INNOVATION FUNDS AND HIGHER EDUCATION REFORM: A CASE STUDY OF ARGENTINA’S FOMEC AND PROMEI

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INNOVATION FUNDS AND HIGHER EDUCATION REFORM:
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ABSTRACT

This thesis seeks to explain the formulation of innovation funds in the Argentine higher education system. It is a case study of two innovation funds in Argentina: the Fund for University Quality Improvement (FOMEC) which ran from 1995 to 2004 and the Project for the Improvement of Engineering Teaching (PROMEI) which began in 2005 and is projected to continue implementation until 2008.

First, I examined similarities and differences between FOMEC and PROMEI’s design (objectives, organizational structure, evaluation process and financial resources). Once I had compared the designs of the programs as innovation funds, I wanted to know what effect certain independent variables (actors and contexts) had on those designs. I therefore used “process tracing” to analyze the causal chain by which FOMEC and PROMEI were created. I conducted nine semi-structured interviews with program staff, university professors and academics.

I found that the policy learning which occurred as a result of FOMEC and the bureaucratic capacity installed as a result of 1990s reforms in Argentine higher education facilitated the formulation of PROMEI to the extent that its design was incremental in nature. In addition, I found that three elements were essential for innovation fund design: a policy entrepreneur, an improving economy and a certain amount of state capacity.
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<tr>
<td>BM/BIRF</td>
<td><em>Banco Mundial / Banco Internacional de Reconstrucción y Fomento</em>&lt;br&gt;(World Bank’s International Bank for Reconstruction and Development)</td>
</tr>
<tr>
<td>CAC</td>
<td><em>Comisión Asesora de Componente</em>&lt;br&gt;(Advisory Committee)</td>
</tr>
<tr>
<td>CD</td>
<td><em>Consejo Directivo</em>&lt;br&gt;(Executive Council)</td>
</tr>
<tr>
<td>CGCB</td>
<td><em>Ciclos Generales de Conocimientos Básicos</em>&lt;br&gt;(General Basic Knowledge Cycles)</td>
</tr>
<tr>
<td>CIN</td>
<td><em>Consejo Interuniversitario Nacional</em>&lt;br&gt;(National Interuniversity Council)</td>
</tr>
<tr>
<td>CIS</td>
<td><em>Comité Internacional de Seguimiento</em>&lt;br&gt;(International Supervision Committee)</td>
</tr>
<tr>
<td>CONEAU</td>
<td><em>Comisión Nacional de Evaluación y Acreditación</em>&lt;br&gt;(National Commission of University Evaluation and Accreditation)</td>
</tr>
<tr>
<td>CONFEDI</td>
<td><em>Consejo Federal de Decanos de Ingeniería</em>&lt;br&gt;(Federal Council of Engineering Deans)</td>
</tr>
<tr>
<td>CP</td>
<td><em>Comité de Pares</em>&lt;br&gt;(Peer Reviewers)</td>
</tr>
<tr>
<td>CRUP</td>
<td><em>Consejo de Planificación de Universidades Privadas</em>&lt;br&gt;(Council of Private University Rectors)</td>
</tr>
<tr>
<td>DE</td>
<td><em>Dirección Ejecutiva</em>&lt;br&gt;(Executive Directorate)</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Name</td>
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| FOMEC   | Fondo de Mejoramiento de la Calidad Universitaria  
(Fund for University Quality Improvement) |
| FUNDAR  | Fondo Universitario para el Desarrollo Nacional y Regional  
(University Fund for National and Regional Development) |
| MEyC    | Ministerio de Educación y Cultura  
(Ministry of Education and Culture) |
| MECyT   | Ministerio de Educación, Ciencia y Tecnología  
(Ministry of Education, Science and Technology) |
| PMSIU   | Programa de Mejoramiento del Sistema de Información Universitaria  
(University Information System Program) |
| PRES    | Programa de Reforma de la Educación Superior  
(Program for the Reform of Higher Education) |
| PROMEI  | Proyecto de Mejoramiento de la Enseñanza en Ingeniería  
(Project for the Improvement of Engineering Teaching) |
| SPU     | Secretaría de Políticas Universitarias  
(Secretariat of University Policy) |
| UEP     | Unidad de Ejecución de Proyecto  
(Project Implementation Unit) |
Introduction Chapter

Among the most important questions higher education policy makers face are how much of a nation’s total resources should be devoted to higher education and in what manner that funding should be provided to resolve problems of efficiency, equity, quality and relevance in higher education systems. Yet while studies (Lin 2004; Wolff & Gittleman 1993, and Meulemeester & Rochat 1995 as cited in Bloom 2006) have shown that investment in higher education helps to foster a nation’s economic growth and social development, not all states are in a situation to make the necessary investments. The stringent economic conditions of the 1980s stuck developing countries particularly hard. Argentina’s democratic government, re-established in 1983, faced deep financial difficulties. It had little resources to dedicate to a higher education system left in disarray by a long period of military dictatorship.

