present analysis, the key objective is the 50 percent reduction of the repetition and dropout rate by 2010. The importance of this objective is observed even during the implementation period of this Program. The economic benefit in terms of public expenditures is estimated to be TND193 million. The economic benefits accrue on the one hand due to the lower cost of producing a graduate (more than 26,570 additional graduates due to the improvement in internal efficiency) and on the other hand due to the opportunity cost of dropouts entering the labor force without a degree (almost 14,000 fewer dropouts in the period 2007-2010). The real saving in public expenditures for an equivalent number of university graduates over the period 2007-2010 reaches TND548 million. That represents more than 15 percent of total expenditures over the period 2007-2010.”

The sizable improvement in the rate of return to higher education that is projected in Annex 10 of the PAD is assumed to result from two sources: a) the lower cost of producing higher education graduates due to lower dropout and repetition rates, and b) lower unemployment rates for higher education graduates due to project-supported improvements in higher education quality and relevance. Unlike most education rate-of-return analysis, the PAD analysis does not include in the rate-of-return estimates the benefit of an increased number of university graduates with higher earnings throughout their working lives. Since Component 1 was designed to accommodate a significant increase in higher education enrollments, a rate-of-return analysis reflecting this differential would have been appropriate to help document the justification for the project.

Data from the 2010 *Enquête Nationale sur la Population et l’Emploi* and administrative databases from the National Social Security Funds showed the following employment outcomes for adults with secondary and higher education attainment:

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Labor-Force Status</th>
<th>Unemployment Rate</th>
<th>Average Earnings as % of Secondary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Inactive</td>
<td>Employed</td>
<td>Unemployed</td>
</tr>
<tr>
<td>Secondary</td>
<td>52.2%</td>
<td>41.2%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Tertiary</td>
<td>32.0%</td>
<td>52.4%</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

Although average earnings for labor-market participants with tertiary education were higher in 2010 than they were for labor-force participants with just secondary education, unemployment was much higher among labor-force participants with tertiary education.

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48 PAD Annex 10, page 78.

than it was for participants with just secondary attainment. The PAD economic analysis had projected that unemployment rates for higher education graduates would decline from 10.2 percent in 2004 to 5 percent in 2010. Instead, the graduate unemployment rate in 2010 more than doubled by comparison to its level in 2004. It would be inappropriate to conclude from the observed increase in graduate unemployment that the project failed to improve quality and relevance of higher education. This is true for two reasons: first, because of the significant slowdown in economic growth that began as the project was being launched,\textsuperscript{50} and second because even in a situation of stable growth the effects of improved higher education quality and relevance would affect average graduate unemployment rates only gradually, as graduates from the improved programs came to represent a larger share of the employed labor force.

The same data were used to estimate rates of return to higher education in Tunisia, using three different estimation methods:\textsuperscript{51}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|c|c|}
\hline
 & Short-Cut & IRR & EmploymentAdjusted IRR \\
\hline
Male & 18\% & 20\% & 19\% \\
Female & 19\% & 23\% & 11\% \\
\hline
\end{tabular}
\caption{Estimated Rates of Return to Higher Education for Males and Females Under Three Different Estimation Methods}
\end{table}

As shown in Table A.3.2, estimated rates of return differed widely according to the estimation method used. The lowest estimates were for employment-adjusted rate of return. This finding reflects the high unemployment rates for labor-force participants with tertiary education. For females with tertiary education attainment, the lower IRR also reflects the lower rate of labor-force participation for women. All of these estimated rates of return based on 2010 data are higher than the with-project rate of return as projected in the PAD analysis, reflecting the fact that they are based largely on the observed earnings differential between higher education graduates and secondary school graduates (which is not included in the PAD analysis).


