

## **THE COMPETITIVE FUND FOR ACADEMIC INNOVATION INNOVATION PROJECTS FOR TERTIARY PROGRAMS**

### **Operations Manual**

#### **INTRODUCTION**

The Competitive Fund for Academic Innovation (hereafter the Innovation Fund) of the Ministry of Education is a development instrument intended to improve the quality of tertiary education. It is designed to help Tertiary Education Institutions (IETs) to develop and to assist them in performing their main functions. It also aims to help them carry out their role in national development, both to improve undergraduate education, professional education, and higher-level technical education, as well as graduate education -preferably at Ph.D. level- to prepare the highly qualified professionals that Chile needs to advance towards a knowledge-based economy.

The Innovation Fund is part of the Tertiary Education Program for the Knowledge-Based Society (MECESUP-2) that the State of Chile is planning to implement in the period 2006-2011. The Innovation Fund will be financed with funds from Chile's national budget and through a loan from the International Bank for Reconstruction and Development (BIRF No. 7317-CH). These funds will be supplemented by counterpart contributions provided by the beneficiary institutions to make it possible to implement the Innovation Fund. The Innovation Fund will function via results-based agreements involving specific multi-annual projects including measurable results. It will operate through publicly announced competitions and projects submitted by the IETs. It will be based on agreements signed by the institutions to which the projects have been awarded with the Ministry of Education (MINEDUC). The Fund shall have in place systems for project evaluation, selection, awarding and follow-up. Furthermore, it will perform dissemination activities and prepare material to support the preparation, management and follow-up of projects carried out by the eligible IETs.

#### **OBJECTIVES**

##### **General Objectives**

To strengthen capabilities in tertiary education institutions in priority areas by means of academic innovation activities that are consistent with strategic planning and the results of self-regulation and accreditation.

- To improve the consistency, equity, efficiency and quality of the supply of education.
- To encourage efficiency and effectiveness in the IETs and in the higher education system.
- To foster innovative development in tertiary education institutions and the improvement of academic quality.

##### **Specific Objectives**

- To provide support to institutions that include external demands in their priorities, including those of students, society, national development and Chile's involvement in the international arena.
- To support programs and initiatives that make it easy to establish links between educational institutions and the production sector.

- To support actions that help develop the capabilities of eligible institutions and strengthen functions such as teaching and research in fields defined as priority areas by the pertinent institutions, that are consistent with areas of strategic importance for Chile.
- To improve quality and innovation capabilities in undergraduate education at professional and higher education technical levels, duly taking into account the needs in the field, those of the production sector and Chile's international role.
- To support remedial actions for academically underprivileged students in secondary education.
- To stimulate the availability of innovative study programs at a professional and technical level -particularly technological ones- in areas or regions in which the supply is limited or insufficient.
- To support academic innovation programs and actions to improve the quality of learning and teaching processes and -ultimately- to enhance the employability of graduates and students who already have degrees.
- To further develop the qualifications of the academic staff of the beneficiary institutions at Ph.D. level so as to generate education, research and high-level graduate capabilities that will have a bearing on the national and international scene.
- To strengthen the academic, scientific and technological capabilities of universities with a view to improving research, preferably linked to the development of graduate studies.
- To promote related work and also in academic networks among institutions and study programs in order to multiply the effect of the resources to be allocated.
- To encourage improvement in the management capabilities of the institutions through institutional analysis, strategic planning, organizing programs and activities according to priorities, and improve teacher efficiency and effectiveness.
- To consolidate quality assurance in Chilean higher education by advancing towards quality that is consistent with the results of institutional accreditation and the accreditation of study programs.

The Innovation Fund has been conceived as a medium-term higher education policy instrument to encourage innovation, qualitative changes and management. It involves a broad and multidimensional concept of quality that includes training educational agents, curricular changes, pertinence of education, modern methodologies, infrastructure and equipment and relevant employability. The Innovation Fund is part of a strategy for change in higher education aiming for a qualitative change in the 21st. century, consistent with the needs of Chilean society. It is part of the higher education policies defined by the Chilean government and the Ministry of Education based on the progress achieved by the Competitive Fund of the Program to Improve Quality and Equity in Higher Education (MECESUP) in the period 1999-2004.

## **ACADEMIC INNOVATION FUND LINES OF ACTION**

The Academic Innovation Fund will implement actions to help improve quality and performance in the following lines of support:

- a) Higher level technical education.
- b) Undergraduate university education, including teacher education.
- c) Graduate-level university education.

The Innovation Fund's resources will be used to finance combined lines of action to strengthen academic and management skills and to improve quality, relevance, effectiveness and efficiency in rendering teaching services at undergraduate level (including the different teacher education study programs), Ph.Ds. and higher-level technical education by institutions deemed eligible.

Some of the main strategies are described below; management improvement is also described.

## **Higher Level Technical Education**

The goal is to increase the availability of qualified technical personnel in areas or fields with a high rate of demand from the production sector, or that may foster effective improvement in innovations for the production sector to enhance international competitiveness, by improving the quality and relevance of teaching through the teaching abilities, training and management skills of institutions, and by favoring effective coordination with the rest of the higher education system.

