



## 1. Project Data

<b>Project ID</b> P159995	<b>Program Name</b> Accelerate Higher Education Development
<b>Country</b> Sri Lanka	<b>Practice Area(Lead)</b> Education

<b>L/C/TF Number(s)</b> IBRD-87430,IDA-60260	<b>Closing Date (Original)</b> 30-Jun-2023	<b>Total Program Cost (USD)</b> 98,621,323.47
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<b>Bank Approval Date</b> 12-May-2017	<b>Closing Date (Actual)</b> 31-Dec-2023
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	<b>IBRD/IDA (USD)</b>	<b>Grants (USD)</b>
Original Commitment	100,000,000.00	0.00
Revised Commitment	100,000,000.00	0.00
Actual	98,621,957.14	0.00

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## 2. Program Context and Development Objectives

### a. Objectives

The Program Development Objective (PDO) was “to increase enrollment in Priority Disciplines, improve the quality of degree programs and promote research and innovation in the higher education sector” (Loan Agreement, July 17, 2017, p. 5). Priority Disciplines were defined as science, technology, engineering and mathematics (STEM) subjects in the higher education curricula.



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

No

**c. Will a split evaluation be undertaken?**

No

**d. Components**

The Accelerating Higher Education Expansion and Development (AHEAD) Operation aimed at contributing to the implementation of Sri Lanka's Higher Education Development Strategy (HEDS). The goal of the HEDS program was to "develop the higher education system to produce an educated and knowledgeable labor force with the human capital required to accelerate economic development" (PAD p. 16). The program had three results areas which included: (i) increase enrollment in higher education programs of strategic importance for economic development, (ii) improving the quality of higher education programs, and (iii) creating a culture of research and innovation in universities.

The operation included a Program for Results (PforR) component and an Investment Project Financing (IPF) component, as described below.

**Program (PforR) Component** (Appraisal: USD 2,056 million, of which USD 60 million IBRD, USD 33 million IDA, USD 1,963 million Borrower. Actual: USD 2,000.8 million, of which USD 60 million IBRD, USD 33.8 million IDA, USD 1907 million Borrower).

**Program Scope and Boundaries.** The Program was designed to support all three results areas of the HEDS program, except for (i) major infrastructure projects that were already being financed by other development agencies, (ii) tertiary education institutes outside of the Ministry of Higher Education and Highways (MHEH), (iii) enrollment of students in overseas universities, and (iv) financing of research institutes outside of the universities and technical institutes under MHEH. The Program had three results areas that reflected those of the HEDS:

**Results Area 1: Increasing Enrollment in Higher Education in Priority Disciplines for Economic Development.** This results area aimed to increase enrollments in higher education programs in STEM through supply and demand-side initiatives. Increasing the number of STEM graduates was identified as being of strategic importance for economic development. Existing as well as new STEM faculties would be supported in state universities as well as in Advanced Technological Institutes (ATIs). Virtual learning programs would be supported, including Massive Open Online Courses (MOOCs). Existing External Degree Programs (EDPs) would be adapted and improved. In addition, enrollment in non-state Higher Education Institutions (HEIs) would be promoted through a student loan scheme for qualified students. This results area would also support the regular updates of the HEDS every two years, fine tuning it based on progress monitoring as well as other assessments.

**Results Area 2: Improving the Quality of Higher Education.** The objective was to support the development of well-qualified students who were prepared for the world of work and for wider civic and social life. This result area would take three strategic approaches to address the stated goal. First, a system of competitive grants would be established to support innovative approaches to support Enriching,



Learning, Teaching and Assessment (ELTA) and English Language skills Enhancement (ELSE) initiatives. The expectation was that these grants would enable universities to introduce modern curriculum approaches, teaching-learning methods, and assessment approaches, as well as fostering work placements and enhance students' English language skills. Second, the Program would provide scholarships to support professional development of university academics to obtain PhD qualifications and Sri Lanka Institute of Advanced Technological Education (SLIATE) academic staff to obtain master's degrees and professional doctorates. Third, Quality Assurance (QA) reviews would be undertaken for all 15 public universities, including quality of teaching and learning inputs, as well as research, innovation, and community engagement. The overall QA system would be strengthened, as well.