\textsuperscript{51} The internal rate of return (IRR) is the discount rate that equates the present value of higher education costs (including foregone earnings) with the present value of incremental expected lifetime earnings (based on observed age-earnings profiles) attributable to higher education (i.e., the earnings differential between higher education graduates and secondary school graduates). The short-cut estimator (developed by Psacharopoulos and Patrinos) is based on a comparison of current average earnings levels of higher education graduates and secondary graduates. \textit{(George Psacharopoulos and Harry A. Patrinos, “Human capital and rates of return,” in G. Johnes and J. Johnes (ed.), \textit{International Handbook on the Economics of Education}, 2004, Cheltenham, UK: Edward Elgar Publishing Ltd.)} The employment-adjusted estimator is an IRR estimate that incorporates probability of employment into the age-earnings profile. All of these methods project currently observed earnings of workers at different ages into the future, thus implicitly assuming stability in the underlying parameters affecting productivity.
However interesting they may be in their own right, these estimated rates of return to higher education have limited relevance to the PARES II project experience because they represent the benefits of expanded numbers of graduates earning the higher salaries observed for currently employed university graduates, whereas the number of higher education graduates actually contracted during the project. Another reason that limits the usefulness of rate-of-return information for assessing the PARES II experience is that the Government’s recently enacted policy of eliminating competitive entry to higher education\textsuperscript{52} is likely to have altered the general level of qualifications among incoming students, leading to a different labor-force experience for current graduates and future graduates than is reflected in the estimated returns for past graduates.

If the project did not affect earnings and employment prospects by expanding enrollments or improving employment prospects, then what were its economic and financial benefits? There are two broad categories of benefits. The first are the improvements in quality and relevance of higher education programs that resulted from the project-supported interventions. The second are the improvements in efficiency that resulted from project interventions.

*Improved Quality and Relevance of Higher Education Programs.* The unusually high rate of unemployment among higher education graduates suggests a problem with quality and relevance of higher education in the past. As described below, the project made an important contribution to improved quality and relevance of higher education. Although the number of new facilities supported under the project was reduced under the 2011 Restructuring, the facilities that were constructed under Component 1 are better equipped with up-to-date teaching and learning materials and laboratory facilities than are most existing higher education institutions. This constitutes one of the tangible quality improvements supported under the project. The 2011 reallocation, through additional grants that were intended to modernize practical work in engineering schools, and other institutions and faculties of sciences under Component 1, and through the competitive grants that were received by all higher education institutions under Component 3 broadened this support for upgraded teaching and learning equipment to all universities – particularly, for science and engineering equipment.

These activities financed the equipping of science laboratories and other facilities in existing universities, which led to a significant upgrading of the teaching and learning environment in these institutions. These upgrades, which improved the teaching and learning environment for all students served by them -- should result in improved teaching effectiveness and learning achievement. Although there are no internationally accepted metrics for measuring higher education quality or for gauging the effects of improved higher education quality on individual earnings and national economic performance, there is evidence that improvements in cognitive skills yield economic benefits both at the

\textsuperscript{52} All secondary graduates are now guaranteed a university place, according to a competitive orientation system. Competitive entry is still operative for the most prestigious programs.
individual level and at the aggregate level. Presumably, the upgrades in teaching and learning resources that were supported under the project are yielding and will continue to yield similar benefits.

The project also supported improved relevance of higher education programs through the introduction of the new LMD degree structure and through the development of new employment-oriented course offerings that were jointly developed by higher education institutions and by local businesses. Longer-term benefits in improved quality and relevance are expected from the process changes that were introduced under the project, including strengthened accountability of higher education institutions under performance contracting and the accreditation process, and institutional autonomy in developing programs and in mobilizing and using resources. The effects of these changes should appear in the future in the form of lower unemployment rates for higher education graduates, and potentially in the form of higher productivity and earnings of graduates.

