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The World Bank

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Report No: RES18302

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
HIGHER EDUCATION QUALITY IMPROVEMENT PROJECT
LOAN 8212-PE
APPROVED DECEMBER 4, 2012
TO THE
REPUBLIC OF PERU

September 1, 2016

Education Global Practice
Latin America and the Caribbean Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective December 10, 2015)

Currency Unit	=	Peruvian Soles
PEN1	=	USD 0.301
USD1	=	PEN3.32

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

CAE	<i>Comité Asesor Externo</i> (External Advisory Council)
CDP	<i>Comité Directivo del Proyecto</i> (Project's Steering Committee)
CONEACES	<i>Consejo de Evaluación, Acreditación y Certificación de la Calidad de la Educación Superior No Universitaria</i> (Council for the Evaluation, Accreditation and Certification of Non-University Higher Education)
CONEAU	<i>Consejo de Evaluación, Acreditación y Certificación de la Calidad de la Educación Superior Universitaria</i> (Council for the Evaluation, Accreditation and Certification of University Higher Education)
COSUSINEACE	<i>Consejo Superior del Sistema Nacional de Evaluación, Acreditación y Certificación de la Calidad Educativa</i> (Higher Council of the National System for Evaluation, Accreditation and Certification of the Quality of Education)
EEFAs	<i>Entidades Evaluadora con Fines de Acreditación</i> (Evaluation Entities for Accreditation)
FEC	<i>Fondo de Estímulo de la Calidad</i> (Fund for Quality Enhancement)
HEIs	Higher Education Institutions
HEQAS	Higher Education Quality Assurance System
IEESs	<i>Institutos y Escuelas de Educación Superior</i> (Higher Education Institutes and Schools)
IPEBA	<i>Instituto Peruano de Evaluación, Acreditación y Certificación de la Calidad de la Educación Básica</i> (Peruvian Institute for Evaluation, Accreditation and Certification of Basic Education)
IPPF	Indigenous Peoples Planning Framework
MEF	<i>Ministerio de Economía y Finanzas</i> (Ministry of Finance)
MINEDU	<i>Ministerio de Educación</i> (Ministry of Education)
PMC	<i>Plan de Mejora de Carreras</i> (Program Improvement Plans)
PMI	<i>Plan de Mejora Institucional</i> (Institutional Improvement Plan)
SAES	Self-assessment System for Higher Education
SAES	<i>Sistema de Información del Aseguramiento de la Calidad</i> (Quality Assurance Information System)
SINEACE	<i>Sistema Nacional de Evaluación, Acreditación y Certificación de la Calidad Educativa</i> (National System for Evaluation, Accreditation and Certification of the Quality of Education)
SUNEDU	National Superintendency of Higher University Education
STF	<i>Secretaría Técnica del Fondo</i> (Fund Technical Secretariat)
UCP	<i>Unidad Coordinadora del Proyecto</i> (Project Coordination Unit)

Regional Vice President:	Jorge Familiar
Country Director:	Alberto Rodriguez
Senior Global Practice Director:	Claudia Maria Costin
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PERU
Higher Education Quality Improvement

CONTENTS

A. Summary of Proposed Changes	5
B. Project Status	7
C. Proposed Changes	8
Annex 1: Results Framework and Monitoring.....	21

DATA SHEET*Peru**HIGHER EDUCATION QUALITY IMPROVEMENT (P122194)**LATIN AMERICA AND CARIBBEAN**Education*

Report No: RES18302

Basic Information										
Project ID:	P122194			Lending Instrument:	Specific Investment Loan					
Regional Vice President:	Jorge Familiar Calderon			Original EA Category:	Not Required (C)					
Country Director:	Alberto Rodriguez			Current EA Category:	Not Required (C)					
Senior Global Practice Director:	Claudia Maria Costin			Original Approval Date:	04-Dec-2012					
Practice Manager/Manager:	Reema Nayar			Current Closing Date:	01-Apr-2018					
Team Leader(s):	Javier Botero Alvarez, Inés Kudó									
Borrower:	Ministerio de Economía y Finanzas - MEF									
Responsible Agency:	SINEACE									
Restructuring Type										
Form Type:	Full Restructuring Paper			Decision Authority:	CD Decision					
Restructuring Level:	Level 2									
Financing (as of 06-Jul-2016)										
Key Dates										
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date			
P122194	IBRD-82120	Effective	04-Dec-2012	15-Jan-2013	08-May-2013	01-Apr-2018	01-Apr-2018			
Disbursements (in Millions)										
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed	
P122194	IBRD-82120	Effective	USD	25.00	25.00	0.00	9.74	15.26	39	
Policy Waivers										
Does the project depart from the CAS/CPF in content or in other significant							Yes []	No [X]		

respects?		
Does the project require any policy waiver(s)?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]

A. Summary of Proposed Changes

1. Rationale. Project restructuring responds to the institutional changes introduced by the University Law (N° 30220) and MINEDU's new organizational rulebook (approved by Supreme Decree N° 001-2015-MINEDU) and evolving government priorities regarding the strengthening of higher education quality. The University Law eliminated SINEACE's operating entities (CONEAU, CONEACES, Ipeba), which comprised COSUSINEACE (the agency responsible for the Project), replaced COSUSINEACE by an Ad Hoc Executive Board in charge of reforming SINEACE, created the National Superintendence of Higher University Education (SUNEDU) to lead university licensing, and mandated the creation of a new Accreditation Body to replace SINEACE, which has not happened yet. MINEDU's new organizational rulebook created two new General Directorates within MINEDU, one for University Education and one for Technical, Productive, and Artistic Higher Education, with the purpose of leading the national policy for higher education development and quality assurance. All new entities with responsibilities in higher education quality assurance will be involved in and supported by Project activities.

2. Change in Implementing Agency. "COSUSINEACE" will be replaced for "SINEACE" to reflect current institutional arrangements following the University Law.