The following types of investments are being considered:

- a) Further education for teachers.
- b) Remedial plans for academically disadvantaged students.
- c) The necessary material resources to improve teaching and learning processes to the benefit of students.
- d) Technical assistance provided by means of advisory services.
- e) Processes intended to promote innovation in student-centered study plans and learning results-based programs and competencies.
- f) Mobility processes and actions favoring effective articulation of this educational sector with the rest of tertiary education.
- g) Processes intended to strengthen the quality of academic programs, units and academic support services by means of self-evaluation and self-regulation.
- h) Improvement of management capabilities.

Institutional eligibility for this line of the Innovation Fund will be limited to higher education institutions referred to in Article 1 of Decree Law No. 4 (Education) of 1981. Institutions shall further be required to have at least four years of experience at this level of training. Autonomous Technical Training Centers (CTCs) and those that are in the process of accreditation with the CNAP may also apply as well as non-autonomous CTCs that are in the process of accreditation with the MINEDUC. All such institutions shall be required to have at least 100 students enrolled in higher-level technical study programs. Eligible providers shall be required to prove their willingness to implement effective self-regulation and quality assurance programs and processes in their institutions. In any event, applicants for Innovation Fund support shall be required to show -when appropriate- the results achieved with previous support from the MECESUP Program and the relevant impact evaluation with the pertinent indicators.

## **Undergraduate University Education**

The Innovation Fund is aimed at increasing the availability of qualified human resources and at better serving the needs of users, the labor market and Chilean society, by renewing curricular design, improving the quality and relevance of teaching and learning through the academic, training and management capabilities of institutions.

The following types of investment are being considered:

- a) Reinforcement of academic staff with graduate studies, preferably through Ph.D. degrees, obtained through international-level accredited programs.
- b) Further education and temporary hiring of academic staff (and non-academic staff in support of teacher management), updating activities and invitations extended to post-doctoral fellows, academicians, scholars on sabbatical and international level scientists.
- c) Curricular renewal centered on students, including results-based program design and competencies, that take due account of the end-users, pertinent employability and the international reality of education.
- d) Curricular renewal in teacher education study programs to improve pertinence and effectiveness in initial teacher education and in learning, and showing international level general skills by students.
- e) Remedial plans for academically disadvantaged students.
- f) Technical assistance provided by means of advisory services.

- g) The necessary material resources to foster academic innovation and to improve the processes of teaching to and learning by students.
- h) Processes intended to improve the quality of academic programs, units and support services by means of self-evaluation and self-regulation, and management improvement.
- i) Mobility processes and actions favoring effective articulation between this educational sector with tertiary education as a whole.
- j) Management improvement.

Institutional eligibility for this line of the Innovation Fund will be limited to universities associated to the Council of University Presidents (CRUCH) and that are actively involved in institutional and study program quality assurance processes. For curricular renewal in teacher education study programs, actions will also be supported to improve accredited programs or those that are undergoing accreditation in autonomous universities (non-CRUCH) that have been granted accreditation on an institutional level.

In any event, Innovation Fund applicants shall be required to show, when appropriate, the results achieved through previous support from the MECESUP Program and the relevant impact evaluation with the appropriate indicators.

### **Graduate Level University Education**

The aim is to support activities in national graduate-level programs, preferably Ph.D. programs, in order to help train advanced human resources for research in Chile and thus reinforce the national innovation system by strengthening the links between academia and industry, with a view to smoothing the country's progress towards a knowledge-based economy. Priorities in this case shall be academic reinforcement, student enrollment and graduation in the pre-established time frames, the international projection of the study programs and their contribution to production innovation.

The following types of investment are being considered:

- a) Reinforcement of academic staff with high-level doctoral studies in undersupplied areas in the national research capacity which are thus unable to achieve national and world-level results. Temporary contracts, post-doctoral fellowships, scholars on sabbatical, and post-doctoral fellowships abroad for national graduate students.
- b) Reinforcement of academic staff with doctoral studies through high level scholarships abroad for young, outstanding scholars, using a method of matching funds with foreign universities and bilateral and international agencies interested in the project.
- c) Exchange of scholars, researchers and Ph.D. candidates to allow for enhanced international projection and competitiveness.
- d) Postgraduate scholarships for outstanding candidates in accredited programs.
- e) Material resources needed to favor the implementation of Ph.D. programs through research.
- f) Processes intended to improve the quality of academic programs, units and support services by means of self-evaluation and self-regulation, and management improvement.
- g) Mobility processes and actions favoring effective articulation between this educational sector with tertiary education as a whole.
- h) Mechanisms to help postgraduates find employment in the production sector to favor innovation.
- i) Management improvement.

Institutional eligibility for this Innovation Fund line shall be open to CRUCH universities and to private universities with institutional accreditation, and accredited study programs, and to new programs that are in the process of accreditation.

In any event, Innovation Fund applicants shall be required to show, when appropriate, the results achieved through previous support from the MECESUP Program and the relevant impact evaluation with the appropriate indicators.