**Improved Efficiency of Higher Education Programs.** The project aimed to improve efficiency by shortening the duration of studies to achieve a given degree or diploma. As shown in Figure 4, the average duration of studies to complete a given degree or diploma generally did decline under the project. The average duration for attainment of a bachelors (licence fondamentale) degree declined from 4.2 years when the new degree was introduced in 2010 to 3.9 in 2012. For the masters (maîtrise) degree, average duration of studies declined from a total (including bachelors-level studies) of 7.4 years in 2006 to 5.3 years in 2009, then rose again to 6.4 years in 2011 and 2012. For short-cycle (cycle court) programs, average duration declined from 3.9 years in 2006 to 3.3 years in 2011 and 2012. Average duration of studies for science and technology (ISET, licence appliquée) initially declined, then rose, before returning in 2011 and 2012 to the level of 2006. As of the writing of this ICR, unit-cost data to translate these changes into budget savings were not available. Although the efficiency gains observed to date fall short of those projected at appraisal, they should nevertheless yield significant budget savings in the future.

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Figure 4 – Average Duration of Studies for Higher Education Degrees and Diplomas

## Annex 4. Bank Lending and Implementation Support/Supervision Processes

### (a) Task Team members

<table>
<thead>
<tr>
<th>Names</th>
<th>Title</th>
<th>Unit</th>
<th>Responsibility/ Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lending</strong></td>
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</tr>
<tr>
<td>Linda English</td>
<td>Senior Education Specialist</td>
<td>MNSHD</td>
<td>Task Team Leader</td>
</tr>
<tr>
<td>Soren Nelleman</td>
<td>Country Sector Coordinator</td>
<td>GEDDR</td>
<td>Co-Task Team Leader</td>
</tr>
<tr>
<td>Karine Pezzani</td>
<td>Operations Analyst</td>
<td>GEDDR</td>
<td>Operations</td>
</tr>
<tr>
<td>Amadou Tidiane Touré</td>
<td>Senior Procurement Specialist</td>
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<tr>
<td>Moez Makhlouf</td>
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<td>Finance</td>
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<tr>
<td>Daniel Dupety</td>
<td>Consultant</td>
<td></td>
<td>Architect</td>
</tr>
<tr>
<td>Hafedh Zaafrane</td>
<td>Consultant</td>
<td></td>
<td>Economist</td>
</tr>
<tr>
<td>Richard Hopper</td>
<td>Higher Education Specialist</td>
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<td>Innovative Fund</td>
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<td>Bechir Lassoued</td>
<td>Consultant, Specialist in Management</td>
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<td>Result-based management</td>
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<td>Alenoush Saroyan</td>
<td>Consultant, Quality and Higher Education</td>
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<tr>
<td>Huguette Augades</td>
<td>Consultant, Budget and Decentralization Specialist</td>
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<td>Raymond Gervais</td>
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<tr>
<td>Rie Kijima</td>
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<td>Youssef Alouane</td>
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<td>Rolf Parta</td>
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<td>PBSVP</td>
<td>Facilitator</td>
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<td>Anton Moussa</td>
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<tr>
<td>Soriba Sylla</td>
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<td>Tiguist Fisseha</td>
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<tr>
<td>Regina Bendokat</td>
<td>Sector Manager</td>
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<tr>
<td><strong>Supervision/ICR</strong></td>
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<tr>
<td>Nadia Hassan Badrawi</td>
<td>Consultant</td>
<td>MNSHD - HIS</td>
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<tr>
<td>Slaheddine Ben-Halima</td>
<td>Senior Procurement Specialist</td>
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<tr>
<td>Dominique Bichara</td>
<td>Special Rep. to The United Nat</td>
<td>ECRUN</td>
<td>Legal Counsel</td>
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<td>Daniel R. Dupety</td>
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<td>Architect</td>
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<tr>
<td>Emma Paulette Etori</td>
<td>Senior Program Assistant</td>
<td>GEDDR</td>
<td>Administration</td>
</tr>
<tr>
<td>Mourad Ezzine</td>
<td>Manager</td>
<td>MNCMI</td>
<td>Sector Manager</td>
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<tr>
<td>Jaafar Sadok Friaa</td>
<td>Program Leader</td>
<td>SACPK</td>
<td>Environment</td>
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<tr>
<td>Richard R. Hopper</td>
<td>Senior Education Specialist</td>
<td>ECSH2 - HIS</td>
<td>Higher Education</td>
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<tr>
<td>Adriana Jaramillo</td>
<td>Senior Education Specialist</td>
<td>MNSHE - HIS</td>
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<tr>
<td>Claudine Kader</td>
<td>Program Assistant</td>
<td>GWADR</td>
<td>Administration</td>
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<tr>
<td>Name</td>
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<td>Function</td>
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<td>---------------------------</td>
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</tr>
<tr>
<td>Aissatou Dicko</td>
<td>Senior Program Assistant</td>
<td>GSPDR</td>
<td>Operations/Administration</td>
</tr>
<tr>
<td>Hiromichi Katayama</td>
<td>E T Consultant</td>
<td>MNSHE - HIS</td>
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</tr>
<tr>
<td>Roger V. Key</td>
<td>Lead Human Resources Economist</td>
<td>AFTP3 - HIS</td>
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<tr>
<td>Ricardo Reich</td>
<td>Consultant, Higher Education Specialist</td>
<td>Higher Ed.</td>
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<tr>
<td>Odile Mornet-Cariou</td>
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<td>Jacques L'Ecuyer</td>
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<td>GEDDR</td>
<td>Higher Ed. Policy and Management</td>
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<td>Moez Makhlouf</td>
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<tr>
<td>Sébastien Trenner</td>
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<td></td>
<td></td>
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<tr>
<td>Tania Rajadel</td>
<td>Consultant, Economist</td>
<td></td>
<td>Economist</td>
</tr>
<tr>
<td>Fabrice Henard</td>
<td>Consultant, Specialist in Quality Policies and Competencies</td>
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<td>Alaleh Motamedi</td>
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<td>Nina Arnhold</td>
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<td>Kamel Braham</td>
<td>Program Leader</td>
<td>MNC01</td>
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<td>Hafedh Zaafrane</td>
<td>HQ Consultant ST</td>
<td>GTCME</td>
<td>Economist</td>
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<td>Eric Fromment</td>
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**(b) Staff Time and Cost**