**Results Area 3: Promoting Research, Development and Innovation.** This results area intended to develop a culture of research and development, innovation and commercialization (RDIC) in universities. The Program would support development-oriented research (DOR) in universities and non-state HEIs in STEM subjects, Humanities Education, Management and Social Sciences (HEMS) subjects, and STEM-HEMS interdisciplinary research. In addition, research and innovation commercialization (RIC) programs would be developed and implemented for those universities that would be carrying out industry and service-relevant research. Finally, University-Business Linkage (UBL) offices would be implemented in universities to assist academics in increasing collaboration with businesses.

**Program Operations and Technical Support (POTS) IPF Component (Appraisal: USD 7 million IBRD. Actual: USD 4.7 million).** This component would provide technical assistance, as well as academic and operational support for the implementation of the program at all levels, including MHEH and academic institutions.

#### e. **Comments on Program Cost, Financing, Borrower Contribution, and Dates**

At appraisal, the overall cost of the operation was estimated to be USD 2,063 million, of which USD 100 million was financed through an IBRD loan of 67 million and an IDA credit of SDR 24.4 million (USD 33 million equivalent). The operation had two components. The Program component used the PforR instrument and was estimated at a total cost of USD 2,056 million, including USD 60 million from the IBRD loan and the full IDA credit, that is a total of World Bank financing of USD 93 million. Disbursements would be against the achievement of Disbursement Linked Results (DLRs) under each Disbursement Linked Indicator (DLI). As per the Loan Agreement (p. 19), each DLI had a maximum amount allocated for disbursement earmarked from either the loan or the credit. The IPF component was fully financed by the loan at an estimated cost of USD 7 million.

The operation was approved on May 12, 2017, and became effective on August 17, 2017. The mid-term review was carried out on October 22, 2020. The original closing date was set for June 30, 2023, but was later extended by six months to December 31, 2023.

The operation was formally restructured once, on July 6, 2023 (as per an amendment letter to the client dated June 28, 2023, and countersigned on June 30, 2023). The restructuring responded to the impact from the COVID-19 pandemic and the economic crisis in Sri Lanka during 2022, both of which caused implementation delays and affected the timely implementation of activities under one of the DLIs. As a result, the operation was extended by six months. In addition, the final DLR under DLI 5 was dropped and a



new DLI (DLI 7) was included with one DLR. The allocation of USD 4 million under said DLR was reallocated to the new.

At closing, the total actual expenditures for this operation was USD 2,004.7 million. The IDA financing was fully disbursed for USD 33.8 million (as per the SDR exchange rate). In the case of the IBRD loan, USD 64.8 million were disbursed, that is 97 percent of the loan.

### 3. Relevance

#### a. Relevance of Objectives

##### Rationale

**Country and Sector Context.** At the time of appraisal, Sri Lanka had achieved significant progress in several human development indicators. Primary education completion rate was over 95 percent, secondary education completion rate was 86 percent (89 percent for girls and 83 percent for boys), literacy rate was 93 percent. On the other hand, higher education gross enrollment rates were 21 percent, well below other comparator countries (44 percent). Of those students in higher education, about 50 percent were enrolled in external degree programs (EDPs) where they would register and take examinations in a university, but did not follow classes and did not otherwise receive academic support. In the case of STEM programs, Sri Lanka ranked 79th out of 90 countries with a 17 percent enrollment rate (Sri Lanka Education Sector Assessment, World Bank, 2017).