3. Change in Results Framework. To streamline the reporting of Project results, former PDO indicators 1, 2 and 3 and Intermediate Results Indicators (IRI) 8 and 9, which previously had multiple targets each will now have one aggregate target per indicator. All indicators that had mention to CONEAU and CONEACES will be revised (both in the indicators' phrasing and in their descriptions) and replaced with wording that includes all public entities in charge of higher education quality assurance. PDO Indicator 4 will be revised so as to follow-up on the broader Higher Education Information System (SIES). Four intermediate result indicators are dropped, one (former IRI 1) because it will now be captured in the direct beneficiaries core indicator, and the other three (former IRI 2, 3 and 4) because they will be merged into a new indicator that measures a broader set of capacity building Project activities from which HEI may benefit. A new intermediate results indicator will be added to reflect relevant progress by the Project in supporting the development and implementation of the new Higher Education Quality Model, because this is key to have an operating framework for all public entities in charge of higher education quality assurance. Former IRI 5 and 6 will be modified to reflect changes in subcomponents 2.1 and 2.2. Target values of indicators will be revised to reflect progress so far and projections based on current trends and planned activities.

4. Change in Legal Covenants. Legal covenants will be revised to replace "COSUSINEACE" for "SINEACE", and "COSUSINEACE-UCP" to "UCP" in order to reflect current institutional arrangements following the University Law. The legal covenant referring to the CAE will be revised in order to change: (i) the number of members from six to four, and (ii) the due date to allow the UCP to hire the corresponding committee.

5. Reallocation between Disbursement Categories. The amount of the loan allocated between the three components of the project will be revised so as to allocate a greater share to component 3.

6. Change in Disbursement Estimates. Disbursement estimates will be formally revised to reflect progress so far, as well as the revised operational plan based on the scope of this restructuring process.

7. Change in Component and Cost. Component 1 and its subcomponents will be modified to reflect the abovementioned institutional changes introduced, replacing CONEAU and CONEACES by "public entities in charge of higher education quality assurance" and eliminating the Evaluating Entities for Accreditation Purposes because their role is currently under revision and the government is evaluating the option of promoting the participation of academic peers and independent accreditation agencies instead. Component 2 and its

subcomponents will be modified to support the provision of knowledge and information about higher education because the systems originally supported by the Project were replaced by new systems with similar objectives and a new integrated information system is being developed and could benefit from the Project's support. The order of subcomponents 2.1 and 2.2 would be inverted, so that subcomponent 2.1 supports the development of the new Information System for Higher Education, which will include the observatory of graduates developed by MINEDU; while subcomponent 2.2 supports the development of the new module for Quality Assurance Information (SAES, for its original acronym in Spanish), which will be part of the integrated information system. Component 3 and subcomponent 3.1 will be modified to include options for financing aspects of the Adjustment Plans required for the university licensing and the Strengthening Plans for the emblematic universities identified in the University Law.

8. Change in Institutional Arrangements. The names of the units involved in the Project will be updated according to the new University Law and to reflect changes in MINEDU's organizational rulebook. COSUSINEACE will be replaced by SINEACE's Ad Hoc Executive Board as the responsible agency. The former CONEAU and CONEACES will now be referred to as by "public entities in charge of higher education quality assurance". SINEACE will be replaced by "Accreditation Body" and it will share responsibility for certain activities with the National Superintendence of Higher University Education (SUNEDU). The Project's Steering Committee, will be now composed by two representatives from the SINEACE Ad Hoc Executive Board, one from the Ministry of Finance (MEF), and two from MINEDU.

9. Change in Risk Assessment. Institutional Capacity for Implementation risk will be revised from Moderate to High due to the fact that the higher education reforms are still ongoing and new institutional changes could affect project implementation. Given this change, and the performance of the project to date, the overall risk will be revised from Moderate to Substantial.

Change in Implementing Agency	Yes [X]	No []
Change in Project's Development Objectives	Yes []	No [X]
Change in Results Framework	Yes [X]	No []
Change in Safeguard Policies Triggered	Yes []	No [X]
Change of EA category	Yes []	No [X]
Other Changes to Safeguards	Yes []	No [X]
Change in Legal Covenants	Yes [X]	No []
Change in Loan Closing Date(s)	Yes []	No [X]
Cancellations Proposed	Yes []	No [X]
Change to Financing Plan	Yes []	No [X]
Change in Disbursement Arrangements	Yes []	No [X]
Reallocation between Disbursement Categories	Yes [X]	No []
Change in Disbursement Estimates	Yes [X]	No []
Change to Components and Cost	Yes [X]	No []
Change in Institutional Arrangements	Yes [X]	No []
Change in Financial Management	Yes []	No [X]
Change in Procurement	Yes []	No [X]
Change in Implementation Schedule	Yes []	No [X]

Other Change(s)	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
Appraisal Summary Change in Economic and Financial Analysis	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
Appraisal Summary Change in Technical Analysis	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
Appraisal Summary Change in Social Analysis	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
Appraisal Summary Change in Environmental Analysis	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]
Appraisal Summary Change in Risk Assessment	Yes [<input checked="" type="checkbox"/>]	No [<input type="checkbox"/>]

B. Project Status

In March 2015 the Project's performance ratings were lowered to MU given the low disbursement rates and low implementation progress. The slow performance was due to legal changes affecting the institutions in charge of and supported by the Project, as well as the decision from MINEDU to change the Project's responsible agency from COSUSINEACE to MINEDU by June 2015 and temporarily suspend the implementation of Project activities that are not under component 3, the Quality Enhancement Fund (as informed in Official Letters N°438-2014-MINEDU/DM to MEF and N° 016-2015/MINEDU/VMGP to SINEACE). In this context, it was agreed that a restructuring process would need to take place to reflect institutional, legal and policy changes. The MU ratings were to be upgraded to MS once the following milestones are reached: (i) Disbursement reaches 15%; (ii) Restructuring is completed; and (iii) good progress toward revised 2015 targets in Results Matrix. By June 2015, the changes needed on the legal framework to transfer the Project to MINEDU were not in place, and the government decided to go ahead with a technical restructuring to ensure the Project is consistent with the current legal framework and policy priorities. Project activities were resumed.