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<th>Stage of Project Cycle</th>
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Annex 5. Beneficiary Survey Results
(if any)

Internal evaluations were carried out for the activities financed under the PAQ program in Component 3, including surveys of the institutions that benefitted from upgraded teaching equipment under the project. Separate evaluations were carried out for grants awarded in each of six subject areas: management capacity, engineering, arts and letters, health, sciences, and social sciences. Evaluations were carried out for each subject area using the “results-oriented monitoring” approach, which looked at each activity in terms of its relevance, efficiency, impacts, and sustainability. Evaluation findings were generally very positive, citing diverse benefits in terms of teaching and learning environment and processes. As summarized in the Borrower’s completion report (Annex 7), an overall benefit of the PAQ program was “a closer alignment of higher education and research institutions to the priorities of the Government, notably in terms of employability, absorption of graduates into the labor market, and equity, as well as greater influence over the performance of the institution and creation of a culture of quality.” (Detailed findings of the PAQ evaluations are available in the project file.)
Annex 6. Stakeholder Workshop Report and Results
(if any)

N.A.
Annex 7. Summary of Borrower's ICR and/or Comments on Draft ICR

REPUBLIQUE TUNISIENNE
MINISTERE DE L’ENSEIGNEMET
SUPERIEUR
DE LA RECHERCHE SCIENTIFIQUE ET
DES TECHNOLOGIES DE
L’INFORMATION ET DE LA
COMMUNICATION

Abstract from:

Rapport d’achèvement
Du
Deuxième projet d’Appui à la Réforme de l’Enseignement Supérieur, PARESII.

