



OED REACH

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Successes and Challenges in Tertiary Education Lending, 1990–2000

- While more than three-quarters of tertiary education projects in middle-income countries—particularly in East Asia—had satisfactory outcome ratings, those in low-income countries—especially in Africa—performed poorly.
- These completed projects rarely addressed the goal of improved access for poor and disadvantaged students and provided little evidence that those students benefited.
- Most of the projects met input and output targets, but data on education and labor force outcomes were rarely collected, weakening the ability to link Bank-financed projects to economic growth and poverty reduction.

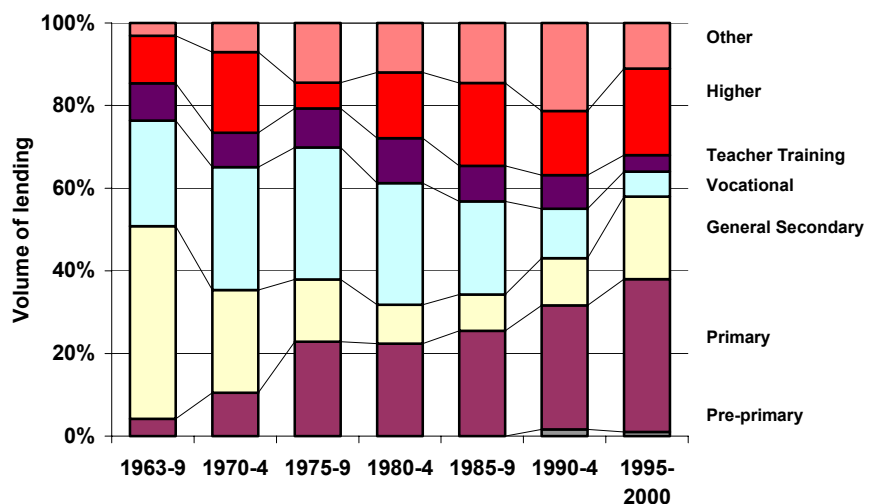
Since the World Bank began lending for education in 1963, tertiary education has accounted for about one-fourth of the Bank’s lending to the sector (see figure 1). The Bank has also produced many strategies, analytic reports, and studies on tertiary education, the most recent of which is *Constructing Knowledge Societies: New Challenges for Tertiary Education*. According to this report, Bank assistance to tertiary education can be a critical instrument of growth and poverty reduction because it can:

- Enhance education at all levels through training of teachers, contributing to “education for all” and meeting the Millennium Development Goals (MDGs).
- Create social capital and improve the quality of development program management.

While these impacts are plausible, they have not been fully validated by an empirical assessment of Bank performance in tertiary education. To fill

- Help create the knowledge and skills needed to promote productive investment and poverty reduction in the new global economy.
- Induce reforms in policies, governance, and management within the sector.
- Improve equity through increased access to tertiary education by low-income and disadvantaged students.

1. Distribution of Education Lending by Sub-sector, 1963-2000





part of this gap, OED conducted a desk review of the objectives, content, and performance of the 30 Bank-supported tertiary education projects completed between fiscal 1990 and 2000. The review was based on appraisal and completion reports and OED Performance Assessment Reports for projects classified as tertiary education. An unknown number of projects in other sectors include high-level training or science and technology components, and many projects focusing on basic and secondary education include teacher training. These and the active portfolio of tertiary education projects were not reviewed. Thus, the results of the desk review should be considered tentative.

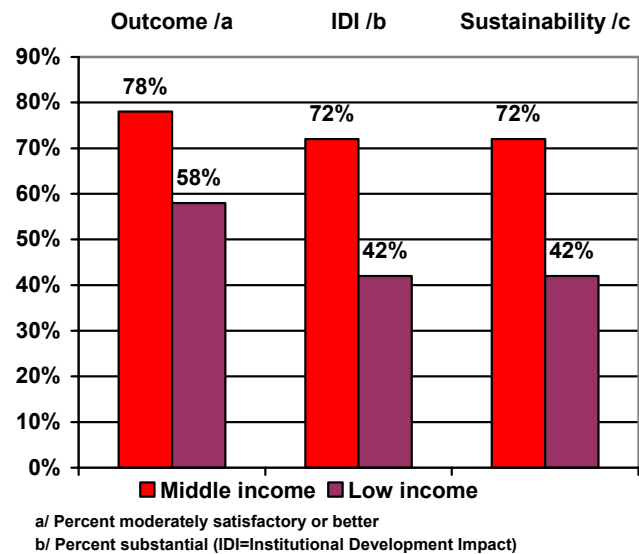
Nevertheless, the 30 free-standing projects reviewed capture a substantial and visible share of the Bank’s recent past support to tertiary education. The loans and credits supported universities, polytechnics, specialized institutions, and science and technology. Sixteen were in the East Asia and Pacific region, 7 in Africa, and 7 in the other four regions. Eighteen projects were in 10 middle-income countries and 12 were in 9 low-income countries. Altogether they provided \$2.48 billion in IBRD/IDA lending. Their key stated objectives were improved educational quality, expansion of enrollments, better planning and management, financial sustainability, and policy reform.

