

IEG ICR Review

Independent Evaluation Group

1. Project Data:		Date Posted : 06/23/2011	
PROJ ID : P056236		Appraisal	Actual
Project Name :	Higher Education Enhancement Project	Project Costs (US\$M):	60
Country:	Egypt	Loan/Credit (US\$M):	50
Sector Board :	ED	Cofinancing (US\$M):	0.5
Sector(s):	Tertiary education (49%) Law and justice (20%) Vocational training (18%) Central government administration (13%)		
Theme(s):	Education for the knowledge economy (50% - P) Law reform (25% - S) Other financial and private sector development (25% - S)		
L/C Number:	L4658		
		Board Approval Date :	07/29/2002
Partners involved :	DFID	Closing Date :	12/31/2007
			12/31/2008
Evaluator :	Panel Reviewer :	Group Manager :	Group :
Helen Abadzi	Fernando Manibog	IEG ICR Review 1	IEGPS1

2. Project Objectives and Components:

a. Objectives:

The Project was to create the conditions fundamental to improving the quality and efficiency of the higher education system in Egypt through legislative reform, institutional restructuring, and establishment of independent quality assurance mechanisms and monitoring systems.

The PAD and the loan agreement have a nearly identical statement of the objective .

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Components (or Key Conditions in the case of DPLs, as appropriate):

(a) **Improving efficiency** through the reform of governance and management (**US\$29.55 M at appraisal, US\$ 30 M actual**) to support activities aimed at improving system governance, management and efficiency : (i) Reform legislation governing higher education, (ii) rationalize funding allocation mechanisms; (iii) establish a National Quality Assurance Council; (iv) build capacity, develop a management information system (MIS), and train management; (v) establish a Higher Education Enhancement Project Fund to support (i) teaching and learning improvements in academic departments through program and course innovations; (ii) collaboration between universities, technical colleges, and the private sector; and (iii) projects intended to enhance management and administration in the higher

education sector.

(b) Improving the quality and relevance of university education (US\$7.67 M at appraisal, US\$ 6.2 M actual) through facilitating the use of new learning technologies and human resource development to (i) establish an integrated computer and network infrastructure; (ii) train faculty and staff, and (iii) install and operationalize an inter-university library system.

(c) Improving quality and relevance of mid -level technical education (US\$13.55 M at appraisal, US\$ 13.4 M actual) through (i) the consolidation of 47 middle technical institutes into 8 Technical Colleges with civil works, equipment, and technical assistance, (ii) curriculum design and instructor training to provide customized in-service employee training programs for industry on a cost-recovery basis; (iii) strengthened academic administration and management.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

After an extension of 12 months, the project closed on December 31, 2008 and disbursed fully.

3. Relevance of Objectives & Design:

Relevance of Objectives - Substantial

The overall relevance of project objectives was substantial at the time of preparation and at completion . The 2001 Country Assistance Strategy for Egypt stressed the need to accelerate Egypt's economic development and build its competitiveness in a global market. In the education sector, it recommended expanding support for basic and secondary education, and for increasing the market relevance of technical education and vocational training institutes . The objectives are also connected to the Government of Egypt 's longrange plans for higher education reform, which were articulated in a landmark National Conference on Higher Education held at the turn of the century . It articulated 25 reform initiatives for improving the quality, relevance, and efficiency of higher education, of which 11 were addressed by the Higher Education Enhancement Project .

Relevance of Design - Modest

The project design used by the implementers included 5 sub-projects and was different than the design proposed in the project document. The project financed "the conditions fundamental to improving the quality and efficiency of the higher education system" but the conditions discussed in the PAD were not the only fundamental ones, there were others not addressed by the project . The background section of the PAD (p. 4) mentioned high faculty absenteeism (due to multiple jobs), reportedly over 75% in the professional programs; it referred to high repetition and dropout rates, and low pass rates, 50% in some faculties. However, the design had no particular activities to address or even to monitor improvements in teacher absenteeism or pass rates (other than the MIS development). There was similarly little mention of prior knowledge of entrants to technical colleges, textbook availability, achievement during training, need for private tutoring, or women 's access to various specialties .

4. Achievement of Objectives (Efficacy):

The project objective focused on certain conditions fundamental to improving the quality and efficiency of the higher education system in Egypt through legislative reform, institutional restructuring, and establishment of independent quality assurance mechanisms and monitoring systems .