Since then the Project has led to the improvement of Peru's higher education quality assurance system (first component), as evidenced by the 602 completed self-evaluations (91 percent of the 2015 target of 661), 9 completed external evaluations and 1 program improvement plan satisfactorily implemented (at 11 and 20 percent of their respective targets for 2015). 485 evaluation teams and 489 academic peers have been trained (at 43 and 69 percent of their respective targets), as well as 6 External Evaluation Agencies have been authorized (out of 8 targeted for 2015). These achievements fall short of the original targets to a great extent due to institutional changes and new policy priorities that led to suspending the creation of External Evaluation Agencies (EEFAs) and some of the Project's components. In addition to the originally planned activities, 12 universities designated as emblematic by Law have received support by the Project, on the preparation of their Institutional Quality Assurance Strengthening Programs and further support for these programs by the project are under way. The project has also provided support to the development of a University Quality Assurance Policy (published on September 26, 2015).

The Project has also contributed to the development and consolidation of a Higher Education Quality Assurance Information System (second component), although falling short from original targets. For instance, in the past year there has been an increase in the number of registered users from 270 in 2014 to 1639, but the original target for 2015 was 30,000. There have been improvements and advances under the Self-Assessment System (SAES) for Higher Education, among them, the starting of its alignment to the new Quality Assurance platform, and the proposal of "SAES licensing", for which, the project has designed a new IT tool, GProc (used in the 4 call for proposals for Improvement Plans). However, the implementation of Component 2 slowed down when the development of the Acredita Peru system (subcomponent 2.1) and the *Futuro Profesional* observatory (subcomponent 2.2) by the Project was suspended as MINEDU took a more direct role on this and, later, launched the observatory of graduates' performance in the labor market, now called *Ponte en Carrera* (in lieu of *Futuro Profesional*).

Regarding the Fund for Quality Enhancement (third component), as a result of the 4 calls for proposals, 103 Improvements Plans have been approved for Higher Education Institutions and programs; 102 of which are being

executed, exceeding the 2015 target by 63 percent. Additionally, funding for 26 external evaluations was approved (87 percent of the 2015 target). Workshops and training videos on Improvement Plans preparation have been delivered. Improvement Plans for the 12 emblematic universities have been initiated. Additionally, the Project has started a mentoring program to strengthen and improve high and middle management in these universities.

The Ministry of Education has given priority to the higher education quality system and reorganized its structure through the new University Law (published on July 9th, 2014) in which a new Accreditation Body and SUNEDU are introduced, SINEACE is declared under reorganization and the previous CONEAU, CONEACES, EEFA are discontinued. The strengthening of this new higher education quality system requires support in building its operating model and framework, organizing existing information, consolidating its information system and setting in motion other priorities included in the new University Law.

Although disbursement has remained slow (21 percent as of March 2016), the allocation of over US\$ 10 million in approved FEC financing will ensure that at least US\$ 5 million are disbursed before the end of FY16 (3rd and 4th Calls for Proposals made during 2015 add to \$7,558,390, and of the 31 proposals presented in the 5th Call, 28 were approved, total amount to be defined). Project restructuring will contribute to resume implementation of component 2, which will also help disbursement. The project objectives continue to be achievable; neither the loan in particular, nor the country (Peru) in general, is subject to an ongoing suspension of disbursements; and on July 8th, 2016 the Bank submitted its acceptance of the 2015 audit report.

C. Proposed Changes

Change in Implementing Agency

Please describe the change and explain the reason for change:

"COSUSINEACE" will be replaced for "SINEACE" to reflect current institutional arrangements following the University Law.

Implementing Agency Name	Type	Action
COSUSINEACE	Implementing Agency	Marked for Deletion
SINEACE	Implementing Agency	New

Development Objectives/Results

Project Development Objectives

Original PDO

The objective of the Project is to improve Peru's higher education quality assurance system through the promotion of self and external evaluations, the financing of improvement plans, and the provision of information.

Change in Results Framework

Explanation:

PDO Indicators 1 and 2 will be revised so as to eliminate reference to CONEAU and CONEACES because these agencies no longer exist.

PDO indicators 1, 2 and 3 and former Intermediate Results Indicators (IRI) 8 and 9, which previously had multiple targets each (disaggregated by type of institution and type of program) will now have one aggregate target per indicator, because there are no longer two responsible agencies (CONEAU, CONEACES) to merit such complexity in reporting. PDO Indicator 4 will be revised so as to follow-up on the broader Higher Education Information System (SIES), which comprises the Quality Assurance Information System (SAES) as one of its

modules.

Former IRI 1, related to the “Percentage of higher education student enrollment in programs covered by finished and validated standards” will be dropped, because it will be reported in the revised description of the core indicator related to direct project beneficiaries. The description of the referred core indicator (former IRI 10, new IRI 8) will be redefined as the sum of “(1) students enrolled in programs that have self-evaluation in SAES; (2) students enrolled in HEIs that have institutional self-evaluation; and (3) secondary school students that received training on the use of the SIES’ Graduates’ Observatory”, because the previous definition, which included all higher education students included both direct and indirect beneficiaries.

Former IRI indicators 2, 3 and 4 will be merged into one indicator (new IRI 1) that reflects the “number of HEI benefited from at least one quality improvement intervention” and a broader set of capacity building Project activities from which HEI may benefit because this provides a more flexible framework in light of the ongoing sectoral reform. Reference to CONEAU and CONEACES in these indicators is also eliminated.

A new text indicator (new IRI 2) will be added to reflect relevant progress by the Project in supporting the development and implementation of the new Higher Education Quality Model, which provides the operating framework for all public entities in charge of higher education quality assurance and articulates evaluation, supervision, licensing and accreditation processes.