## **ORGANIZATION OF THE ACADEMIC INNOVATION FUND**

The Innovation Fund is headed by a Governing Council and an Executive Management Board, endowed with the necessary administrative resources, that will receive recommendations and suggestions from a Coordinating Committee and Area Committees formed by specialists whose expertise lies in the area of academic renewal, curricular renewal and graduate degrees.

### **The Governing Council**

The Governing Council is responsible for managing the Innovation Fund. It reports to the Ministry of Education.

#### **Members**

The Governing Council shall be formed by:

- a) The Under-Secretary of Education, acting as Chairperson.
- b) The Head of the Higher Education Division (DIVESUP) who shall stand in for the Under-Secretary of Education in his/her absence.
- c) The Coordinator General of the MECESUP 2 Program.
- d) The President of the National Commission for Scientific and Technological Research (CONICYT) or his/her representative.
- e) Seven members appointed by the Minister of Education, holders of outstanding professional experience in establishing and managing tertiary education institutions and programs in the higher technical level, undergraduate university level, initial teacher education and Ph.D. level.

The Governing Council shall be authorized to obtain the advisory services of national or foreign consultants. Council members shall be appointed for two years, shall act in a fully independent manner -based on the merits of the proposals submitted- and shall excuse themselves from participating in decisions in cases in which there may be a conflict of interest.

The Executive Director of the Innovation Fund shall act as Council Secretary and shall be entitled to express his/her opinion.

#### **Functions**

- a) To ensure that the objectives of the Innovation Fund are fulfilled.
- b) To guarantee equal opportunity in the submission of proposals, the quality and experience of the evaluators, independence in the evaluation of proposals, transparency and justice in the decisions, and their compatibility with the higher education policies and the objectives of MECESUP 2, and effective monitoring.
- c) To submit proposals to the Minister of Education on Innovation Fund project awards and resource allocation for each competition, considering proposals originating from the process of evaluation, as well as strategic factors that include institutional planning, results of institutional and program accreditation, the outcome of previous MECESUP Program support, connections with national and regional needs, the allocation of resources among study areas, inter-institutional associations and the national and international projection of the initiatives.

### **Executive Board**

#### **Members**

- a) Executive Director of the Innovation Fund.
- b) Assistant Directors of Implementation and Monitoring.
- c) Analysts.

## **Functions**

- a) To carry out the decisions adopted by the Coordinator General of the MECESUP 2 Program.
- b) To propose candidates for Area Committees to the Coordinator General of the MECESUP 2. To determine the eligibility of each project presented in a competition in accordance with the terms and conditions and, when these are not met, propose the ineligibility thereof to the MECESUP 2 Coordinator General and to the Higher Education Division (DESUP).
- c) To assign external evaluators to each participating project (at least two but preferably three) from among the ones proposed by the Area Committees.
- d) To assign a score to projects that participate in the competition, according to the regulatory selection criteria and the weighting established by the Ministry of Education and the terms and conditions of the competition, to the evaluation reports issued by the external evaluations, and the opinion of the Area Committees.
- e) To submit the award proposals made by the Area Committees to the Coordinating Committee.
- f) To control the disbursement of funds allocated when projects are being implemented.
- g) To coordinate the different actions carried out by the Innovation Fund, and to act on its behalf in its relations with external organizations, and to disseminate information on the activities it has carried out.
- h) To provide the necessary technical and administrative support to the Governing Council, the Coordinating Committee and the Area Committees.
- i) To identify technical assistance needs in the institutions and, in coordination with the component for Strengthening the Institutional Framework for Tertiary Education at MECESUP 2, provide the necessary training activities, by means of seminars, technical workshops and cooperation actions.

The Executive Director shall report to the Coordinator General of the MECESUP 2 Program.

The Assistant Directors for Implementation and Monitoring shall report to the Executive Director of the Innovation Fund, providing assistance in his/her duties, handling the implementation of the initiatives awarded and monitoring and evaluating progress and results. The Fund shall have Assistant Directors for Implementation and Monitoring in Higher Education Technical Training and University Education.

During competitions, Analysts shall manage the pertinent Area Committees in matters involving submission, organization, contents and evaluation of proposals. They shall be responsible for controlling and monitoring programmed activities and processes in the projects assigned to them. Analysts shall specialize in whatever manner is suitable to the Fund and shall report to the pertinent Executives Responsible for Implementation and Monitoring.

The Executive Directorate shall act in coordination with all other MECESUP 2 Program units, DESUP units, and with CONICYT's Bicentennial Science and Technology Program so as to make full use of the knowledge and experience gained and to magnify integrated actions to increase effectiveness.

## **Area Committees**

There will be four committees responsible for advising the Governing Council and the Innovation Fund's Executive Directorate on project evaluation and selection, project monitoring and assessment and the achievement of the objectives committed:

- a) Area Committee for Higher Level Technical Education.
- b) Area Committee for Undergraduate (University) Education.
- c) Area Committee for (University) Teacher Education.
- d) Area Committee for Graduate Studies.