Partly in symbolic opposition to that dictatorship and fully consistent with historical ideals of the Argentine university system, the new government abolished admission restrictions and tuition fees when it normalized the universities. Naturally, an enormous increase in matriculation followed. Whereas the average rate of enrollment at Argentine national universities had decreased at a rate of 4.4% from 1975-1983, it increased by 26.8% between 1983 and 1984 (García de Fanelli, 2005, p.163). This expansion of the student body, in the context of Argentina’s fiscal deficit, put a great strain on university budgets. Therefore, and in keeping with the international trend, the Argentine government sought to “design public policies that would promote a greater efficiency in university expenditure” without simultaneously producing a “reduction in
university quality” (García de Fanelli, 2001, p. 3).¹ The “innovation fund”, the subject of this study, was employed with that end in mind.

“Innovation funds” in higher education are funds provided to universities so that they may “carry out new initiatives and innovative approaches to existing problems in learning, teaching and management” (Marquis, 2000, p.1). The body in charge of this type of funding (“a donor or intermediary mechanism such as an agency within the Ministry of Education”) establishes guidelines and criteria under which the funds will be dispersed and explains these to the academic community (Fehnel, 2004, p. 3). Teams within the universities then apply for the funds by proposing projects in accordance with the guidelines established.

This paper examines the actors who formulate innovation funds, their understanding of the problem for which the funds are designed and the context in which they act in order to understand which variables have the greatest impact on fund design. I analyze the formulation of innovation funds in Argentina by studying two programs that have employed this mechanism: the Fund for University Quality Improvement (FOMEC)², which held contests from 1995 to 1999 and the Project for the Improvement of Engineering Teaching (PROMEI) which began in 2005 and is projected to continue implementation until 2008.

I argue that FOMEC resulted from what Kingdon (1995) would call a “policy window” that opened in the 1990s and placed university quality improvement on the government agenda. I will show that FOMEC arose from a “critical juncture” of problem identification, policy design and politics in the 1990s that created a fortuitous opportunity

¹ Unless otherwise indicated all translations from Spanish are mine.
² Acronyms are formed from original Spanish.
for FOMEC to be introduced into the higher education system alongside numerous reforms. Those reforms, in turn, made it much more likely that another program similar to FOMEC could later be established. This thesis holds that the lessons of FOMEC and the bureaucratic capacity installed as a result of the 1990s reforms facilitated the formulation of PROMEI to the extent that its design was incremental in nature. That is, incremental in the sense that only small, marginal changes were made to previous policy.

*Higher Education Reform – Global Trends of the 1980s and 1990s*

Reform of higher education legislation in Argentina and throughout Latin America took place primarily in the 1990s but the momentum for those changes began earlier and on a global scale. This is evidenced by the number of European countries (Italy, France, Spain, Holland, Norway and Great Britain) that made changes in higher education legislation during the 1980s (Castro, 2002, p. 27). New policies and mechanisms introduced in those countries such as the use of formulas in Britain and the use of contract programs in France would later serve as models for Latin American higher education systems. Though, indeed, the proper higher education reform for each country and region differed greatly, as a whole the reforms reflected common worldwide concerns over university systems.

Perhaps the biggest factor behind university reform in the 1980s and 1990s was the aforementioned tension caused by expanding enrollment and fiscal pressure. The expansion in enrollment was due to more than just policies of equal access such as the open admission policy implemented in Argentina. Demand for university education had
also been generated by additional and new types of tertiary institutions that governments had created, by expansion in elementary and secondary education, and, generally, by “a growing, upwardly mobile (or at least upwardly aspiring) population and the needs of an increasingly competitive, technologically-sophisticated economy” (Johnstone, 1998, p.3). However the economic stagnation and the OPEC crisis of the 1970s left many countries unable to finance the growing demand for higher education. First, because in difficult macroeconomic environments, public spending for higher education inevitably competes with public spending on infrastructure, health and social security (García de Fanelli, 2001, pg. 3). Second, because unit costs in higher education tend to rise faster than unit costs in the overall economy meaning that to maintain the same level of quality in universities, much more money would have to be allotted from year to year (Johnstone, 1998, p. 4). The increasing cost of technology has greatly aggravated this second problem.

