

Project Name Egypt, Arab Republic Of-Higher Education (@)

Region Middle East and North Africa Region

Sector Higher Education

Project ID EGPE56236

Borrower(s) GOVERNMENT

Implementing Agency
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Environment Category C

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1. Country and Sector Background

Sector Background Since 1990, the Government has increased its pre-university education budget by 150% in real terms. This has helped to bring about nearly universal access at the basic level and an enrollment rate of 64% at the secondary level. Combined with an expanding age cohort, this success has created strong demand for post secondary education.

[Note: as the expression "tertiary education" carries a negative connotation in Egypt, "higher education" will be used instead throughout this document to encompass all post-secondary education] Approximately 20% of the 18-22 age group (1.5 million students, of which 40% are female) were enrolled at that level in 1998/99. Three quarters attended universities, and 25% were enrolled in non-university institutions. The overwhelming majority (99% of all students) attended public institutions. The system is comprised of 12 public universities (spread over 20 individual campus sites), 51 public non-university institutions, and only 4 private (for profit) universities. Applications are pending with the Ministry of Higher Education to open 18 additional private for profit institutions. Of the 51 non-university institutions, 47 are two-year middle technical institutes (MTI), and 4 are four or five-year higher technical institutes (HTI). There were approximately 111,500 MTI students in 1998/99, mostly enrolled in industrial (48,000) or commercial fields (48,100). The rest are enrolled in MTIs providing training in hotel and tourism services (2,200) and faculties of education (13,000). There has been steady increases in enrollment prior to 1996/97 and a slight decrease since 1997/98. Main Sector Issues Egyptian higher education faces a number of challenges: (i) antiquated system-wide governance and management; (ii) low quality and relevance at the university level; (iii) low quality and relevance at the middle technical level; and (iv) fiscal sustainability of publicly financed enrollments. A. System-wide Governance and Management The governance and management framework suffers from four fundamental deficiencies: (i) complex and antiquated legislation and institutional organization; (ii) inefficient resource allocation

mechanisms; (iii) the absence of quality assurance mechanisms; and (iv) the absence of strategic planning and management, both at the system-wide and the institutional levels.

B. Quality and Relevance of University Education An alarming figure in university statistics is the number of repeaters that encumber the system year after year. This suggests that neither the existing student selection criterion nor the process of allocating them to programs are very robust. Another contributing factor may also be the absence of a credit system, and the fact that failure in some courses requires repeating a full year for all courses. Low quality and relevance can be attributed to deficiencies in educational inputs (infrastructure, faculty) and in educational processes (teaching methods, teaching workloads, working conditions, performance assessment and accountability, academic responsibility, lack of technology use).

C. Quality and Relevance of Middle Technical Training The most dramatic example of this mismatch between training and labor markets occurs in the case of Middle Technical Institutes (MTI), which enroll too small a share of all students given the needs of a modern economy (less than 10%). The graduates of the MTIs have the worst employment rate in the non university sector (over 60% remain unemployed for at least two years). Because the quality of education provided in these MTIs is miserable, a "vicious circle" results in which (i) an insufficient number of mid-level cadres is produced, (ii) those that are produced are of insufficient quality for employment at their level, and (iii) the jobs for which they were supposedly prepared are taken by graduates from higher level schools (Higher Technical Institutes or Engineering Schools) at a much higher unit cost to the State.

D. Fiscally sustainable enrollments Egyptian education at all levels is funded by the Government. By OECD standards, education in Egypt receives a similar allocation of available public resources (5.9% of Egyptian GDP in 1997/98, equal to the OECD average), a commensurate proportion of which is allocated to higher education (28% of total public expenditures on education in Egypt were allocated to higher education in 1997/98). Overall expenditure on education as a proportion of GDP has grown from 3.9% in 1991 to 5.9% in 1998. In spite of the expansion of public spending on education in Egypt (in both absolute terms and as a proportion of GDP), the growth in the higher education student population has caused a compression of per-student resources at that level. In addition to compressing resources, the mere size of the Egyptian higher education system poses special challenges to the provision of quality education. Egypt has one of the world's largest higher education systems (1.2 million students in 1998/99). The Government's dilemma can also be summarized as follows: given the high population growth, to simply maintain the share of the 18-22 age group at its present 20% level would require on average an additional 60,000 new enrollments each year over the next ten years.

Government Strategy Recent government actions toward building political consensus on issues critical to higher education reform in Egypt have created a climate that is ripe for movement to take place on concrete reform efforts. The Government has come to realize that the growing globalization of trade, finance and information flow is intensifying competition and is raising the danger that Egypt will continue to fall behind its competitors. Implications of the information revolution and knowledge economy need to be made part of the development agenda. Encouraged by the success of a rising enrollment in primary education (to almost 100%), and the on-going enhancement of learning and adaptability skills through reforms in secondary education (both programs supported by the Bank) the Government is advancing to make the best of

these on-going efforts by improving the quality of education and opportunities for lifelong learning at the higher level. The outcome of the Government's process was a National Conference, held in Cairo on Feb. 13 and 14, 2000, with over 1,200 stakeholders of higher education participating and coming to a consensus on a Declaration recommending legislative, financial and structural reform of higher education. The Declaration was endorsed by the President and the Prime Minister. Press reviews and public reactions to the Declaration have propelled the reform initiative into almost a "movement" with the public calling on the Government to act on the Declaration. The political conditions have clearly set the stage for Egypt to begin engaging in meaningful and necessary higher education reforms. The Declaration's reform agenda is ambitious. The Government is deliberately deciding to address all the issues above and has started work on their sequencing and logical articulation.