Each Area Committee may establish specialized subcommittees or hire advisory services when needed for the following matters:

- Academic renewal
- Curricular renewal and academic coordination
- Remedial programs for disadvantaged students
- Academic innovation
- Management

### **Members**

Each Area Committee shall include a minimum of five experts with vast experience and prestige in the field of academic, scientific, production or economic and management matters -including the pertinent alternates- appointed each year by the MECESUP 2 Coordinator General from a list proposed by the Executive Director of the Innovation Fund. Members shall be appointed for a period of two years, one half of which shall be renewed annually. Area Committees shall be headed and its activities facilitated by the most experienced Innovation Fund Analyst, who shall be appointed by the Executive Director.

### **Functions**

- a) To advise the Innovation Fund Executive Directorate and the MECESUP2 Program's General Coordination on particular matters regarding programming, evaluation, implementation and monitoring.
- b) To examine and describe projects submitted for competitions to the members of the pertinent Area Committee.
- c) To propose at least three external evaluators for each project to the Innovation Fund Executive Director, who shall decide on the matter.
- d) To review the substantiation and consistency of external evaluation reports and other strategic data on proposals, according to the terms and conditions, taking into account the results of previous support granted, accreditation, economics and management.
- e) With all the data in hand, to make a proposal to the Fund's Executive Directorate for the approval or rejection of the proposed initiatives, stating the grounds in each case. In so doing, it shall be authorized to suggest making changes to the specific objectives, the proposed methodologies, the programmed actions and the funds requested.
- f) To propose awarding the funds to the projects with the best evaluation, according to the selection criteria established by DESUP and the MECESUP 2 Program.

### **Coordinating Committee**

#### **Members**

- a) The Head of DESUP, who shall preside the Committee and shall be authorized to delegate functions to the Coordinator General of the MECESUP 2 Program.
- b) The Coordinator General of the MECESUP 2 Program.
- c) The Executive Director of the Innovation Fund.
- d) A Representative of the Area Committees.

#### **Functions**

- a) To examine the proposals of the Executive Directorate and the Area Committees using a transversal and integrating approach and to submit recommendations to the Governing Council.
- b) To assist the Innovation Fund's Governing Council in conducting its business and also in designing strategies and priorities to help optimize the use of the Fund to improve the quality of tertiary education.

## **REQUIREMENTS FOR INSTITUTIONAL ELEGIBILITY**

### **General Requirements**

- a) To possess official acknowledgement as a Tertiary Education Institution.
- b) To submit the institution's strategic medium-term plan, duly updated and approved by the pertinent authorities, in addition to having it available on the Institution's web page. The plan must include performance indicators and the monitoring and evaluation thereof.
- c) To provide academic, financial, statistical, and accreditation data on the institution and its performance indicators needed for MINEDUC's Higher Education Observatory.
- d) To provide evidence of the self-regulatory mechanisms in place and the fact that the institution is capable of self-evaluation with external verification by peers. Consequently, the institution shall prepare and attach an executive summary describing the processes underway.
- e) To report on institutional participation in the CNAP CONAP accreditation processes, and to join the program accreditation system once it has become mandatory (in the meantime, to do so on a voluntary basis, pursuant to Decree-Laws Nos. 51 dated 08 February 1999 and 225 dated 10 June, 1999, respectively). Consequently, the institution shall prepare and attach an executive summary describing the processes carried out or underway, indicating the status of each.

The following additional requirements are established for universities that approve projects:

- f) To establish an Institutional Coordination Unit (UCI) and ensure its operativeness for the purposes of the MECESUP 2 Program, that shall include:
  - An Institutional Coordinator
  - Executives in charge of finances, procurement, legal matters and internal control
  - Executive in charge of supervising the awarded projects to monitor and evaluate their impact.
  - Project Directors and Advisory Committees to facilitate project management, delivery of information and to achieve adequate communication among participating institutions and the Program Coordination Unit (UCP);
- g) To have in place adequate administrative, procurement, financial and accounting procedures suitable for proper project monitoring and evaluation by the Ministry of Education.
- h) To have an institutional page on the Internet for each project awarded, for public information and for monitoring purposes.
- i) To submit, on an annual basis, a document containing the institution's basic academic indicators for the last five years, disaggregated by year.
- j) To comply with the institutional requirements set forth below and those specified in the regulations and annual terms for each competition.

### **Strategic Plans**

When submitting projects to the Innovation Fund, institutions shall be required to present a duly updated medium-term strategic plan, specifically a five-year plan. The document must be approved by the pertinent higher collegiate body or equivalent legal authority.

In the main, the strategic plan shall:

- a) Define the institution's mission.
- b) Define the institution's priority areas.
- c) Define the objectives for undergraduate and graduate teaching, research and outreach activities and management.
- d) Describe the goals and expected results from the main functions and projection of the students in the first years of the study programs.
- e) Analyze internal factors to determine strengths and weaknesses regarding mission accomplishment.

- f) Analyze external factors to determine opportunities and threats regarding mission accomplishment.
- g) Define the principal strategies for mission accomplishment.
- h) Establish the principal strategies for tackling the threats and weaknesses identified in institutional and program accreditation.
- i) Establish the principal activities to implement the development plan and the results expected in the medium term.
- j) Describe the evaluation mechanisms used, so as to establish and review objectives, goals and activities, stating the selected performance indicators, their monitoring and evaluation.
- k) Each institution shall establish priority areas according to a strategic analysis which shall reflect the institution's interest in developing and strengthening them in the medium term.