In an effort to address this tension, governments tried to enforce policies that would promote more efficiency in public spending for universities. The United States and Great Britain stood out as models, in a technical sense as well as an ideological one. First, both had specific goals regarding not only greater efficiency in university spending but also improvement of university quality and the measurement of that quality (García de Fanelli, 2001, p. 3). In fact, “quality” and “efficiency” came to serve as the basis for many reforms. The “quality” of a university is thought to be something that can be measured by evaluating things like its professors’ instructional techniques, its library and laboratory resources, the appropriateness of its curriculums and its internal administration (Johnstone, 1998, p. 6). “Efficiency”, internal efficiency, refers to the use of university
resources to meet university objectives (García de Fanelli, 2005, p. 61). It can be found by looking at things like a university’s student-staff ratios, dropout and retention rates, the utilization of facilities and any duplication in program offerings (World Bank, 1994, p. 3). To some extent, “quality” and “efficiency” had always been ideals of universities. However, newly defined as terms that could be publicly measured and compared, universities had to profess their loyalty to those ideals not with words but with quantifiable data.

García de Fanelli (2001) points to a second feature of the British and US reforms that became a characteristic of reforms in the 1980s and 1990s. She says the reforms “implicitly sought to increase state coordination of the university system while the universities assumed much more responsibility than before over financial and institutional administration” (p. 3). In effect, universities were forced to be accountable, to students, to parents, to employers and to the general public by participating in auto-evaluations and external evaluations, by competing for public funding, by searching for outside funding and other, similar policies. The state, meanwhile, would merely coordinate the system from a distance. It would grant universities autonomy over their general proceedings only interfering in order to ensure the quality of university “products” by means of evaluations and accreditations (Castro, 2002, p. 29). That the state should be less involved in administrative matters regarding the universities was entirely consistent with the anti-bureaucratic policies of the 1980s and 1990s.

That anti-bureaucratic ideology likewise emphasized a greater orientation towards the market. In higher education reform, that has meant both ‘seeing the student as a consumer’ and ‘seeing business as a consumer’ in part by tailoring education to the
demands of the labor market. Tuition fees, private universities, decentralization and institutional autonomy are all part of that orientation (Johnstone, 1998, p. 5). Higher education institutions in the United States have adjusted, writes García de Fanelli (2005), by incorporating techniques such as “total quality management”, “strategic planning” and “management by objectives” (p. 39). Part of a trend called “new public management” these organizational techniques are designed to increase efficiency and excellence in the public sector (e.g. in universities) by using private sector decision-making processes. In Great Britain a similar trend called “managerialism” took hold in the 1980s.

A final commonality between US and British higher education reforms is that they both linked university funding with measured inputs and outputs. Traditionally, governments provided funding for universities based on historical measures (what was given the previous year) and on political negotiations with each institution. This method, called “negotiated budgeting”, does not take any objective criteria into account such as a university’s internal efficiency or performance. The method thus promotes inertia, rewards the political negotiations of university leaders and, as Salmi (1991a) points out, makes it difficult to “adjust the distribution of financial resources to changing circumstances and needs” (p. 9).

US and British policy makers saw that if they could distribute those funds differently, in a way that was “economically rational”, they could promote greater internal efficiency and improve quality in universities (Garcia de Fanelli, 2005, p. 91). First, they had to gather specific, appropriate and accurate data from the whole of the university system. Then, depending on what the particular problems were, they could figure out what method of incentive (competitive fund, formula etc.) would work best to
correct those problems. The British government ended up designing a complex formula to fund universities that takes into account not only the number of students enrolled at each school, but how many study which specialty, the age of the institution, its location, size and mission etc. This is called “input-based funding” because the calculation of inputs helps the government determine how much each university should receive (Albrecht and Ziderman 1991 as cited in Salmi 1991a).

In the United States, indicators of output began to be used for “output-based funding”. Output-based budgets or “performance budgets” are budgets provided to universities after local governments and legislators have taken into account indicators of output like the number of graduates or a university’s research production (Salmi, 1991a, p. 9). Some states, furthermore, participate in “performance funding”, where a small proportion of the total assigned to each university (usually less than 5%) is determined by result-based indicators (García de Fanelli, 2005, pg. 115). The link in output-based funding between money and performance will be of great relevance to our discussion of innovation funds. It is helpful to examine the global trends and ideologies which influenced local policy makers. However, any analysis of specific reform policies must take into account the particular situation of a country and its higher education system.

Higher Education Reform and Innovation Funds in Argentina

As stated above, the rise in university enrollment combined with Argentina’s fiscal deficit put great strain on the university budget in the 1980s. However, according to Balán (1992) no planning mechanism or national policy for the higher education
system was put forward by the government at that time to solve such a tension (p. 10). Not until inflation came under control in 1991 did Congressional debate over university finance begin to initiate change. In decree 990/91 the Ministry of Education and Culture (MCyE) signed the Protocol of University Reconciliation together with the National Interuniversity Council (CIN), a group comprised of rectors from the national universities that coordinate university activities and participate in university policy planning.\(^3\) The ambitious objectives of the Protocol, namely the collection of a variety of data from the universities, were never fulfilled but the Protocol nevertheless marked the desire of the Argentine government to engender an active process of change in the university system.