Oct. 2014
Performance de l’emprunteur

Comme mentionné auparavant, le projet a connu trois périodes de déploiement et les performances de l’emprunteur du point de vue de la mise œuvre, ont été analysées séparément, de manière à mettre en exergue la maturation progressive du projet d’une part et l’effet de son écosystème d’autre part.

En particulier, les points forts suivants méritent d’être rappelés :

a) Les principes de bonne gouvernance ont été appliqués par l’Emprunteur à travers:

a. La participation de toutes les parties prenantes (EESR, universités, départements ministériels, patronat) dans le pilotage et le suivi-évaluation des programmes phares du projet et la coordination avec d’autres bailleurs de fonds et agences internationales de coopération. Cette démarche a eu pour effet la compréhension commune des objectifs du projet et des responsabilités (notamment celles qui concernent le transfert des activités développées grâce au projet aux niveaux des universités et des EESR) ainsi que l’appropriation des acquis qui sont autant de gages pour la durabilité des résultats.

b. La transparence et la « redevabilité » dans la prise de décisions (annulation des 04 constructions), l’octroi des financements aux EESR et des universités dans le cadre du PAQ (base compétitive) et la sélection des formateurs et des administrateurs qui ont bénéficié des programmes PRIFF, PRICE et PROFAC.

c. L’équité régionale et du genre par la mise en place d’un volet spécifique du PAQ dédié aux jeunes universités et par le rapprochement régional des centres de formation des administrateurs conseillers.

b) L’Emprunteur a fait preuve de réactivité vis-à-vis de l’évolution du contexte du projet. L’essentiel des annulations ont été dictées par le souci d’efficience et le Ministère a pris bien soin de s’assurer de la prise en charge par le Trésor public des marchés non financés par le prêt (marchés non notifiés au 20 septembre 2013) et d’atteindre de ce fait les objectifs du projet.

c) L’Emprunteur a entrepris des initiatives qui n’étaient pas prévues par le projet, en particulier l’exercice d’auto évaluation de ses programmes phares dans le but d’en tirer les leçons pour les étapes à venir. Le Ministère a également entrepris la mise en place de mesures de durabilité des résultats avec, à titre d’exemples, la réglementation et l’organisation des centres de certification (projets de textes en cours d’examen par le Conseil des universités) et la révision des textes organisant
l’ouverture sur l’environnement socio-économique des institutions universitaires et de recherche.

Au cours de son évolution, le projet a gagné en ambition, à l’image de la volonté du département pour réformer le système en profondeur. Toutefois, la performance de l’Emprunteur a été handicapée par une capacité organisationnelle –qualitative et quantitative- qui est restée en deçà de ce qui est attendu, malgré tous les acquis. Ce constat est valable à tous les niveaux du système et a été relevé systématiquement par les rapports d’auto évaluation du PRIFF et du PAQ. Le projet a ainsi souffert d’une grande mobilité du staff administratif et le risque de démobilisation du staff académique est omniprésent, principalement en raison d’un manque de mesures incitatives (structurelle et matérielle) ou de reconnaissance pour fidéliser les acteurs principaux. Cette mobilité des compétences a eu pour effet le déploiement d’efforts supplémentaires de formation (gestion de projets et passation des marchés public) qui sont restés insuffisants car non structurés.

Enfin, et si on intègre dans cette analyse les facteurs exogènes propres au contexte traversé par le pays (mouvements sociaux à proximité des chantiers de constructions, changements structurels à tous les niveaux du système d’ES, contestation des décisions et projets initiés avant janvier 2011, examen renforcé des marchés, etc.), nous estimons, de notre point de vue que l’Emprunteur a relevé le défi de la performance.