Former IRI 5 (new IRI 4) will be modified to reflect changes in subcomponent 2.1 because the observatory “Acredita Peru” has been effectively substituted by an information module for higher education quality assurance that will serve for both licensing and accreditation purposes.

Former IRI 6 (new IRI 3) will be modified to reflect changes in subcomponent 2.2 because it now contemplates providing support to MINEDU in the development of an integrated higher education information system, which will include a graduates’ observatory called “Ponte en Carrera”, also led by MINEDU, that effectively replaces the Project’s original observatory “Futuro Profesional”.

Indicators’ descriptions will be updated to eliminate reference to CONEAU and CONEACES and replace it for wording that includes all public entities in charge of higher education quality assurance.

Annual target values will be revised to reflect progress so far and projections based on current trends and planned activities. A few end targets will change, but most will be higher. In the PDO indicators, the number of external evaluation completed will be revised from 167 to 190 and the number of improvement plans satisfactorily implemented will go from 66 to 108. In the intermediate results indicators, the number of institutions benefitting from capacity building activities will be 350, compared to prior indicators of number of teams trained (which added up to 1700) because the unit of measure will be different. Also, the number of studies published will go from 4 to 5, and the number of improvement plans financed will increase from 119 to 155. The core indicator will go from 1.135 million to 200,000 students because the description has been revised to refer to only the Project’s direct beneficiaries instead of all students in the higher education system, as it was before.

Change in Legal Covenants

Explanation:

The legal covenants will be revised to replace "COSUSINEACE" for "SINEACE", and "COSUSINEACE-UCP" to "UCP" to reflect current institutional arrangements following the University Law.

The legal covenant referring to the CAE will be revised in order to change: (i) the number of members from six to four, and (ii) the due date to allow the UCP to hire the corresponding committee.

Ln/Cr/ TF	Finance Agreement Reference	Description of Covenant	Date Due	Status	Recurr ent	Frequency	Action
IBRD-82 120	Conditions of Effectiveness, Article V, 5.01	The UCP has been created within COSUSINEACE as provided in Section I.A.1 of Schedule 2 to the Loan Agreement.	01-Jan-2 013	Complied with	<input type="checkbox"/>		No Change
IBRD-82 120	Institutional Arrangements, Schedule 2, Section I.A.1 (a)	The Borrower, through COSUSINEACE, shall implement the Project through an independent unit within COSUSINEACE (the UCP), responsible for the management, coordination, supervision, monitoring and evaluation (except the evaluations referred to in Section I.A.3 of this Schedule), and fiduciary management of the Project.		Partially complied with	<input checked="" type="checkbox"/>	CONTINUO US	Revised
IBRD-82 120		The Borrower, through SINEACE shall implement the Project through the UCP, which shall be responsible for the management, coordination, supervision, monitoring and evaluation (except the evaluations referred to in Section I.A.3 of this Schedule), and fiduciary management of the Project.		Partially complied with	<input checked="" type="checkbox"/>	CONTINUO US	Proposed
IBRD-82 120	Institutional Arrangements, Schedule 2, Section I.A.1 (b)	The Borrower, through COSUSINEACE, shall ensure that not later than 3 months after the Effective Date the UCP have a structure, responsibilities, the necessary budget and key staff assigned with functions, experience,	08-Jul-20 13	Complied with	<input type="checkbox"/>		No Change

		responsibilities and qualifications acceptable to the Bank, as described in the Operational Manual (OM).					
IBRD-82 120	Institutional Arrangements, Schedule 2, Section I.A.1 (c)(i)	The Borrower, through COSUSINEACE, shall, for the purposes of Part 3 of the Project, establish and maintain a committee (the CTF) responsible, inter alia, for the selection and approval of Improvement Plans under Part 3 of the Project, and composed by seven members, including a representative from MEF, as described in the OM.		Partially complied with	<input checked="" type="checkbox"/>	CONTINUOUS	No Change
IBRD-82 120	Institutional Arrangements, Schedule 2, Section I.A.1 (c)(ii)	The Borrower, through COSUSINEACE, shall, for the purposes of Part 3 of the Project, designate, within the UCP, a technical secretariat (the STF) responsible, inter alia, for: (A) carrying out of pre-evaluation processes for Improvement Plan proposals; (B) supporting HEIs in the elaboration of final Improvement Plans; (C) supporting HEIs on the monitoring & implementation of Improvement Plans (OM).		Partially complied with	<input checked="" type="checkbox"/>	CONTINUOUS	No Change
IBRD-82 120	Institutional Arrangements, Schedule 2, Section I.A.2	Not later than 90 days after the Effective Date, the Borrower, through COSUSINEACE-UCP, shall establish, & thereafter maintain during Project implementation, a steering committee (CDP) composed by rep. from COSUSINEACE, MINEDU & MEF,	08-Aug-2013	Complied with	<input type="checkbox"/>		Revised

		w/functions & responsibilities acceptable to the Bank, included, inter alia, the responsibility of providing gral. Project oversight and coord. , as set forth on OM.					
IBRD-82 120		Not later than 90 days after the date of the Amendment Letter, the Borrower, through the UCP, shall establish, & thereafter maintain during Project implementation, a steering committee, the CDP, composed by two representatives from the SINEACE Ad Hoc Executive Board, one from MEF, and two from MINEDU w/functions & responsibilities acceptable to the Bank, included, inter alia, the responsibility of providing gral. Project oversight and coord. , as set forth in OM.	15-Nov-2016	Complied with	<input type="checkbox"/>		Proposed
IBRD-82 120	Institutional Arrangements, Schedule 2, Section I.A.3	Not later than 9 months after the Effective Date, the Borrower, through COSUSINEACE-UCP, shall create an external advisory council (CAE) composed by a group of 6 recognized int & local authorities in their respective fields, w/ functions & resp acceptable to the Bank, including the carrying out of yearly evaluations of the Project, as well as a mid-term & a implementation, as set for the OM.	28-Nov-2014	Partially complied with	<input type="checkbox"/>		Revised
IBRD-82 120		Not later than 90 days after the date of the	15-Nov-2016	Not yet due	<input type="checkbox"/>		Proposed