Consequently, priority areas shall include a combination of the following categories:

- a) Study subjects or areas: thematic areas by discipline, issues or subjects linked to the application of knowledge using an interdisciplinary approach, defined as a priority area by the institution.
- b) Functions and levels: improve undergraduate teaching quality, develop a Ph.D. program and strengthen research capabilities for its development and international projection with a view to introducing innovations in production.
- c) Region: region or area in the country where the project activity will be carried out.

Regarding the education of higher-level technicians, priority areas must be defined according to the needs of the production sector.

## **ELIGIBLE AND NON-ELIGIBLE EXPENSES**

Eligible expenses are those that can be charged to Innovation Fund resources. Consequently, non-eligible expenses needed to implement the projects must be funded by the IETs and acknowledged as counterpart contributions.

The Innovation Fund shall not finance operating expenses and remuneration (with the exception of the cost for hiring highly qualified personnel on a temporary basis) and it shall not be responsible for possible increases in remuneration.

Eligible expenses are those listed below. However, in specific cases, the Governing Council may approve other expenses.

### **Goods and Works**

"Goods" shall include products, raw materials, machinery, equipment and industrial plants needed to execute and obtain the expected project results. These include, for example:

- a) Teaching aids (access to information and reference material, information technology and communication, laboratory instruments and equipment, and teaching aids and furnishings to assist students);
- b) Special equipment for air conditioning, industrial and scientific gases; implementation of security measures in chemistry and biological work; design and manufacture of mechanical, electronic and glass parts; preventive and corrective maintenance of equipment and instruments for academic support.
- c) Major scientific equipment for doctoral programs and associated research, either institutionally assigned or organized at centers where equipment is shared.

"Works" shall include:

- a) Outfitting and remodeling existing physical infrastructure.
- b) Exceptionally, minor works duly justified in light of the project.

Assets and works listed in the preceding paragraph include related services such as transportation, insurance, installation, commissioning, training, initial maintenance and pre-investment studies in case that a special need is warranted.

### **Further Education**

“Further Education” is intended for the specialization of academics and academic-administrative support staff who work on a full time basis for institutions carrying out functions directly related to the projects through formal study activities certified nationally or abroad, to national or international academic exchange, to the temporary hiring of high level academic, scientific and professional personnel, and to supporting the selective education and mobility of undergraduate and graduate students in national and foreign eligible programs.

The following methods are contemplated for these purposes:

- a) Non-degree-track scholarships for management personnel.
- b) Ph.D. scholarships for young academicians in national programs or duly accredited centers of excellence abroad when such centers or the specialization are not available in Chile.
- c) Ph.D. scholarships for students in eligible national programs.
- d) Postdoctoral fellowships at centers of excellence abroad for young academicians who have recently been awarded their Ph.D. degrees by eligible national programs.
- e) Hiring of academicians with Ph.D. degrees.
- f) Temporary hiring of highly qualified personnel for management.
- g) Hiring of postdoctoral fellows.
- h) Short stays for specialization of academicians at centers of excellence in Chile and abroad.
- i) Short stays for Ph.D. candidates during the preparation of their dissertations at centers of excellence abroad.
- j) Short stays for Ph.D. candidates to attend international-level scientific meetings.
- k) Stays for students at national undergraduate and graduate study programs that are part of networks and that include adequate methods for transferring and acknowledging credits.
- l) Visits by specialized experts to the project.

Eligible national doctoral programs are those accredited to date by the national body responsible for evaluating the quality of graduate programs and the new programs backed by the MECESUP 2 Program that submit to accreditation by the latter. Doctoral programs at centers of excellence abroad are those formally accredited by national or international accreditation bodies.

Resources assigned to graduate education may be used by the institutions through mechanisms capable of guaranteeing benefits to the project and the institution, the quality of the candidates and that of the institutions where such activities are carried out. Consequently, once the qualifications of applicants for graduate scholarships in national programs have been examined, applicants shall be selected by the national body responsible for evaluating the quality of graduate programs. The selection of academicians who wish to carry out graduate studies in national programs or abroad -because they are unavailable in Chile, because specific specializations are not offered in Chile, or due to quality considerations- shall be done after analyzing the applications and qualifications, by means of institutional competitions based on terms and conditions, procedures and results, which shall be duly reported to the academic community. The selection method shall be supervised by the MECESUP Program which shall grant its non-objection to the scholarships after consulting the national body responsible for evaluating the quality of the graduate programs.

Graduate scholarships for Master's degree programs shall last a maximum of two years while those for Ph.D. programs shall last a maximum of four years.

The MECESUP 2 Program may establish special counterpart conditions for graduate scholarships for studies to be carried out through eligible national programs and it may also authorize the allocation of part of the scholarships to foreign fellows. These scholarships shall only be valid at universities other than those established in the contract of the scholarship holder and shall be governed by the amounts and conditions established in the terms and conditions of the competition.