Performance de la Banque

La Banque a participé activement à la préparation et à la restructuration du PARESII. A travers la disponibilité de son staff résident, ses missions de supervision et l’expertise rendue disponible notamment en fin de parcours, elle a appuyé activement l’Emprunteur dans la mise en œuvre des activités du projet et dans l’atteinte de ses objectifs. Ces efforts se sont intensifiés durant les derniers 18 mois et se poursuivent à ce jour : la Banque soutient actuellement, par le biais d’une assistance technique de haut niveau, les efforts du Ministère dans l’achèvement d’étapes clés de sa réforme de l’ES à savoir : la mise en place de son système d’assurance qualité externe et interne, la révision des contrats de performance et l’employabilité des jeunes diplômés à travers l’entreprenariat et l’auto emploi.

La Banque a également contribué à la valorisation des résultats du projet et a donné toute la visibilité à ses acquis ; ceci s’est concrétisé par les visites de ses hauts responsables (Administrateurs) et de délégations de pays voisins (Mali, Yémen, Guinée) désireux de mettre en place des programmes similaires au PAQ, à la co-construction et à la formation et certification des formateurs et des étudiants. L’Emprunteur a également bénéficié de la visibilité donnée par la Banque avec l’organisation conjointe avec l’UTICA de la Conférence régionale autour de la Gouvernance universitaire et l’assurance qualité en juin 2014. Les résultats du PARESII et en particulier ceux du PAQ ont été l’objet d’un intérêt particulier si on se réfère au nombre des participants aux visites des EESR bénéficiaires du PAQ.

La mission résidente de la Banque a particulièrement appuyé la Cellule de coordination qui a bénéficié de l’expertise de proximité de ses spécialistes en passation de marchés dont la réactivité et la disponibilité est à a saluer ici.
Pour toutes ces raisons, nous estimons que les efforts de la Banque en direction du système d’ES tunisien ont été à la hauteur de ses engagements passés. Pour cela, le Ministère conscient de la valeur ajoutée de ce partenariat et soucieux de le perdurer, a formulé une requête pour une mission d’identification ; celle-ci s’est déroulée 4 mois après la date d’achèvement du PARESII et a pris pleinement conscience des leçons tirées de l’exercice du PARESII à tous les niveaux, y compris du partenariat.

**Arrangements pour la durabilité des résultats**

La pérennité des résultats du PARESII a été prise en considération à la conception du projet comme démontré en §3.2-C ; l’effort de s’assurer de cette durabilité s’est poursuivi durant l’exécution du projet avec, en particulier les mesures suivantes :

- L’institutionnalisation des centres de certification créées dans toutes les universités tunisiennes via leur association avec les Centres de carrières nouvellement installés et la révision des textes organisant leur fonctionnement et de manière plus globale, des textes régissant l’ouverture des universités sur leur environnement socio professionnel. Un autre volet de la stratégie de sortie de projet a consisté à mettre à la disposition des centres habilités -via leurs universités respectives- des frais de passage d’examen de certification (ou vouchers) de manière à impulser la génération de ressources propres.


- La formation (et la certification) de formateurs de formateurs référents au sein de chaque université est censée renforcer les capacités de celle-ci en termes d’autonomie académique et l’effet « cascade » a été planifié et est attendu sur les fonds propres des universités.

- L’ouverture de nouvelles perspectives dans le domaine de la formation des formateurs et de la certification des étudiants grâce à la dynamique créée dans le cadre du partenariat international ; c’est notamment le cas avec le démarrage d’un projet TEMPUS dédié à la formalisation de la formation des formateurs en pédagogie et didactique dans la continuité des travaux de l’UVT et de l’ISEFC. C’est également le cas de perspectives concrètes pour développer des MOOCs grâce au support de l’AUF aux fins de la préparation des étudiants à la certification en langue française.
L’appui technique de la Banque dans le domaine de l’assurance qualité, de la contractualisation et de l’entrepreneuriat (et l’auto emploi) constitue également une initiative pour assurer la continuité du PARESII en attendant des financements complémentaire.