		Amendment Letter, the Borrower, through the UCP, shall create an external advisory council (the CAE) composed by a group of four recognized international and local authorities in their respective fields, with functions and responsibilities acceptable to the Bank, including the carrying out of the mid-term and a final evaluation of Project implementation, as described in the Operational Manual.					
IBRD-82 120	Safeguards and Operational Manual,	The Borrower shall, and shall cause COSUSINEACE to carry out the Project in accordance with the IPPF and the Operational Manual.		Partially complied with	<input checked="" type="checkbox"/>	CONTINUOUS	Revised
IBRD-82 120	Schedule 2, Section I.C	The Borrower, through the UCP, shall carry out the Project in accordance with the IPPF and the Operational Manual.		Partially complied with	<input checked="" type="checkbox"/>	CONTINUOUS	Proposed
IBRD-82 120	Withdrawal Conditions, Schedule 2, Section IV.B. 1(c)	Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments under Category (2), unless: (i) CTF & STF units referred in Section I.A.1 (ii) of this Agreement are in place and staffed in a manner acceptable to Bank; and (ii) the Project info system referred to in Section IV.C of Schedule 2 to this Agreement is implemented in a manner satisfactory to the Bank.	28-Nov-2014	Complied with	<input type="checkbox"/>		No Change
IBRD-82	Other	The Borrower, through	28-Nov-	Complied	<input type="checkbox"/>		Revised

120	Undertakings, Schedule 2, Section IV.C	COSUSINEACE-UCP shall design and implement a Project information system, acceptable to the Bank, for the purposes of recording, controlling, reporting and monitoring Project transactions and issuance of the financial reports required for the Project.	2014	with			
IBRD-82120		The Borrower, through the UCP, shall design and implement a Project information system, acceptable to the Bank, for the purposes of recording, controlling, reporting and monitoring Project transactions and issuance of the financial reports required for the Project.		Complied with	<input type="checkbox"/>		Proposed

Financing

Reallocations

Explanation:

The amount of the loan allocated between the three components of the project will be revised so as to allocate a greater share to component 3.

Ln/Cr/TF	Currency	Current Category of Expenditure	Allocation		Disbursement % (Type Total)	
			Current	Proposed	Current	Proposed
IBRD-82120	USD	GO, CW, NCS, CS, TR and OP - Part 1	3,796,891.00	2,299,829.00	100.00	100.00
		GO, CW, NCS, CS, TR and OP - Part 2	2,485,572.00	1,547,620.00	100.00	100.00
		GO, CW, NCS, CS, TR and OP - Part 3	18,717,537.00	21,152,551.00	100.00	100.00
		Designated Account	0.00	0.00	0.00	0.00
		Total:	25,000,000.00	25,000,000.00		

Disbursement Estimates

Change in Disbursement Estimates

Explanation:

Disbursement estimates will be revised to reflect the implementation progress so far and the operations plan for the restructured components. The expected raise in disbursement for FY16 is based on the foreseen execution of Component 3 funds already granted to improvement plans for a total amount of S/.38 million (over USD10 million). For FY17 it is expected that the Fund will complete its allocation of resources and the restructuring will allow the other components to pick up the pace.

Fiscal Year	Current (USD)	Proposed (USD)
2013	0.00	0.00
2014	1,800,000.00	874,370.00
2015	4,800,000.00	1,698,825.00
2016	6,800,000.00	7,828,478.00
2017	9,200,000.00	10,850,000.00
2018	2,400,000.00	3,748,327.00
Total	25,000,000.00	25,000,000.00

Components

Change to Components and Cost

Explanation:

The restructuring of the components and subcomponents responds to the institutional changes introduced by the University Law (N° 30220) and MINEDU's new organizational rulebook (approved by Supreme Decree N° 001-2015-MINEDU), in particular the closure of CONEAU and CONEACES, the creation of the National Superintendence of University Education (SUNEDU), and the creation, within MINEDU of two General Directorates for University Education and for Technical, Productive, and Artistic Higher Education. Because of these changes, the concept of "higher education quality assurance system", which before only included SINEACE and its operating bodies (CONEAU and CONEACES), will be revised to include MINEDU, SUNEDU, the accreditation authorities and any other entity determined by Law.

Component 1 and its subcomponents will be modified to reflect the abovementioned institutional changes introduced. CONEAU and CONEACES will be replaced by "public entities in charge of higher education quality assurance" in component 1 and subcomponent 1.1. Component 1 and Subcomponent 1.2 will be revised to support only HEIs and not the Evaluating Entities for Accreditation Purposes (EEFA, *Entidades Evaluadoras con Fines de Acreditación*) because their role is currently under revision and the government is evaluating the option of promoting the participation of academic peers and independent accreditation agencies instead.

Component 2 and its subcomponents will be modified to support the provision of knowledge and information about higher education because the systems originally supported by the Project (*Acredita Peru, Futuro Profesional*) were replaced by new systems with similar objectives. In addition, MINEDU is leading the efforts of developing an integrated platform that can disseminate the information of these new system as well as studies and other data it is collecting. The order of subcomponents 2.1 and 2.2 would be inverted, so that subcomponent 2.1 supports the development of the new Information System for Higher Education (SIES for its acronym in Spanish), which will include the observatory of graduates developed by MINEDU; while subcomponent 2.2 supports the development of the new module for Quality Assurance Information (SAES, for its original acronym in Spanish), which will be part of the integrated information system. Subcomponent 2.3 will be revised to update the proposed list of studies so as to reflect current information and knowledge needs.

Component 3, and in particular subcomponent 3.1 will be modified to include options for financing aspects of the

Adjustment Plans required for the licensing of HEIs and careers, as well as aspects of the Strengthening Plans for the emblematic universities identified in the University Law, because all of these plans contribute to consolidating the higher education quality assurance system.