Graduate scholarships for academicians abroad may be used to finance -partly or in full- studies of a second language, tuition and enrollment fees, to supplement subsistence expenses, insurance and the like, up to an annual maximum set forth in the terms and conditions, and the travel expenses of the grant holder in economy class. The recommended age limit shall be 35. The beneficiary University shall establish guarantees for situations in which scholarship holders fail to complete their studies in the pre-established time-frames and shall agree with students that, on their return, they shall perform academic services lasting for a period equal to approximately double the time of the education received abroad.

Post-doctoral scholarships, visiting fellowships and in-service training grants for academicians and graduate students shall be granted as set forth in the terms and conditions. The MECESUP2 Program shall not provide funding for academicians to attend scientific meetings.

The MECESUP 2 Program shall issue standard model contracts to the IETs for the different education methods. The use of these documents shall be mandatory for training financed in full or in part by the Innovation Fund and shall be completed by the IETs as applicable for each particular case.

### **Consultancy Services**

The purpose of hiring consultancy services for access to technical assistance is to strengthen capabilities in tertiary education to achieve the Innovation Fund's goals.

Institutions shall comply with the consultancy services hiring procedures and regulations agreed upon in the Loan Agreement BIRF N° XXXX-CH dated XXXX, 2005. The Ministry shall issue its statement of non-objection to the hiring procedure, specifically: i) the services being hired; ii) the terms of reference for the services being hired; iii) the type of procedure to be used in the selection, and iv) the selection of the consultant.

### **Non Eligible Expenses**

Proposals submitted to the institutions, in addition to the eligible expenses financed by the Innovation Fund, shall include cash operating expenses needed to achieve their goals and contributions that can appreciate and that prove the feasibility of the initiatives. They may thus be acknowledged as counterpart contributions.

- a) The ratio of IET personnel remuneration for work done for the project, including incentives, overtime and the like.
- b) Operating expenses, in general.
- c) Space available to carry out the projects.
- d) Administrative expenses.
- e) Overhead costs.

### **SOURCES OF FUNDING**

<b>Eligible categories</b>	<b>BIRF</b>	<b>State of Chile</b>	<b>IET</b>
Assets	XX	XX	XX
Works	XX	XX	XX
Education	XX	XX	XX
Consultancy services	XX	XX	XX
Taxes		XX	XX
Non eligible expenses			XX

## **CALLS FOR PROPOSALS AND TERMS FOR SUBMITTING PROJECTS**

### **Calls for Competitions**

The following will be taken into account in the call for competitions:

- a) The Ministry of Education shall issue a call for public competitions, making the terms and conditions available to the eligible IETs to aid their participation.
- b) Projects must be submitted in accordance with MINEDUC regulations in forms to be prepared by the Innovation Fund's Executive Directorate, supplying the required data to permit an adequate analysis and evaluation of the projects.
- c) At each competition, participating institutions shall submit a certain number of projects, in accordance with the terms and conditions of the pertinent competition.
- d) Projects may involve a specific institution or a group of institutions that participate as a group or network.
- e) Projects shall be presented by the legal representative(s) of the institution(s) in question, stating the amount of counterpart funds assigned to the project and the manner in which recurring costs shall be charged which, by nature, need to be continuous.
- f) Projects presented shall comply with requirements regarding date of submission, implementation time-frames, information requirements, and counterpart contribution amounts set forth in the annual terms and conditions.

Proposals will be evaluated and selected on the basis of the information provided.

### **Counterpart Funds**

Projects must provide relevant data on the counterpart funds committed so as to determine the feasibility and sustainability of the initiative. This should include operating funds to back non-eligible expenses and institutional contributions or others made by third parties to enhance the project.

The institution shall establish adequate internal control mechanisms in response to the external control procedures of the MECESUP 2 Program, and also backup documentation for anticipated disbursements for the project, regular reports on the use of funds, audits, records of receipts and inventories, authorizations and quotations, and the like.

## **PROJECT DESIGN**

Projects shall include the following:

- a) Justification, regarding the setting and the strategic context, i.e. consistency with the priorities established in the strategic plan, the outcome of institutional accreditation and the programs, the prospects for institutional development and the capabilities of the participating institution.
- b) General and specific objectives.
- c) Expected benefits.
- d) Most prominent project goals and actions.
- e) Expected result indicators.
- f) Financial, human and material resources, and a schedule of requirements for the project during its implementation, showing both those requested from the Innovation Fund (duly justified) and those that the institution shall contribute as counterpart funds.
- g) Project duration and description of its most important stages.
- h) Monitoring and evaluation system to achieve the project's objectives and results.
- i) Personnel involved in the project.
- j) Acceptance of the competition's terms and conditions.

The above points should reflect the following:

- A patent potential to improve the quality and relevance of the proposed educational experiences.
- Internal consistency, clearly defining the training areas to be developed and showing harmony of objectives, implementation strategy, expected results and project evaluation methods.
- Importance for the beneficiary institution and its institutional project. It must show potential to significantly enhance the institution's activities.
- Feasibility, i.e. all the components (funds, time-frames, potential obstacles, strengths and weaknesses of the institution), needed to guarantee its successful execution.