Objective (a): Create Conditions for Improved Efficiency . (Rating - Modest)

Outputs

- **Key legislative reforms on university self -governance** . Although the project facilitated a discussion among stakeholders on system reform, the new legislative framework to award more autonomy to universities faced resistance in Parliament and has not yet been adopted . The Ministry decided to pursue implementation of many elements of its reform agenda in an ad-hoc manner until a new framework was ready for Parliament 's consideration.
- **Rationalized funding** . The MOHE has developed a model to estimate and analyze student unit costs, and worked on a funding formula, but it was not adopted . Recurrent and investment budgets continue to be allocated through direct negotiations between individual universities and the Ministry of Finance and the Ministry of Planning.
- **Develop HE Management Information System (operating, annual reports published, guiding decisions)** . MIS applications for undergraduate students, graduate studies and staff administration were completed and MIS centers were established in universities but were not fully operational at the Supreme Council of Universities at the close of HEEP, but became so under HEEP 2.
- **Strengthening academic management (universities and TCs)** . Supreme Council of Universities and Supreme

Council of TCs were in place by 2008, but at this point it is not clear to what extent they have power to make substantial changes. The 47 MTIs were consolidated under 8 Technical Colleges which are now guided by Boards of Trustees.

Outcomes

- **Cost per student** . The cost per student increased by 45 percent between 2002/03 to 2006/07, a sign of diminished efficiency since at the same time the student-staff ratio did not change.
- **Graduation rates** . The average graduation rate for public universities in 2005/06 was 75 percent, but in the large elite public universities (Cairo and Alexandria) it was well below that average (50 and 69 percent respectively) and international norms.

Objective (b): Create Conditions for Improved Quality (Rating - Substantial)

Outputs Universities

- **Integrated computer network infrastructure : all faculty/students have access to IT and new teaching methodologies** . All 17 universities in 2008 were connected to the unified fiber optic informational network and over 60% of university computers were connected to the internet; videoconference, streaming and e-learning facilities were set up in all universities and staff trained in their use . Over 50 percent of students have used electronic forms of learning and of those who have, 70 percent preferred electronic courses .
- **Integrated computer network infrastructure : inter-university library system** . The Project established the Egyptian universities libraries consortium including all public Universities and some foreign and private universities in Egypt. In 2008 the digital library included 16 international databases and 10 free web resources that served most of the Egyptian scholars' academic needs. All resources are available through the Egyptian Universities Network (EUN) website. A catalog database of the universities holdings contained the data of 60 libraries in 15 universities. More than 2.2 million records were indexed and stored in the system .
- **Train faculty and staff training** . Staff training goals (target: 5000 instructors in original project subcomponent) for IT applications was met by ICTP trainers . Beyond that the project supported a much broader staff training agenda, through its Faculty Leadership and Development subprojects . Training centers were established in 17 universities and the collaboration with an international partner (ICTB). About 760 trainers have been trained, including a core group of 40 certified trainers expected to play a leading role in promoting quality in their respective institutions. The project supported the development of 16 specialized and 3 TOT training packages, and the delivery of more than 220,000 trainee hours to staff members.
- **A National Authority for Quality Assurance and Accreditation in Education (NAQAAE)**, reporting directly to the Prime Minister, was established in 2006 by Presidential Decree with the mandate of assessing and providing accreditation to public and private institutions at all levels of education . This act was accompanied by a substantial program of staff training on QA and accreditation processes through HEEP 's Quality Assurance and Accreditation Project (QAAP), plus the establishment of QA centers/units in all universities and faculties, the creation of national academic standards, and the beginning of university /faculty self-evaluation and site visits in relation to the standards

Outcomes - Universities

- **Student-staff ratio** . Used as a proxy for quality, the ratio was high at the beginning of HEEP (30:1 in 2002) and remained on a similar level by its final year (29:1 in 2007).
- **Change in Instructional Methods** . Before/after project change in staff use of small group teaching (71 percent increase) and in staff using technological aids in teaching (200 percent increase).
- **Proportion of students enrolled in social science and humanities programs remained on a similar level with** 80 percent in 2003 and 79 percent in 2007.

Outputs Technical Colleges (TC)

- **Technical Institutes were consolidated into 8 Technical Colleges** . Boards of Trustees were formed to include representatives of the private sector . Programmatic links to industry through customized training programs were established in some colleges .
- **Curricular redesign, related instructor training, and improved facilities** . The project supported rehabilitation and equipment for 3 pilot TCs, revision of the curricula and development of new courses, training courses to upgrade qualifications of existing staff, and recruitment of qualified new staff . Totally 26 academic programs were revised and 6 new programs of improved relevance to commerce and industry were designed by expert committees in collaboration with the potential employers .