Below the detail of the proposed changes in the components and subcomponents.

COMPONENT 1

Current:

Component 1: Development of Methods, Instruments, Norms and Capacity for Evaluation and Accreditation (estimated total cost: US\$7.92 million; Bank: US\$3.80 million). Strengthening the capacity of CONEAU, CONEACES, HEIs and EEFA's to handle their respective responsibilities within the quality assurance system, through:

(a) Subcomponent 1.1: Development of management, planning and evaluation capacity of CONEAU and CONEACES (estimated total cost: US\$1.41 million; Bank: US\$0.68 million). Enhancing of CONEAU and CONEACE's management, planning and evaluation capacity by developing standards, norms and procedures for evaluation and accreditation, including those for the supervision of the EEFA's.

(b) Subcomponent 1.2: Development of self-evaluation and external evaluation capacity (estimated total cost: US\$1.91 million; Bank: US\$0.91 million). Strengthening of the capacity of (i) HEIs to engage in both internal and external evaluation processes; and (ii) EEFA's to undertake external evaluations, including learning from other experiences at the regional and international levels.

(c) Subcomponent 1.3: Support for Project implementation (estimated total cost: US\$4.61 million; Bank: US\$2.21 million). Provision of support for the technical and administrative management of the Project.

Proposed:

Component 1: Development of Methods, Instruments, Norms and Capacity for Quality Assurance (estimated total cost: US\$7.49 million; Bank: US\$2.30 million). Strengthening the capacity of HEIs and the public entities in charge of higher education quality assurance to handle their respective responsibilities within the quality assurance system, through:

(a) Subcomponent 1.1: Development of management, planning, evaluation and supervision capacity of the public entities in charge of higher education quality assurance (estimated total cost: US\$1.71 million; Bank: US\$0.99 million). Enhancing of the management, planning and evaluation capacity of the public entities in charge of higher education quality assurance by developing standards, norms and procedures for licensing and accreditation.

(b) Subcomponent 1.2: Development of self-evaluation and external evaluation capacity (estimated total cost: US\$0.88 million; Bank: US\$0.51 million). Strengthening of the capacity of HEIs to engage in both internal and external evaluation processes, including learning from other experiences at the regional and international levels.

(c) Subcomponent 1.3: Support for Project implementation (estimated total cost: US\$4.90 million; Bank: US\$0.80 million). Provision of support for the technical and administrative management of the Project.

COMPONENT 2

Current:

Component 2: Development and Consolidation of a Higher Education Quality Assurance Information System (estimated total cost: US\$5.19 million; Bank: US\$2.49 million). Developing and consolidating a higher education quality assurance information system for the systematic gathering, processing and dissemination of reliable data regarding higher education quality assurance as well as graduates' performance in the labor market, through:

(a) Subcomponent 2.1: Development and consolidation of an observatory of the accreditation of Peru's

higher education (*Acredita Perú*) (estimated total cost: US\$1.65 million; Bank: US\$0.79 million).

Development and consolidation of an observatory of the accreditation process of Peru's higher education (*Acredita Perú*), responsible for the organization and dissemination of information on standards, criteria, indicators, EEFA's, as well as the evaluation and accreditation procedures by degree programs and HEIs.

(b) Subcomponent 2.2: Establishment of an observatory of higher education graduates (*Futuro Profesional*) (estimated total cost: US\$3.13 million; Bank: US\$1.50 million). Establishment of an observatory of higher education graduates (*Futuro Profesional*), for systematically collecting, processing and disseminating statistical information about the performance of higher education graduates in the labor market, and providing information regarding employability and salaries of graduates from different programs and HEIs.

(c) Subcomponent 2.3: Elaboration of sector studies (estimated total cost: US\$0.41 million; Bank: US\$0.19 million). Carrying out of several studies aiming at a better understanding of Peru's higher education, including *inter alia*: (i) the development of a methodology and initial data collection to carry out an evaluation regarding the long term effects of the introduction of a quality assurance system; (ii) in depth sociocultural assessment, in the framework of the Project's Indigenous Peoples Planning Framework (IPPF); (iii) assessing the role of information in the choice of postsecondary education; and (iv) the effect of accreditation in Peru's higher education system.

Proposed:

Component 2: Provision of knowledge and information about Higher Education (estimated total cost: US\$2.67 million; Bank: US\$1.55 million). Promoting the access to reliable information on available higher education options, quality assurance processes such as licensing and accreditation, and graduates performance in the labor market, through:

(a) Subcomponent 2.1: Support to the development of a Higher Education Information System (SIES) (estimated total cost: US\$1.66 million; Bank: US\$0.96 million). Support to the development of an integrated knowledge and information system that organizes, consolidates and makes available knowledge and information about the higher education system, in particular with regard to available careers, their costs, faculty, students, graduates' performance in the labor market, licensing and accreditation results; and the evaluation of the use given to this knowledge and information system by target audiences.

(b) Subcomponent 2.2: Development of a module of information about Peru's higher education quality assurance (SAES) (estimated total cost: US\$0.63 million; Bank: US\$0.36 million). Development of online tools for managing the licensing and accreditation processes for careers and HEIs and processing the information for decision-making.

(c) Subcomponent 2.3: Elaboration of sector studies (estimated total cost: US\$0.39 million; Bank: US\$0.22 million). Carrying out of several studies aiming at a better understanding of the Borrower's higher education, including *inter alia*, studies to: (i) propose criteria and methodology to determine the pertinence of higher education options and apply these to at least one regional study; (ii) implement the recommendations in the IPPF; (iii) assessing the role of information in the choice of post-secondary education; and (iv) assess the results of licensing and accreditation processes in the Borrower's higher education system.