**Leçons tirées**

Rappelons les principales conclusions de ce rapport :

i. L’évaluation des objectifs du PARESII a montré leurs pertinences, toujours d’actualité, et leur adéquation avec les politiques sectorielles, la stratégie de la réforme de l’Enseignement Supérieur en cours et les attentes de l’environnement socio-professionnel ; la restructuration du projet a été une opportunité pour réorienter les efforts vers l’amélioration de la qualité et de la pertinence des formations par rapport aux besoins du marché du travail.

ii. La qualité de la conception du projet s’est distinguée par (i) la part accordée aux parties prenantes dans la participation aux différentes étapes de consultation, pilotage, suivi et évaluation de ses composantes, (ii) la prise en compte des aspects transversaux tels que l’équité sociale et du genre, l’environnement, la bonne gouvernance et la synergie avec les autres bailleurs de fonds et, (3i) la logique d’intervention qui s’est affinée en cours d’exécution pour mieux servir l’atteinte des objectifs du projet. Il y a lieu de capitaliser ces bonnes pratiques et continuer à les disséminer.

iii. La conception du projet n’a pas suffisamment pris en considération les risques liés à la mobilité du staff administratif et académique ni à la centralisation excessive de la passation des marchés au niveau de la Commission départementale des marchés. Les recommandations suivantes ont été avancées (Cf. §3.3) :

- Décentraliser les activités, notamment celles qui bénéficient directement aux universités ; ce nouveau paradigme nécessite une redevabilité accrue via la contractualisation, l’instauration d’un système de suivi/évaluation de la mise en œuvre et la mise en place d’un programme contextualisé de développement des compétences dans le domaine de la gestion des projets, de la passation des marchés et de l’élaboration de termes de références et de cahiers des charges techniques.
- Doter les structures de pilotage (à l’échelle centrale et au niveau des IES) d’une organisation qui fidélise les administrateurs et les enseignants en leur permettant une évolution légitime dans leur carrière au sein de la structure même ; le recrutement du personnel (à tous les niveaux y compris le haut management) devrait se baser sur les compétences requises via un appel à candidatures qui délimiterait les missions ainsi que les résultats attendus.
iv. La conception du projet (initiale et lors de la restructuration) ne permet pas de mesure, à sa juste valeur, les résultats atteints dans le domaine de la qualité et du développement des capacités humaines (formateurs et administrateurs). Il s’agit d’une déficience grave qui peut porter préjudice à l’évaluation externe du projet. Il est possible d’y remédier à l’avenir en renforçant les compétences des équipes chargées de l’élaboration des projets.

v. Concernant la mise en œuvre du projet, il y a lieu de souligner le contexte exceptionnel qui a influé directement sur son efficience ; pour cela, nous avons distingué trois périodes remarquables : période allant du démarrage à la mi-parcours, la période de restructuration et la période de reprise.

vi. Les retards dans la mise en œuvre ont été à l’origine de l’annulation du tiers des fonds du prêt ; ces retards trouvent leur origine à différents niveaux tels que a) les changements successifs au niveau du management du projet et de ses composantes (Ministère, Universités et EESR) ainsi qu’au niveau du suivi du projet par la Banque (3 TTL se sont succédés avec un engagement et une relationnel avec l’Emprunteur très inégaux), b) l’examen renforcé des marchés publics par la Commission des marchés et retards dans la prise de décision et dans la transmission des avis, c) le développement continu des compétences des intervenants insuffisamment pris en considération par le projet et, d) des textes juridiques relatifs à l’ouverture sur l’environnement socioprofessionnel obsolètes.

vii. Pour cela, rappelons les recommandations suivantes :