In order to improve the higher education sector, a number of challenges needed to be addressed. Qualified academic staff were scarce, with less than 50 percent having PhDs. Teaching and learning practices used traditional methods with teacher-centered pedagogy and passive student learning, falling behind international trends in active learning and outcome-based education. Students did not receive adequate behavioral skills development support to facilitate adequate performance in the workplace. Research and innovation initiatives at the university level were scarce, limiting their contribution to economic and social development in the country. Finally, the quality assurance and accreditation system was fragmented and needed upgrading, including the implementation of Internal Quality Assurance Units within the universities. The HEDS aimed to address these challenges so as to improve higher education enrollment and quality, particularly in STEM programs, in order to foster future economic growth.

**Bank Strategy.** The Program design was well aligned with the Country Partnership Framework (CPF) for the period FY17-20 (Report No. 104606-LK), specifically with Pillar 2: Promoting Inclusion and Opportunities for All. Objective 2.1 Strengthening education and training systems aimed at contributing to the development of the higher education sector with a focus on deepening the relevance of and improving the course curricula and offerings in STEM. At closing, the Program design was relevant to the CPF for FY24-27 (Report No. 182326-LK) which, under Objective 4: Sustain and Strengthen Health, Education and Social Protection systems, aimed to strengthen systems and address learning losses in higher education. The CPF emphasized the need to sustain education service delivery to prevent further human capital losses and equip individuals to cope with future shocks.



**Previous Bank Experience.** The World Bank had ample prior experience in the higher education sector. The first operation Improving Relevance and Quality of Undergraduate Education (P050741) was implemented between June 2003 and June 2010 and aimed to enhance institutional capacities conducive to greater relevance and quality in undergraduate education. A subsequent project, the Higher Education for the Twenty-First Century (HETC) project (P113402) was implemented between May 2010 and June 2016 and aimed to enhance the capacity of the Recipient's higher education system, institutions and human resources to deliver quality higher education services in line with equitable social and economic development needs. The first project developed quality assurance protocols and processes and introduced competitive funding for undergraduate programs. The second project widened the agenda, now covering undergraduate and postgraduate education and included support to SLIATE and ATIs. This project also contributed to the development of the qualification framework and the update of the quality assurance system. In addition, the project launched support programs on a pilot basis on the development of skills for the workplace and for postgraduate research and commercialization of innovations. The AHEAD Program built on the lessons and achievements of the prior two projects and widened the scope by supporting the country's higher education strategy, putting a focus on STEM programs and research and innovation.

**Country Capacity and Adequacy of PforR Instrument.** This was the first PforR operation in the Sri Lanka portfolio. It was deemed to be the appropriate instrument given that it aimed to support strategic interventions within an overall Government program with a focus on outcomes. The integrated fiduciary systems assessment (IFSA) showed that, subject to the implementation of an action plan to strengthen the country FM system, there was reasonable assurance that funds would be used for their intended purpose. The action plan identified specific risks and provided mitigation measures for them. The IPF component provided the required technical assistance and resources to implement this action plan and develop capacity throughout the system, as well as financing the verification of results.

## Rating

High

### b. Relevance of DLIs

#### DLI 1

##### DLI

Higher Education Institutions (HEI) STEM degree programs increase intake.

#### Rationale

At the time of appraisal, enrollment in STEM degree programs was low compared with other peer countries. The government prioritized increasing enrollment in these programs as they were critical for future economic growth through higher-value-added industries and services. This DLI measured the intake of first-year students enrolled in STEM programs in public and private universities only and was directly linked to PDO 1. The DLI was split into three DLRs to be measured throughout program implementation whereby increases in



enrollment were measured. First year intake in SLIATE institutions did not have an equivalent DLI but was monitored through an IRI.

**Rating**  
High

**DLI 2**  
**DLI**

Higher Education Development Strategy (HEDS) implemented and regularly updated.

**Rationale**

The Program aimed to support the continuous strategic development of the higher education sector, with the HEDS as the key instrument to achieve this purpose. The HEDS would be updated every two years, and it would be used to monitor progress in implementing targets. The DLI had two DLRs that measured these updates.