COMPONENT 3

Current:

Component 3: Fund for Quality Enhancement (estimated total cost: US\$39.06 million; Bank: US\$18.71 million). Promoting the improvement of the quality and relevance of academic programs and HEIs, through the supporting of the establishment of the FEC and its two windows of financing, namely:

(a) Subcomponent 3.1: External Evaluation of IEEs (estimated total cost: US\$0.59 million; Bank: US\$0.28 million). External evaluation of IEEs (institution-wide and for technical programs in health and education) by the EEFA of their choice, after completion of self-evaluation.

(b) Subcomponent 3.2: Support to Improvement Plans (estimated total cost: US\$38.46 million; Bank: US\$18.43 million). Implementation of Improvement Plans for both IEEs and universities (including programs within HEIs), based on the results of the self and external evaluation.

Proposed:

Component 3: Fund for Quality Enhancement (estimated total cost: US\$33.04 million; Bank: US\$21.15 million). Promoting the improvement of the quality and relevance of academic programs and HEIs, through the establishment of the FEC and its two windows of financing, including the carrying out of the following activities: **(a) Subcomponent 3.1: External Evaluation of IEEES (estimated total cost: US\$0.31 million; Bank: US\$0.18 million).** External evaluation of IEEES (institution-wide and for technical programs in health and education) after completion of self-evaluation.

(b) Subcomponent 3.2: Support to Improvement Plans (estimated total cost: US\$32.73 million; Bank: US\$20.97 million). Implementation of Improvement Plans for both public IEEES and universities (including programs within HEIs) for accreditation purposes, based on the results of the self and external evaluation; and implementation of aspects of Adjustment Plans for the licensing of public HEIs and their careers or aspects of the Strengthening Plans for emblematic universities identified in Article 4 of the Final Complementary Clauses of the University Law.

Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Component 1: Development of Methods, Instruments, Norms and Capacity for Evaluation and Accreditation	Component 1: Development of Methods, Instruments, Norms and Capacity for Quality Assurance	3.80	2.30	Revised
Component 2: Development and Consolidation of a Higher Education Quality Assurance Information System	Component 2: Provision of knowledge and information about Higher Education	2.49	1.55	Revised
Component 3: Fund for Quality Enhancement		18.71	21.15	Revised
	Total:	25.00	25.00	

Other Change(s)

Change in Institutional Arrangements

Explanation:

The concept of “higher education quality assurance system”, which before only included SINEACE and its operating bodies (CONEAU and CONEACES), will be revised to include MINEDU, SUNEDU, the accreditation authorities and any other entity determined by Law, because the University Law (N° 30220, published on July 9, 2014) and MINEDU’s new organizational rulebook (approved by Supreme Decree N° 001-2015-MINEDU on January 31, 2015) introduced institutional changes to Peru’s higher education quality assurance system, previously led only by SINEACE. These changes included: (i) dissolving SINEACE’s operating bodies (CONEAU, CONEACES and Ipeba); (ii) declaring SINEACE “under internal reorganization”; (iii) replacing COSUSINEACE (the Higher Council of SINEACE comprised by the heads of CONEAU, CONACES and Ipeba) by an Ad Hoc Executive Board (*Consejo Directivo Ad Hoc*) as provisional governing body of SINEACE, charged with SINEACE’s reorganization; (iv) creating the National Superintendence of University Education (SUNEDU); (v) establishing that a new agency responsible for the accreditation process should be created by Law; and (iv) creating two new General Directorates within MINEDU, one for University Education and one for Technical, Productive, and Artistic Higher Education, with the purpose of leading the national policy for higher education

development and quality assurance. The new Accreditation Body has not been formally created, though a proposal is currently being discussed in Congress, along with the creation of a regulation agency for non-university higher education.

While the Project effectively remains within SINEACE, the institutional and implementation arrangement will be modified to reflect these changes as follows:

- (i) COSUSINEACE will be replaced by SINEACE's Ad Hoc Executive Board as the responsible agency, within which the existing Project Coordinating Unit (UCP) will continue to be directly responsible the management, coordination, supervision, monitoring and evaluation, and fiduciary management of the Project;
- (ii) The Project's Steering Committee (CDP, *Comité Directivo del Proyecto*), the highest body for Project management, previously composed by representatives from CONEAU, CONEACES, MINEDU and MEF, will be now composed by two representatives from the SINEACE Ad Hoc Executive Board, one from MEF, and two from MINEDU..
- (iii) CONEAU and CONEACES will now be replaced by "public entities in charge of higher education quality assurance". The term currently refers to SINEACE, SUNEDU and MINEDU, but since the higher education reform is ongoing, it allows for the incorporation of the new Accreditation Body if this were to replace SINEACE, or the regulation agency for non-university higher education.

Appraisal Summary

Appraisal Summary Change in Risk Assessment

Explanation:

Institutional Capacity for Implementation risk will be revised from Moderate to High due to the fact that the higher education reforms are still ongoing, as evidenced by: (i) the publication of the University Law by which SINEACE was declared to be "under internal reorganization", (ii) the absence of a published law that establishes the new agency responsible for the accreditation process –even though the University Law stated 90 days (from July 2014) for its formal presentation by the Executive Power; and (iii) the ongoing discussions and pending approval of the Law for Higher Education Technical-Productive Institutes and Art Schools.

Given this change, and the performance of the project to date, the overall risk will be revised from Moderate to Substantial.

These risks will be mitigated through:

- Introducing some flexibility in the design of institutional arrangements and scope of the components, so as to potentially accommodate any additional changes in the higher education institutional environment that may need to be reflected in the Project (such as support activities to the new Accreditation Body).
- Focusing Component 1 activities in strengthening the capacity of the public entities in charge of higher education quality assurance so that Project objectives are met.

Systematic Operations Risk-Rating Tool (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Low
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● High
6. Fiduciary	● Low

7. Environment and Social	● Low
8. Stakeholders	● Moderate
9. Other	--
OVERALL	● Substantial

Annex 1: Results Framework and Monitoring

The objective of the Project is to improve Peru's higher education quality assurance system through the promotion of self and external evaluations, the financing of improvement plans, and the provision of information.