Outcomes Technical Colleges

- **Student-Staff Ratio** fell sharply from 118:1 in 2002 to 40:1 in 2007 in the industrial subjects, and from 305:1 to 98:1 in the service subjects, a result of hiring more (and more qualified) TC staff.
- **Graduate unemployment rate** . Prior to HEEP, about 60 percent of Middle Technical Institute graduates had not found relevant employment at least 2 years after graduating. It is unclear whether this had improved by the end

of HEEP, largely because entrants into new work -place connected programs had not yet graduated .

- **Technical student enrollments increased** by 10% over the project, double the targeted increase of 5%.

5. Efficiency (not applicable to DPLs):

Efficiency - Substantial

The ICR did not conduct an efficiency analysis . Initially, disbursement of funds was slow . After amendments to the budget, disbursement followed the expected curve, accelerating at the end so that loan funds were fully disbursed within a one year extension . Operational costs accounted for 3 percent of project expenditures . There was a large expansion of project scope in both Faculty Leadership and Development and Quality Assurance and Accreditation without any increase in project funds . At no additional expense, the project spawned the creation of a Strategic Planning Unit within the MOHE, which produces regular statistical reports (drawing from the MIS), and advises the ministry on reform options .

a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	No		
ICR estimate	No		

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

The overall outcome of the project is rated **Moderately Satisfactory** , based on relevance ratings that are **substantial** for objectives and **modest** for design; efficacy ratings of **modest** for improving efficiency and **substantial** for improving quality; and an efficiency rating of **substantial** .

a. Outcome Rating : Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating:

All of the HEEP subprojects except one (the HEEP Fund) have continued under the government funded HEEP 2 and have retained most of their original features . HEEPF was not continued, but competitive funding has, being used as a way to distribute other funds . Now the HEEP is more decentralized with QAAP action beng based on university proposals; Faculty Learning and Development is conducted and planned by local trainers at university centers and locally funded (with only guidance from the national center) . One risk is that the drafted legislative package which was stalled in Parliament and its related formula funding strategy will lose momentum and perish, however, Government officials indicated that the package had been revised and had a good chance of being adopted by a new Parliament .

a. Risk to Development Outcome Rating : Negligible to Low

8. Assessment of Bank Performance:

The Bank's performance during preparation - moderately unsatisfactory . The Bank's team brought lessons learned from similar projects and prior operations in the sector, and sought guidance from Quality Assurance Group (QAG) at the project concept stage . However, project design had significant shortcomings because of (i) insufficiently elaborated sector analysis; (ii) lack of clarity and consistency in the results framework; (iii) insufficiently developed implementation arrangements given the complexity of the project; and (iv) poorly designed indicators . (ICR p. 17) Also, lack of technical assistance and limited references to the government's capacity to bring about major reforms could have been emphasized during project design .

Project supervision - moderately unsatisfactory . Overall the Bank worked closely with the PMU in supervising

project implementation. However, the Bank did not take early actions to correct a mismatch that arose between the design and components of the project to define the project objectives in more realistic terms, improve implementation arrangements, or to improve monitoring and evaluation system and indicators. Even when project implementation had slowed down, supervision reports have maintained progress as satisfactory. Finally, the Bank could have been more candid and paid more attention to procurement issues, such as university staff being paid as consultants in their own institutions, that arose during the project (section 11).

a. Ensuring Quality -at-Entry: Moderately Unsatisfactory

b. Quality of Supervision : Moderately Unsatisfactory

c. Overall Bank Performance : Moderately Unsatisfactory

9. Assessment of Borrower Performance:

Government performance - moderately satisfactory. The Government had full ownership of the project from the beginning and used strong participatory processes for consensus building and broad program design. It showed commitment to the reform agenda through the establishment of a high-level steering committee with some quality control mechanisms. Also, despite delays, counterpart funding was provided, and legislation was adopted to consolidate technical college and establish the NAQAA. However, the Government was overly optimistic about its ability to push legislative reforms on university governance and financing through the Parliament and was not able to find a compromise solution during the course of HEEP.

Implementing agency performance - moderately satisfactory. The PMU faced challenges in implementing such a complex project given the lack of details in project design. Its structure was strengthened by the appointment of directors for the five sub-projects. The PMU had to develop action plans, operation manuals and guidelines for the five subprojects. Despite the additional delays due to the change of some directors and the release of Government contribution, the PMU was able to successfully complete almost all the activities planned in the project. The PMU performance, however, is somewhat mitigated by shortcomings in monitoring and evaluation, and some problems in fiduciary compliance (see Section 11).

a. Government Performance : Moderately Satisfactory

b. Implementing Agency Performance : Moderately Satisfactory

c. Overall Borrower Performance : Moderately Satisfactory

10. M&E Design, Implementation, & Utilization:

M&E Design: The original M&E framework included plans for a project information system, the production of quarterly financial management reports, and an annual substantive progress report, and use contracted independent auditors to undertake technical review of each component. The set of performance indicators in the logframe to measure progress against project objectives included five outcome indicators and 12 output indicators, but the indicators used to measure outcomes were actually inputs (ICT infrastructure), outputs (consolidation of MITs, implementation of MIS) or processes (legislative reforms). The output indicators identified in the PAD were often vague and lacking baseline and/or target values. Finally, the failure to reconcile the PAD and the GOE project structure meant some ambiguity as to the application of the logframe indicators.