2. Objectives

The objective of this project is to improve the quality of higher education to international standards, to increase its relevance to national economic needs, and to improve the efficiency of public resources used while maintaining access in a fiscally sustainable manner.

3. Rationale for Bank's Involvement

Bank support will bring value added in six areas: Analysis of cross-sectoral labor markets issues; Worldwide perspective on analysis of higher education issues (e.g. the Bank's policy study Higher Education: the Lessons of Experience, presented to the Board in 1994, higher education projects under implementation in every region); Specific analysis of Egyptian higher education issues, as demonstrated in the Bank commissioned sector reports; Comprehensive sector perspective. With 8 projects in Egypt's education and training sectors since 1977, the Bank can help to prioritize sector issues, putting them in a context which ensures that tertiary education measures are not adopted which might adversely affect the rest of the system; Translating policy and technical analysis into implementable recommendations; and Being the major donor in developing a comprehensive framework for education and training, which was able to attract co-financing from other donors.

4. Description

The project will have three components: Component 1 will reform system-wide governance and management through: (i) Reform of the legislative and administrative framework (ii) Establishment of a Supreme Council of Higher Education (SCHE) (iii) Establishment of the National Quality Assurance Committee (NQAC) and quality assurance mechanisms (iv) Establishment of a funding formula to allocate resources between institutions. (v) Improvement of system-wide planning and management, including preparing institutions for transition to autonomous governance and administration. Component 2 will improve the quality and relevance of university education through: (i) supporting system-wide educational inputs (IT, library systems, and faculty) (ii) establishing the competitive Higher Education Enhancement Fund (HEEF). Competitive funding mechanisms will be instituted for new program investments through a Higher Education Enhancement Fund (HEEF). The HEEF will be aimed at improving, quality, relevance and efficiency by selecting for funding, on an annual or semi-annual competitive basis, proposals made by public universities, higher technical

institutes, or their departments. The HEEF would have two 'windows', each with different criteria and sections in the overall Operations Manual: (i) the academic HEEF, to encourage innovation and the improvement of teaching and learning in academic departments; and (ii) the entrepreneurial HEEF, which would provide money to fund joint proposals between university or higher technical institute departments and the private sector, for such activities as advisory and technical services, applied contract research, training, incubator centers, and multi-disciplinary centers. Component 3 will improve the quality and relevance of middle technical training through: (i) restructuring the Middle Technical Institutes system by the conversion of the 47 public MTIs into 7 regional Polytechnics (through clustering) and by reforming system-wide governance and management (ii) reforming system governance and management (iii) designing new programs and curricula (iv) training instructors and staff (v) Upgrading of equipment and facilities.

5. Financing

	Total (US\$m)
GOVERNMENT	50
IBRD	50
IDA	
Total Project Cost	100

6. Implementation

These will be determined during project preparation. They will include structures and staff capable of executing complex system-wide and targeted pre-determined investments, as well as ensuring a fully transparent and impartial selection process for sub-projects to be funded by the HEEF, according to a pre-determined Operations Manual. The former PIU for the Engineering and Technical Education Project has successfully implemented a competitive funding program will become the HEEF PIU. Its coordination with to be created SCHE and NQAC and other agencies will be defined during preparation.

7. Sustainability

The following factors are likely to be critical to the sustainability of project benefits: The project will contribute to the overall sustainability of tertiary education in Egypt through capacity building at the system and institutional levels. Component 1 would support enhancement of national and university planning and management capacity. Sustainability of the HEEF and its implementation structure beyond the project is more questionable, and will depend on successful implementation during the life of the project, and Government commitment to finance the HEEF beyond the life of the project. System-wide financial sustainability will be reviewed during project preparation. The team's dialogue with the Government on the fiscal implications of various enrollment and cost recovery scenarios will be continued, and a summary analysis presented as part of the project economic analysis.

8. Lessons learned from past operations in the country/sector

Egypt has had eight Bank-supported projects addressing issues in general education and manpower development, and the proposed project would be the second in higher education. The following lessons of implementation have been derived from higher education sector work in Egypt, from the just completed Engineering and Technical Education Project, from the ongoing

Bank supported EEP and SEEP projects and ongoing higher education projects in Tunisia, Argentina, Brazil and Indonesia. The lessons have been incorporated in project preparation and design: Project design needs to take into account the complex nature of tertiary education institutions and the potential impact of inter-university politics on the project; Universities need to improve planning and management practices and tools, including management information systems; Short-term technical training programs need to establish strong links with the local economy (through flexible and responsive curricula and through the formal inclusion of business community leaders in MTI advisory boards); Client focus ought to be high, and this is achieved through the highly participative project design process. As indicated in the just completed ICR for the Engineering and Technical Education Project, a full time project management team is key to the successful implementation of a competitive Fund. This team ought to be in place before project implementation; and a competitive fund by itself, such as the one implemented in the ETEP, improves only the specific program that it funds and is limited in two important ways: (1) if it is not accompanied by a system-wide framework, it does not result in the cultural change necessary for systemic reform, and (2) if the government does not provide counterpart funding, it will not be sustainable.

9. Program of Targeted Intervention (PTI) N

10. Environment Aspects (including any public consultation)
Issues : None foreseen.

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Note: This is information on an evolving project. Certain components may not be necessarily included in the final project.

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