Portfolio Performance

Overall, OED rated the outcomes of 70 percent of the projects moderately satisfactory or better. However, there were significant disparities in performance between middle-income and low-income countries (see figure 2). In particular, tertiary education projects in Africa have performed poorly, with only two of the 7 projects rated moderately satisfactory or better.

While all but a few of the 26 projects with improved educational quality as a key objective were judged to have achieved it, this assessment is largely based on the provision of improved or increased educational inputs. There was little evidence offered that teaching methods, student learning, or labor market outcomes improved.

2. Project Performance: Middle-income Versus Low-income Countries, 1990-2000



Expansion of enrollments was a key objective in 20 projects. Information was available on 15: only 4 were completely successful, while 7 achieved some targets and 4 achieved none. However, expansion was often driven by “social demand” rather than by labor market signals. Four of the 6 additional projects that tried to control expansion were unsuccessful. Moreover, rapid expansion sometimes undermined quality gains.

Seven of the projects improved tertiary education oversight by creating national bodies. In several other countries, inter-institution networks and shared facilities were created to improve efficiency. But success with improving sector-wide planning and management was variable. There was little attention to or success in stimulating private tertiary education.

Borrower commitment to tertiary education was a strong indicator of sustainability in virtually all projects. This was undercut, however, by weak links to industry and labor markets, reducing development effectiveness. The projects with financial sustainability as a main objective were unable to improve it significantly. Some achieved minor advances, but more were unable to implement planned cost-sharing schemes that increased tuition fees, reduced subsidies, or tightened up student loans.



Findings

Although it is plausible that tertiary education assistance can stimulate economic development and contribute to poverty reduction, the projects did not provide evidence of success in reaching these objectives. Most projects had no indicators of education or labor market outcomes and impact; many had no baseline data; some had no targets; and several had no monitoring arrangements. Improved or increased inputs were usually assumed to result in better quality of education and hence better outcomes.

This group of completed tertiary education projects rarely addressed the goal of equitable access by the poor and disadvantaged and provided little evidence that they have advanced it. Only one directly improved equity in tertiary education, by targeting student loans to lower-income or geographically remote students. Only 3 provided evidence of any impact on poor or disadvantaged students, including women.

Other lessons from project experience include:

- *Key constituencies should be consulted early and their support maintained throughout implementation of reforms.* Stakeholders outside the educational institutions were mobilized in some cases to overcome faculty and student opposition to reforms to increase efficiency and cost sharing.

- *Positive incentives for implementing tertiary education reforms have shown promising results.* Thirteen of the projects allocated funds on a competitive basis, especially for research, and others induced reforms through accreditation and management information systems.
- *A comprehensive approach—grounding lending in a broad reform program—was not a good predictor of a satisfactory outcome rating.* Many of the projects with satisfactory outcomes did not grow out of a comprehensive vision of the sub-sector in strategic government documents or Bank sector work. However, 16 of the 30 projects were either follow-on or one of several projects in the same country.

Recommendations

- Assess through policy research the extent to which the Bank's tertiary education assistance is promoting economic growth and poverty reduction and generating the externalities that justify public subsidies.
- Strengthen design and supervision of tertiary education operations in low-income countries and forge explicit linkages with the objectives of "education for all" and the MDGs.
- Enhance the monitoring and evaluation of tertiary education projects to generate reliable and timely indicators of education and labor market outcomes.
- Ensure that tertiary education projects systematically enhance the access of poor and disadvantaged students, including women.