M&E implementation : Although the PMU has made substantial effort to document HEEP activities and achievements through quarterly progress reports, several publications and its website, there was a lack of robust M&E output. From project mid-term to near project completion the PMU was repeatedly reminded to put in place a system to track and report progress made towards the developmental objectives and the problems facing implementation, and to appoint an M&E specialist, but this was not actively taken up, nor were the technical audits commissioned. In the last year the PMU did implement an impact assessment on a sample of students and staff, sharing the results with the Bank for the implementation completion report, but there were some limitations, due to its small sample size and the lack of baseline data.

M&E utilization : Despite the lack of a well documented M&E system at the project level, sub-projects such as the HEEP Fund and the Faculty Learning and Development Project had built-in monitoring systems to take some corrective actions such as adjusting geographical and sectoral coverage or training content. The impact assessment

was published, and used to inform the next phase of HEEP

a. M&E Quality Rating : Modest

11. Other Issues (Safeguards, Fiduciary, Unintended Positive and Negative Impacts):

Safeguards were not triggered.

Financial Management : HEEP did not have its financing accounting and reporting systems in order at the beginning of the project, which caused some aspects of FM to lag behind until project closure .

Procurement : Two Independent Procurement Reviews in 2006 and in 2008 questioned the practice of selection and employment of faculty members as individual consultants under the Disbursement Category “Consultants Services and Training” for about US\$12.3 million without following the procedures specified in Schedule 4 of the Loan Agreement. The Single Source Selection method used would have required a prior waiver from the Bank, and the hiring of university professors- who are Ministry employees - on a systematic basis violated procurement rules . According to the ICR, it should have been agreed during the project preparation and disclosed in the project documents.

12. Ratings :	ICR	IEG Review	Reason for Disagreement / Comments
Outcome :	Satisfactory	Moderately Satisfactory	The project carried out many complex activities but encountered discrepancies in the project design that affected implementation. Reforms to improve efficiency in higher education ran into political opposition. Without operational definitions, good indicators, and baseline data, it was difficult to convincingly demonstrate the impact of HEEP interventions on project objectives.
Risk to Development Outcome :	Moderate	Negligible to Low	
Bank Performance :	Satisfactory	Moderately Unsatisfactory	Quality at entry had deficiencies . During supervision the Bank did not take early actions to correct the mismatch between project design and components.
Borrower Performance :	Satisfactory	Moderately Satisfactory	Overall the borrower showed commitment. Complex activities were carried out competently but some procurement irregularities were found .
Quality of ICR :		Satisfactory	

NOTES:

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate .

13. Lessons:

- When a widely adopted institutional change model is being introduced in a field like higher education for the

first time in a country, it needs to be preceded by sufficient sector analytic work to create an appreciation of the complexities and the implications of the proposed changes and of the likely sources of resistance; such analysis could help determine the parts of the model that are appropriate to the context, and the pace of adoption.

- Higher education reforms supporting improved quality are easier to put in place than those for improved institutional efficiency and financial management, leading to decreases in cost-effectiveness. In Egypt this imbalance of reform (quality outstripping efficiency) cannot be sustained.
- Programs to improve the condition for higher education quality, relevance and efficiency cannot be expected to do so just because they have been made operational. Appropriate outcome indicators need to be formulated and used to determine whether conditions have been sufficient to leverage real change.
- There are currently few disincentives for students enrolling in overcrowded and non-employment-conducive fields. Adding some elements of student cost recovery (which did not receive due consideration in HEEP) is a controversial topic, but some aspects of it (high subsidies for room and board) should be open to discussion, as well as fees for other non-instructional aspects of higher education.

14. Assessment Recommended? Yes No

Why? This project has been included in the comparative PPAR on higher education in MENA, which allowed verifying and adjusting the ratings of the original ICR review.

15. Comments on Quality of ICR:

The ICR offered extensive information on the events of the project as well as frank assessments regarding its performance.

a. Quality of ICR Rating : Satisfactory