**Rating**  
High

**DLI 3**  
**DLI**

Faculty-level systems for Enriching Learning, Teaching, and Assessment (ELTA) and English Language Skills Enhancement (ELSE) through competitive grants developed and outcomes achieved for arts management, and science degree programs.

**Rationale**

The teaching-learning system in Sri Lanka in HEIs was outdated, using teacher-centered instruction. This DLI aimed to foster university faculties to introduce modern curriculum approaches and delivery modes, especially Outcome-Based Education (OBE) and Learner-Centered Teaching (LCT), promote new assessment approaches, expand the use of digital and blended learning, improve English language skills of students, facilitate international linkages with reputed overseas universities, promote industry placements for students, and facilitate staff exchange programs between universities and private firms. This DLI incentivized demand-side grants provided to university faculties through multistage peer review of proposals, in accordance with detailed guidelines.

**Rating**  
High

**DLI 4**  
**DLI**



Department-level systems for Enriching Learning, Teaching, and Assessment (ELTA) and English Language Skills Enhancement (ELSE) through competitive grants developed and outcomes achieved for arts, management, and science degree programs.

**Rationale**

In a similar fashion to DLI 3, this DLI supported ELTA and ELSE initiatives at the department-level. Note that a department is a subdivision of a faculty (for example, a Chemistry department in a Science faculty). Separating these under two separate DLIs allowed strengthening of each within the scope of their specific functions and responsibilities.

**Rating**

High

**DLI 5**

**DLI**

PhD and master's degrees and professional doctorates completed by university, non-state HEIs and SLIATE academic staff.

**Rationale**

At the time of appraisal, there was a scarcity of qualified academic staff in HEIs, affecting the quality of education and the development of research, innovation and postgraduate education programs. This DLI would support the provision of PhD scholarships for academic staff members of state universities and soft loans to non-state HEIs academics. The PhD programs would be provided by foreign universities directly or jointly with local universities. The DLI would also support scholarships for professionally oriented doctoral programs and master's programs for academics from SLIATE.

**Rating**

High

**DLI 6**

**DLI**

University-level systems for Research and Development, Innovation and Commercialization (RDIC) programs developed and outcomes achieved.

**Rationale**

Research and innovation were limited in Sri Lanka at the time of appraisal. Research was seen as vital to ensure that universities stayed up to date in their disciplines and to contribute to economic and social development. This DLI provided incentives for a demand-based competitive grant program that would promote performance-based research for STEM and HEMS subjects.

**Rating**



High

### **DLI 7**

#### **DLI**

Increased quality assurance of the university system.

#### **Rationale**

This DLI was created as part of the restructuring of July 2023. The COVID-19 Pandemic had caused lengthy closure of HEIs in Sri Lanka and abroad causing those students undertaking their PhD studies to be delayed by 6 to 12 months such that the last DLR under DLI 5 was dropped. This DLI supported the completion of the QA review of all universities and was aligned with the PDO indicator 3. While there had been progress prior to appraisal in the development of a QA system, it was still fragmented. This DLI supported the development and implementation of a consolidated systematic process of QA reviews under standards described in the University Grants Commission (UGC) Manual for Institutional Review of Sri Lankan Universities and Higher Education Institutions (PAD, p. 61).

#### **Rating**

High

## **OVERALL RELEVANCE RATING**

#### **Rationale**

The relevance of the objectives is rated as High given that the program had a strong alignment with country context, government strategy, and World Bank strategy. Relevance of DLIs is also rated as High given that they were well aligned with the objectives and provided realistic incentives for their achievement.

#### **Rating**

High

## **4. Achievement of Objectives (Efficacy)**

### **OBJECTIVE 1**

#### **Objective**

Increase enrollment in priority disciplines in the higher education sector.