## **PROJECT EVALUATION, SELECTION AND AWARDING**

Allocation of the Innovation Fund's resources shall be based on objective evaluations of the proposals made by external experts according to criteria set forth in the terms and conditions and to strategic factors determined by the Governing Council.

### **Stages of the Process**

Proposals shall be submitted in accordance with the forms prepared for this purpose. Projects received after the established deadlines shall not be accepted for evaluation or financing.

Competitions in the Innovation Fund's different lines may be summoned either simultaneously or separately. Nevertheless, the pertinent selection and awarding channels and procedures shall operate separately, as indicated below:

- a) The Executive Directorate shall review the eligibility of the institutions and projects, and these shall require the approval of DESUP;
- b) Area Committees shall propose external evaluators to the Executive Directorate, which shall appoint them based on their professional competence and experience based on the main matters linked to the project. To ensure transparency in the selection of evaluators, a broad registry of consultants in different disciplines will be drawn up, with the possible collaboration of international experts.
- c) External experts shall evaluate eligible projects in the pre-established time frames, using a form designed by the Executive Directorate. The report shall include their qualification of the project according to different variables and their proposals for reformulation. Selected evaluators shall undertake a commitment to confidentiality in their work and ensure the absence of direct or indirect conflict of interest in the project under evaluation and the participating institution(s).
- d) The Executive Directorate shall analyze the projects from the standpoint of the outcome of previous MECESUP support, economics and management, delivering this information to the Area Committees and the Governing Council.
- e) Area Committees shall review the grounds and consistency of the evaluation reports and the analyses of previous outcomes, economics and management. Based on their analyses, each Committee shall propose the amounts to be allocated to the projects evaluated and shall suggest reformulations whenever necessary.
- f) The Coordinating Committee shall analyze the proposals made by the Area Committees and submit its recommendations to the Governing Council.
- g) The Governing Council shall receive the information from the Coordinating Committee via the Executive Directorate and, taking strategic factors into account, shall convey its recommendations to the Minister of Education, for final authorization.

### **Evaluation and Selection Criteria**

Evaluation criteria shall be set forth in the terms and conditions for each competition. The evaluation process shall not take into account criteria not previously included in the documents used for the public call by the Innovation Fund.

Projects shall be analyzed according to the best performance achieved for teaching functions in technical, professional or scientific study programs, at undergraduate or graduate level, or research when they are intended to improve teaching and the management thereof, the strengthening of academic, scientific and technological capability and quality of institutions and, in general, to improve the processes of learning and teaching and the learning achievements of students.

To this end, all project proposals shall be evaluated according to different variables based on two global criteria: expected benefits and project feasibility.

Evaluating the project's expected benefits is intended to assess the measure of the project's relevance. Therefore, the purpose is to determine whether it is consistent with national, regional and institutional needs, the magnitude of the benefits from a public interest point of view versus the project's private benefits.

Evaluating the project's feasibility is intended to assess the probability of the project's success according to the supplementary capabilities and resources available to the institution, in addition to the project's quality and consistency in terms of design.

To quantify these criteria the following factors will be taken into account:

### **Expected Benefits**

- a) Innovative nature.
- b) Expected improvement in the quality of teaching services provided to students linked to the project, manifested in learning results and in conquering and exhibiting competencies, efficiency in educational management and results in the pertinent employability.
- c) The connection and consistency between the initiative and national and regional development needs.
- d) The connection and consistency between the initiative with the policy guidelines of the MECESUP 2 Program.
- e) The project's public benefit.
- f) The measure in which the benefits exceed the resources needed to implement it.

To estimate the magnitude of the benefits in the evaluation process, the possibility of including strategies to solve structural problems in the system will be analyzed, if applicable, and depending on the nature of the projects.

Furthermore, preference will be given to projects that help to improve efficiency, such as:

- a) The possibility of a more flexible or re-designed curriculum, to improve passing rates from first to second year, and retention and graduation rates.
- b) The project's potential for replication in the national education system, and
- c) Possibilities for coordination, integration or articulation, both in the institution itself and with other national and/or foreign higher education institutions.

### **Project Feasibility**

- a) Consistency between the project and the institution's strategic plan and the unit responsible for the project.
- b) Project consistency with self-regulation and accreditation results.
- c) Clear and adequate definition of objectives.
- d) Consistency between project objectives and its strategies and the use of resources.
- e) Project consistency with the resources and capabilities on hand at the institution such as quality and personnel needed to implement the project.
- f) Adequate monitoring and evaluation mechanisms in place according to the pertinent plan.
- g) Future sustainability for the project based on the resources to be contributed by the institution based on its financial position.

Regarding project feasibility, monitoring and evaluation systems shall include the use of adequate performance indicators to measure expected results.

Specifically, regarding technical higher education, alliances with prestigious foreign institutions experienced in technical training shall be viewed favorably as will links with the production sector in the region and evidence of financial commitments of the proponents or entities associated to the project involving constant and stable support for the project during its execution.