- o Capitaliser et organiser l’expérience acquise dans l’analyse des besoins, le montage des projets, leur gestion, le suivi de la mise en œuvre et leur évaluation ; ce point concerne toutes les structures et un réseautage devrait être mis en place avec la création de cellules pour la veille, la planification stratégique (contrats programmes), l’ouverture sur l’environnement et, de manière générale, la génération de ressources propres (et la levée de fonds).
- o Valoriser les activités d’ouverture sur l’environnement socio économique des IES et actualiser les textes les régissant, en particulier ceux portants sur les modalités et taux de rémunération des experts et personnel d’appui.

viii. L’évaluation des activités du projet a mis en exergue la nécessité de continuer de soutenir et de pérenniser les projets phares du PARESII, à savoir le PAQ, le PRIFF et le PRICE.

ix. Concernant le PAQ, il a été à l’origine de l’introduction de la culture de la qualité et de la notion de la redevabilité au sein des institutions porteuses de projets ; il a su également créer une dynamique autour de l’appel à propositions basé
essentiellement sur la compétition et permis d’ancre l’appartenance à l’institution et à l’université. Compte-tenu de l’appropriation de cet instrument par les universités et les établissements d’enseignement supérieur, il y a tout intérêt à pérenniser le PAQ car il permet à la fois l’orientation stratégique des projets par le Ministère et l’autonomie des établissements dans l’élaboration et la gestion de leurs projets. Si cet instrument était pérennisé, la levée des difficultés systémiques du programme relevées dans l’autoévaluation du PAQ ainsi que l’institutionnalisation et la légitimation accrues de ses structures seraient nécessaires.

x. Concernant le PRIFF et le PRICE, ils participent au renforcement de l’autonomie académique des universités et au pilotage de la qualité par le biais de la formation (et de la certification) de référents formateurs de formateurs au sein de chaque université et de l’habilitation de centres pour la préparation à la certification et pour la certification.

xi. Au sujet du PRIFF, il y a tout avantage à ce que les universités capitalisent les bonnes pratiques et assurent « l’effet cascade » sur leurs fonds propres ou dans le cadre des opportunités offertes par les programmes internationaux (notamment Erasmus +). Un intérêt particulier devrait être réservé à la co-construction des licences et mastères en partenariat socio-professionnel, à l’entreprendariat (et à l’auto-emploi) et à la professionnalisation des étudiants (soft skills et langues étrangères).

xii. Concernant le PRICE, le MESRSTIC a entrepris l’institutionnalisation des centres de certification par l’élaboration des textes organisant leur fonctionnement et de manière plus globale, des textes régissant l’ouverture des universités sur leur environnement socio professionnel. Ces centres devraient profiter aussi bien aux étudiants qu’aux diplômés en quête d’emplois qui souhaiteraient faire valoir et reconnaître leurs compétences dans un domaine donné. Les universités sont conscientes de ces avancées et ne manqueront pas d’en assurer la durabilité.

xiii. Enfin, les acquis du système d’ES en matière d’assurance qualité aussi bien interne qu’externe sont palpables et bénéficieront d’un appui accru du Ministère et de ses partenaires.

 Annexes

Annexe 1 : Référentiel « Results-Oriented Monitoring, ROM » adapté au PARESII.
Annexe 2-a & Annexe 2-b : Rapports d’auto évaluation du PAQ (champs de l’ingénierie) et du PRIFF.
Annexe 3. Tableau des indicateurs.
Annexe 4. Tableaux financiers arrêtés au 15 octobre 2014 (fin de la période de grâce).
Annex 8. Comments of Cofinanciers and Other Partners/Stakeholders

N.A.
Annex 9. List of Supporting Documents


World Bank, Project Appraisal Document on a Proposed Loan in the Amount of EUR
61.3 Million (US$ 76.0 Million Equivalent) to the Republic Of Tunisia for a Second Higher Education Reform Support Project, May 15, 2006, Report No: 35575-TUN.


World Bank, “Tunisia PARES II Project, Implementation Status and Results Report #2” (archived May 7, 2007)
Annex 10. Country Map