#### **Rationale**

Priority areas under this objective were those related to STEM. The theory of change for this objective stated that the availability of STEM graduates for the labor market would improve through the increase in enrollment





in STEM programs in state and non-state HEIs. In turn, this would be achieved by expanding capacity of STEM programs by increasing the availability of equipment, technology and qualified staff in existing programs and creating new STEM faculties, departments and programs. This objective also included a cross-cutting activity involving the strengthening of the planning and management capacity of the higher education sector through the regular updating of the HEDS.

### **Outputs**

The HEI STEM degree programs increased first-year intake from a baseline of 14,300 students to 22,139 students, exceeding the target of 19,500 students (DLI 1).

The SLIATE STEM degree programs increased first-year intake from a baseline of 2,000 students to 5,357 students slightly exceeding the target of 5,200 students (DLI 2).

The HEADS was implemented and updated every two years, as originally planned.

### **Outcomes**

Enrollment in HEI STEM undergraduate degree programs increased from a baseline of 42,800 students to 69,029 students, exceeding the target of 53,100 students. This was equivalent to a 10 percent increase at the HEI level in the PforR period as compared to a 5.3 percent increase in the prior five years. At the end of the program, STEM graduates from universities were 40.2 percent of the total graduating cohort as compared to 31.4 percent in 2016.

Enrollment in SLIATE STEM programs increased from a baseline of 6,000 students to 10,321 students, exceeding the target of 9,200 students.

### **Rating**

High

## **OBJECTIVE 2**

### **Objective**

Improve the quality of degree programs in the higher education sector.

### **Rationale**

This objective aimed to improve quality of degree programs to ensure that graduates were equipped with knowledge, competencies, and skills for a stronger contribution to economic development. This would be achieved through the introduction of modern teaching-learning and assessment methods and better qualified university and SLIATE academic staff. In addition, a strengthened QA system would provide assurance and incentives for continuous improvement in the quality of the degree programs. This would be achieved through the strengthening of the Quality Assurance and Accreditation Council (QAAC), housed in the University Grants Commission (UGC) and the implementation of the Internal Quality Assurance Units (IQAU) within the universities.



## Outputs

IQAUs were functioning to specified standards in at least 90 percent of the universities, meeting the end target, as compared to a baseline where IQAU scorecards had been developed (DLI4).

44 departments awarded ELTA-ELSE grants achieved 80 percent or more of their outcome targets, exceeding the target of 24 departments. All existing 15 universities were eligible for these grants. Universities were divided into two tiers, on one hand Tier 1, with 5 well established universities, and Tier 2, with the remaining newer universities, thus ensuring that weaker universities could also benefit from the grants program.

40 academics out of the 210 academics from universities and SLIATE who were awarded a scholarship completed their PhD or Master's degree by July 2023, below the target of 200 academics (DLI 5). Further to this, 137 additional academics expected to conclude their degrees during calendar year 2024, with 55 having completed their degrees by October, 2024 (as per additional information provided by the task team). Achievement of this DLI was hampered by the COVID-19 pandemic, which led to the lockdown and closing of universities both in Sri Lanka as well as abroad. In addition, the economic crisis caused a lack of foreign currency reserves in Sri Lanka resulting in the delay of transfer of funds to PhD students abroad. Given this context, the last DLR ("At least 200 academics who were awarded the MHEH/UGC scholarships have completed their PhD or Master's degrees or professional doctorates") under this DLI was canceled during the restructuring of July 2023. The funds under this DLI were transferred to the new DLI 7.

## Outcomes

QA reviews were completed and ratings were published for 100 percent of universities, exceeding the target of 90 percent (DLI 7).

36 faculties that were awarded ELTA-ELSE grants achieved 80 percent of their outcome targets, exceeding the target of 20 faculties (DLI3).

## Rating

Substantial

## OBJECTIVE 3

### Objective

Promote research and innovation in the higher education sector.