### **Additional Criteria**

Projects awarded through these competitions will be guided primarily by the merits of the proposals submitted and evaluation criteria of academic quality. Nevertheless, the Governing Council may take into account strategic factors in the overall analysis of the proposals such as their connection to national or regional needs, or those inherent to a discipline in particular, institutional association capabilities and counterpart contributions.

In essence, the general criteria shall be to direct the Innovation Fund's resources preferably to areas of strategic importance for the country, according to public interest criteria which are believed to be at risk of under-investment. Thus, specific needs will be addressed, problems will be solved and capabilities strengthened.

While the MECESUP 2 Project is being implemented, the Innovation Fund may cover different disciplinary areas if they are adequately justified by the institutions. Nevertheless, based on diagnostic studies, improved knowledge of national needs and/or new public policies, annual terms and conditions may establish specific or priority areas.

Emphasis shall also be made on using the processes formally established at the institutions to help ensure that projects comply with institutional and governmental rules on environmental impact, biosafety and other matters related to safety and ethics.

### **Conflicts of Interest**

Committee members and external evaluators shall make a statement in writing, prior to discharging their duties, with whom the IETs hold any type of link that could be deemed to involve a conflict of interest, which would render them ineligible to participate in the evaluation of proposals or any decisions related to such institutions.

### **Procedures Subsequent to Project Selection**

Annual project monitoring shall be conducted by the MECESUP 2 General Project Coordination with the support of the Innovation Fund Executive Directorate. This shall include all matters related to report analyses involving financial management, operations, achievement of objectives and assessment of project impact.

Project execution monitoring shall be both substantive in nature -i.e. providing the necessary support for complying with activities and goals- and control, to have institutions carry out the necessary adaptations on time.

Monitoring shall include management supervision and control regarding compliance with the operating plan, proper financial management and achievement of project objectives, implemented through fluent communication with the persons responsible for the projects regarding evaluation and monitoring activities carried out by the institutions and, when necessary, advisory services by experts to evaluate project progress.

The Innovation Fund's Executive Directorate shall approve the reports submitted by the IETs based on the degree of compliance with the projected advance and, in the event of non-compliance, shall be authorized to delay disbursing resources for the following stage until such a time as the activities committed to date have been carried out.

The Innovation Fund's Executive Directorate shall be responsible for supervising project execution. Accordingly, it shall be authorized to perform visits and obtain advice from external experts in addition to its own evaluation once the projects have been completed. The Executive Directorate shall verify that the institution involved provides the goods and services agreed upon on time, ensures the required quality, and stays within the established budget and project schedule. Surveys may be conducted to ensure quality and determine user satisfaction.

The Innovation Fund shall keep an organized file of all the monitoring reports, including the remarks and changes approved for each of the projects.

The Innovation Fund and the MECESUP 2 Program's General Coordination shall study -through DESUP- any changes to this Manual that help to make full use of the experience gained in each competition, the opinions on its operation by the beneficiary institutions, and the evaluations on the Innovation Fund.

Prior to signing the pertinent legal agreements, MINEDUC shall be authorized to verify the information provided in the proposals by visiting the sites where the institutions will implement the project.

The Innovation Fund's Executive Directorate shall inform all institutions involved of the results of the evaluation process of their projects making available the grounds accounting for the decisions, and the terms for reformulation if applicable, in the time frames established for each competition. Subsequently, the Executive Directorate shall put into effect the award and administration of the pertinent agreements.

A decree issued by the Ministry of Education shall indicate the overall amounts assigned to each beneficiary institution, for each project line.

## **AGREEMENTS**

### **Meaning of the Agreements**

Once a project has been selected, the Ministry of Education shall so inform the beneficiary institution and shall sign a results-based agreement with said institution.

Results-based agreements are arrangements whereby measurable goals are specified for each period and stage of the awarded project. The measurement of results is established in accordance with said goals. This instrument allows providing both multi-annual funding to the institutions as well as defining performance commitments.

Agreements seek a continuous improvement in the quality and efficiency of academic services, focusing on resource allocation to achieve specific results as an approach to measuring goals.

### **Contents of the Agreements**

Among other aspects, agreements stipulate the commitments and obligations of both parties, the specific and general duties they assume, the schedule for implementation and the evaluation mechanisms. In any event, agreements shall establish the following:

- a) A review of the diagnosis and its substantiation.
- b) The project's goals and principal actions.
- c) The commitments undertaken by the institution responsible for the project, consistent with its role as an institution that receives state grants for management, the quality of its main functions, accreditation and public information.
- d) The system that the institution uses to verify and evaluate the project's progress, results and impact, and also the general procedures it shall apply to supervise and evaluate projects and their results.

- e) The authority held by the Minister of Education to change the terms of execution for the projects and to terminate agreements in the event of serious non-compliance of the project's execution.
- f) The guarantees granted for the project's execution.
- g) Procedures for purchasing equipment, procurement of minor works, and selecting and awarding scholarships for further education for academicians and hiring visiting professors.

The agreements make the institutions undertake a commitment to adequately use the goods purchased or outfitted for established periods and specified uses, including proper maintenance.

Furthermore, the institutions undertake to comply with the established performance standards and self-regulation mechanisms and to provide the institutional statistics required for the DESUP Higher Education Observatory.