Status	Indicator	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
					2013	2014	2015	2016	2017				
PDO LEVEL RESULTS INDICATORS													
Revised	Indicator 1: Number of self-evaluations completed in SAES.	<input type="checkbox"/>	#	0	0	50	600	850	1100	Quarterly	SAES	Project Implementation Unit	Self-evaluation in SAES is based on the standards established in the model for higher education quality. In 2015 there were 1,430 HEI and 9,320 programs (careers) both in universities and institutes. It is not mandatory to use SAES for self-evaluation. This indicator will be reported in aggregate as well as subtotals for institutions and for careers, broken down by professional family.
Revised	Indicator 2: Number of external evaluations finalized as part of the process for higher education quality assurance.	<input type="checkbox"/>	#	0	0	50	90	150	190	Quarterly	Accreditation Body Registries	Accreditation Body	External evaluations are conducted on the basis of quality standards established by the Accreditation Body. Although HEIs and programs can conduct an external evaluation independently from the Accreditation Body, for this indicator an external evaluation is considered completed once the final

Status	Indicator	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/Method	Responsibility for Data Collection	Description (indicator definition etc.)
												report is sent to the Accreditation Body.	
Revised	Indicator 3: Number of improvement plans for programs and institutions that are satisfactorily implemented.	<input type="checkbox"/>	#	0	0	0	5	100	108	Annual	FEC database	Technical Secretariat, FEC	Institutional improvement plans (PMI) and program improvement plans (PMC) will be deemed satisfactory if at least 80% of the low-graded standards registered initially through SAES are upgraded to satisfactory.
Revised	Indicator 4: Number of visits to the dissemination websites of the Higher Education Information System (SIES).	<input type="checkbox"/>	#	0	0	0	100,000	200,000	300,000	Annual	SIES's registry.	Planning Secretariat, MINEDU	SIES will allow access to information about the accreditation and licensing processes for HEIs and programs, the number of programs and HEIs, their costs, students, faculty, etc. The measure of visits counts unique visits, that is, it considers each IP address as one visitor regardless of the number of visits from that IP address.

INTERMEDIATE RESULTS													
Component One: Development of Methods, Instruments, Norms and Capacity for Quality Assurance													
New	<i>Intermediate Result indicator 1:</i> Development and implementation of the new Higher Education Quality Model	<input type="checkbox"/>	Text				Model designed	Model approved	Model implemented	Annual	Report	Project Implementation Unit, in coordination with SUNEDU and Accreditation Body	The methodological proposal of the Higher Education Quality Model should include the following: dimensions, factors and standards for higher education licensing and accreditation. The model is considered implemented when the authorities for licensing and accreditation use it.
New	<i>Intermediate Result indicator 2:</i> Number of HEIs benefited from at least one quality improvement intervention.	<input type="checkbox"/>	#	0	0	0	200	300	350	Annual	Report	Project Implementation Unit	A HEI would be counted in this indicator if it has participated in at least one training, information or technical assistance activity.
Component Two: Provision of knowledge and information about Higher Education													
Revised	<i>Intermediate Result indicator 3:</i> Development of a Higher Education Information System (SIES)	<input type="checkbox"/>	Text				Design and implementation of the Graduates' Observatory. Preliminary design of the integrated system (SIES)	Update of data and indicators in the Graduates' Observatory. Final design of the SIES	SIES fully functional and responsive	Annual	Report	Planning Secretariat, MINEDU	The SIES is comprised by a series of integrated portals, which include an observatory of the professional trajectory of HEI's graduates, a portal with indicators of the higher education supply, and modules and portals related to the quality assurance of higher education

Revised	<i>Intermediate Result indicator 4:</i> Development of an information module for higher education quality assurance (SAES).	<input type="checkbox"/>	Text			The module has some preliminary design	The technical design is finalized and the module is used for managing self-evaluations.	The module is revised to integrate the requirements for managing licensing processes	The module is used to manage licensing processes	Annual	Report	Project Implementation Unit	The SAES is an online platform containing the information on the higher education quality assurance process, such as self-evaluation, external evaluation, accreditation, and licensing.
Revised	<i>Intermediate Result indicator 5:</i> Number of studies published.	<input type="checkbox"/>	#	0	0	0	0	2	5	Annual	Report	Project Implementation Unit	A study is considered published when its access is made public either in print or digitally.
Component Three: Fund for Quality Enhancement													
Revised	<i>Intermediate Result indicator 6:</i> Number of external evaluations financed by the FEC.	<input type="checkbox"/>	#	0	0	10	26	45	54	Annual	FEC database	Technical Secretariat, FEC	Only technical programs in science and technology, education and health are eligible for FEC funding of external evaluations. This indicator aggregates the number of external evaluations of HEIs and eligible technical programs funded by the FEC, but data should also be reported in detail (HEIs separate from programs).
Revised	<i>Intermediate Result indicator 7:</i> Number of improvement plans financed by the FEC.	<input type="checkbox"/>	#	0	0	18	75	120	155	Annual	Report	Technical Secretariat, FEC	The indicator aggregates the number of institutional and program improvement plans funded by the FEC, but data should also be reported in detail (HEIs separate from programs).
Revised	<i>Intermediate Result indicator 8:</i> Direct Project	<input checked="" type="checkbox"/>	#, %	0	0	20,000 49%	110,000 49%	170,000 49%	200,000 49%	Annual	SAES and	Project Implementation	Direct beneficiaries are defined as: (1) students

	beneficiaries (number), of which female (percentage).										SIES	ion Unit & Planning Secretariat, MINEDU	<p>enrolled in programs that have self-evaluation in SAES; (2) students enrolled in HEIs that have institutional self-evaluation; and (3) secondary school students that received training on the use of the SIES' Graduates' Observatory.</p> <p>The percentage of female beneficiaries is an approximation based on the percentage of female students in 2015.</p>
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