### Rationale

This objective aimed to develop a culture of research and development, innovation and commercialization (RDIC) in universities in support of the development of higher education as a whole. This would be achieved through the promotion of development-oriented research and of innovations with commercial applications. In turn, this would be achieved through the implementation of competitive grants and establishing university business linkage (UBL) offices.



### **Output**

All UBL offices functioned to specified standards in universities, exceeding the target of 80 percent. Standards had been issued by the time of appraisal by the UGC.

### **Outcome**

The number of RDIC grants that achieved 80 percent or more of their outcome targets was 91 (out of a total of 101 grants), exceeding the target of 48 grants. The outcomes of these grants included publications in peer-reviewed journals, conference papers and patent applications (DLI 6).

### **Rating**

High

## **OVERALL EFFICACY**

### **Rationale**

Objective 1 (Increase enrollment in priority disciplines in the higher education sector) and Objective 3 (Promote research and innovation in the higher education sector) are rated High as they were fully achieved. Objective 2 (Improve the quality of degree programs in the higher education sector) is rated Substantial as it was almost fully achieved. The resulting Overall Efficacy rating is High.

### **Rating**

High

## **5. Outcome**

Relevance and Overall Efficacy are rated High resulting in a Highly Satisfactory outcome rating.

### **Outcome Rating**

Highly Satisfactory

## **6. Risk to Development Outcome**

The Program benefited from strong ownership on the side of the government. The HEDS provided a strong framework for the Program. Its regular revision and updating made it a live document, ensuring its legitimacy over time. Since the design was based on ample consultation, it enjoyed the support from a wide stakeholder base. According to the ICR (p. 15), STEM enrollment in universities are being sustained by the government



and the ELTE-ELSE programs have been mainstreamed into the university curricula. A culture of research and innovation has been established in universities including financial allowances for research and innovation as part of university benefit schemes.

The MHEH underwent four institutional reforms, whereby the higher education sector was transferred from one ministry to another, currently in the Ministry of Education. These institutional changes posed a risk to the operation. However, according to the task team, the operation was protected because most of the implementation happened at the university and SLIATE level. In addition, the government's commitment to higher education remained strong throughout the life of the operation.

The economic crisis of 2022, which led to a debt moratorium, posed a threat to the Program. Procurement processes slowed down, payments to contractors were delayed, and transfers to PhD students abroad stopped for a period of time. This context exposed the vulnerability of the higher education sector to economic crises.

## **7. Assessment of Bank Performance**

### **a. Quality-at-Entry**

The operation was well embedded in a national program (HEDS) that reflected government priorities in the higher education sector. The Program design had a clear results chain. The operation built on the prior HETC project that had developed important instruments supporting the implementation of this program, namely the QA framework, and pilot experiences in the call for proposals for research and innovation. The operation also drew from the lessons learned from the HETC operation, the Education Sector Review and international best practices.

The combination of the PforR and IPF instruments was appropriate. Given that this operation was founded on a clear government program, the PforR was well justified. On the other hand, this was the first time that such an instrument was being used in the country, so that an IPF component was included to provide funding to strengthen the capacity in government counterpart agencies. The Operations Manual for both components was prepared prior to launching the operation.

Implementation arrangements were clear and accountability mechanisms were well defined. The MHEH, UGC and SLIATE were responsible for Program implementation at the national level, while universities and ATIs would implement at the institutional level. The Operations Management and Support Team (OMST) was created to ensure adequate coordination, provide technical assistance, build capacity, and carry out monitoring and evaluation of the Program.

The overall risk assessment for the operation was rated as Substantial, driven by political and governance issues, technical design, and fiduciary aspects, of which the first two were rated as substantial, the latter one as high. The program design recognized that this operation, being the first PforR in the country, would pose a challenge for counterparts to understand its implementation. This risk was mitigated by the inclusion of the IPF component. In addition, the fiduciary assessment had identified weaknesses in the country's accounting systems and audit processes, as well as weak procurement and financial management capacity in implementing agencies. The environmental and social regulatory



framework was found to be consistent with World Bank policies, but compliance was weak. A Program Action Plan (PAP) was prepared to address fiduciary and safeguards risks.

### **Quality-at-Entry Rating** Satisfactory

#### **b. Quality of supervision**

There was continuity in the World Bank team from preparation to supervision of the operation. The team was, in part, based in the country office, thus facilitating the coordination with the client. There was an appropriate skill mix allowing for adequate technical and operational support to the client.

Initially, there were two setbacks in the early implementation of the project. There were delays in establishing the OMST, both with hiring core staff and procuring goods and services to make it a functional office. The OMST was fully functional (a withdrawal condition under the Loan Agreement) eight months after signing. The results-based financing modality posed implementation challenges both with the MHEH and the Ministry of Finance, an issue that resurfaced when there were staff changes. The Bank team continuously engaged and supported counterparts to familiarize them with the instrument. The Bank team responded proactively to the adjustments required due to external shocks from the COVID-19 pandemic and the economic crisis by restructuring the Program accordingly.

### **Quality of Supervision Rating** Satisfactory

### **Overall Bank Performance Rating** Satisfactory

## **8. M&E Design, Implementation, & Utilization**

### **a. M&E Design**

The operation had a clear results framework. The indicators used were the same as those in the HEDS. The results framework included a year-by-year monitoring plan of the outcome and intermediate indicators as well as the DLIs. Verification of the achievement of DLIs was to be conducted by a third-party verification agency, commissioned by the OMST, prior to their submission to the World Bank.

M&E was under the overall responsibility of the MHEH with the UGC and SLIATE being responsible for monitoring universities and ATIs, respectively. The existing monitoring systems were to be used to collect and monitor STEM enrollment data. Therefore, the M&E system was well embedded institutionally. OMST was responsible for coordination of the monitoring process, and for the collection of information of data on all other activities. OMST was to rely on branch Operations Technical Secretariats (OTSS) in each university to assist with monitoring. SLIATE was tasked to monitor each ATI and report to OMST.



## **b. M&E Implementation**

M&E was carried out as designed throughout the operation implementation period. The OMST used several monitoring and reporting systems and collected data and information biannually, sharing the monitoring report with the Steering Committee and the World Bank task team. Occasionally, there were delays in data reporting due to multiple implementing agencies involved. DLIs were verified by an independent agency as designed.

## **c. M&E Utilization**

M&E information was continuously used to monitor progress towards the achievement of Program objectives and to provide feedback for any necessary adjustments as well as to trigger disbursements based on the achievement of DLIs. M&E reports were also used during missions to assess progress and to determine whether corrective measures should be implemented. This review process led to the restructuring of the operation in July 2023.

## **M&E Quality Rating**

High

## **9. Other Issues**

### **a. Safeguards**

Since the operation included two lending instruments, both the PforR and IPF were assessed under the corresponding Bank policies. An Environmental and Social Safeguards Assessment (ESSA) was carried out for the PforR. The ESSA concluded that the fundamental environmental and social legal regulatory structure was reasonably well developed and articulated. On the other hand, some weaknesses were identified in the application, supervision and compliance with the regulatory framework. The IPF component of the operation was rated as Category C, since funding would mainly go to services and equipment for the staff of the OMST and OTS offices.

The PAP, which addressed a list of operational actions, included activities to be performed by the implementation agencies, such as the appointment of environmental and social focal points, the implementation of annual training and capacity building on environmental and social management, and carrying out monitoring of safeguards compliance in the universities. Except for some initial delays, the PAP actions were complied with, and no major safeguards issue arose. The OMST regularly worked with contractors to ensure that Ministry of Health guidelines were followed with respect to workers' health and safety. The Grievance Redress Mechanism (GRM) was operational. The PforR maintained a satisfactory rating throughout the implementation period.



**b. Fiduciary Compliance**

In accordance with World Bank policy for PforR operations, an IFSA was carried out for the Program to determine whether the fiduciary systems provide reasonable assurance that the Program expenditures would be used appropriately to achieve the intended objectives. The IFSA assessed the MHEH, UGC, a sample of 5 out of the 15 beneficiary universities, and SLIATE/ATI (ATIs were not financially autonomous from SLIATE). Based on this assessment, the fiduciary risk was rated High at appraisal due to outdated and non-uniform accounting systems used at the university level, weak internal and external audit processes, weak procurement and financial management capacity, and high turnover of relevant staff.

Mitigation measures were included in the PAP, and financing for their implementation of this plan was provisioned through the IPF POTS component. The results framework also included two intermediate results indicators linked to financial management of the Program, IRI 5 (aiming to ensure that the cash released by Treasury, for the purposes of the Program, was channeled through the regular treasury system) and IRI 6 (which aimed to have the FY20 audit reports for all 17 implementation agencies made available within 9 months of the end of the financial year). By project closing, all PAP actions and financial management IRIs were achieved. Financial management performance was satisfactory throughout most of the implementation period, except for a few instances where rating was downgraded because of delayed mitigation of audit observations. Internal controls were considered adequate, audit reports and financial monitoring reports were submitted on time, and their quality was overall satisfactory. The external auditor had issued unqualified opinions except for audit observations which were rectified by OMST. Fiduciary systems rating was Moderately Satisfactory at closing.

Procurement activities under the IPF component were rated Moderately Satisfactory during the initial period of the project due to delays resulting from a lack of understanding of the World Bank procurement rules and shortage of procurement staff at the OMST. These issues were later resolved, and ratings were upgraded to a Satisfactory rating.

**c. Unintended impacts (Positive or Negative)**

None

**d. Other**

N/A

**10. Ratings**

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Highly Satisfactory	Highly Satisfactory	
Bank Performance	Satisfactory	Satisfactory	



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Quality of M&E	High	High
Quality of ICR	---	High

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## 11. Lessons

The ICR provided important lessons and recommendations, including the following lessons restated by IEG Review:

The combination of the two instruments, PforR and IPF, in one operation can facilitate the achievement of results. The PforR has the advantage of focusing on results and aligns the multiple stakeholders towards a common objective. In this case, it was the first time that the instrument was being implemented in Sri Lanka. The IPF provided targeted financing to ensure that activities supporting the implementation of the PforR were carried out as planned. In particular, the IPF facilitated hiring staff to implement and monitor the operation, as well as supporting the strengthening of the fiduciary and safeguards aspects that were identified as weak during preparation.

Engaging appropriate staff in the design and management of the operation can significantly contribute to successful implementation. In this case, academics experts were drawn from universities and the University Grants Commission, specialized in the fields of STEM, humanities, and social sciences. Their involvement contributed to high quality technical inputs into the design and facilitated the dialogue during implementation with academic institutions.

Bottom-up planning generates ownership of activities and reforms. This operation used the results of pilots implemented in the prior Higher Education for the Twenty-First Century project, which introduced funding of initiatives coming from academic institutions through competitive grants. This approach resulted in greater ownership and ensured institutionalization and sustainability over time.

## 12. Assessment Recommended?

No

## 13. Comments on Quality of ICR

The ICR was well written and provided a good analysis of a very complex Program. The document provided a good description of the government program. The theory of change was adequate. The ICR was results-oriented and candid. The quality of evidence was high and the ICR also provided additional information on results, beyond the results matrix. The quality of analysis was also high and with sufficient interrogation of the evidence. The lessons were specific and were derived from the Program experience. It was internally consistent and aligned with the guidelines. Its narrative was clear, well focused, and very concise, with a main text of 15 pages. On a minor note, the ICR could have provided an explanation of the multiple reforms at the





ministry level that led the higher education sector to be moved several times until it became part of the overall Ministry of Education.

**a. Quality of ICR Rating**  
High