In light of the state’s restricted budget, the first reforms were financial in nature; especially those that sought to mobilize, allocate and utilize resources more efficiently. In 1992 the Argentine Congress approved a global budget for each of the national universities to replace the line-item budgeting system where, formerly, each institution requested funding for items line by line. The result was that universities, charged with the decision of how to orient their funding, were compelled to prioritize objectives and improve internal management. This change (outlined in Financial Administration Law number 24.516) also led the way for small percentages of national funding to be assigned for specific programs within universities to promote improvements in administration and organization. Budgeting for specific programs was first incorporated into the national budget for universities in 1993 (García de Fanelli, 2005, p. 217).

To handle the increasing tasks related to university reform, in March 1993, president Menem signed decree 506/93 to create a branch within the Ministry of Education that

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\(^3\) CIN includes only public, national universities. Argentina’s private universities are grouped under a separate entity called the Council of Private University Rectors (CRUP). Both private and public universities, however, are regulated by the Ministry of Education under the 1995 Higher Education Law.
Education and Culture (MCyE) dedicated solely to higher education. This body, titled the Secretariat of University Policy (SPU), began to define strategies and programs that would transform the structure of the higher education system in Argentina. “The purpose” according to the MCyE (1999) “was to advance towards the conformation of a system with growing capacity to auto-regulate, made up of autonomous, autocratic institutions with the capacity to administer their own development” (p.241). As in the reforms introduced in the United States and Great Britain in the 1980s, the state would coordinate from a distance, allowing universities their autonomy but requiring that they take on much more responsibility.4

Part of that responsibility entailed the acceptance of external evaluations and accreditations. A movement towards evaluation of the universities had begun in the late 1980s, under Minister of Education Salonia. A study from that period by Marquis and Sigal led to the elaboration of the “Program for the Strengthening of University Administration and Coordination” commonly known as Sub-project 006 that proposed the creation of a national system of evaluation. In 1993 following a change of the Minister of Education (Jorge Rodriguez replaced Salonia in December 1992) and the creation of the SPU, the Sub-project was finally acted on. However, according to Novaro and Alonso (1999) it was swiftly rejected by the universities for various weaknesses (p. 5). Nevertheless, in the same year the SPU conceived of the Program for the Reform of

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4 Both the autonomy and autarky of national universities were preexisting values internalized in Argentine culture and society. However, not until the Constitutional Reform of 1994 were they incorporated into the constitutional text. Article 75, incise 19 states that Congress is responsible for “the principles of gratuitousness and equity of state public education and the autonomy and autarky of the national universities”. In other words, writes Cantini (1997), “university ‘policy’ is the Legislative Branch’s competence” (p. 36).

The 1995 Higher Education Law (24.521) would test the limits of university autonomy and autarky as its statutes touched everything from the granting of degrees and professional titles to university evaluation, university finance and the Executive Branch’s power to intervene in university affairs. I urge the reader to consult Cantini (1997) and Mignone (1998) who explain these issues in detail and with great expertise.
Higher Education (PRES) out of which would grow Argentina’s current national evaluation and accreditation system.

To reiterate, the dominant idea of policy makers in Argentina regarding higher education at that time was to implement a series of policies that, without intervening directly in the institutions, would promote incentives to produce improvements in quality and efficiency. The SPU was created for that task and the principal problems it faced according to the Ministry of Education (1999) were the following:

- Progressive deterioration in the quality and level of graduates (due to a long period of dictatorship which caused an exodus of many of the most qualified teachers and investigators, lack of resources, inefficiency in use of resources and open admission policy)
- Low graduation rates and excessive length of time spent by students in the higher education system.
- Low equity in access to higher education (no system for scholarships in place)
- Problems of articulation with high schools (students have difficulty with transition)
- Absence of reliable statistical information
- Lack of investment in higher education and inequitable allocation of budgets
- Lack of articulation with the requirements and demands of the productive sector and society.
- Absence of legal norms for higher education to serve as a base for needed reforms.

(p. 250)

In response, in July 1995, the government sanctioned the Law of Higher Education (24.521), a law that for the first time regulated the entire higher education system (both public and private) and provided a legal basis for many of the structural changes already taking place in the system. The law introduced many important as well as controversial measures aimed at shaping a new state-university relationship. Such measures included allowing universities to charge tuition for undergraduate programs (as long as need-based scholarships were also provided), allowing universities to set salaries for professors and staff and, most notably, institutionalizing a system of evaluation and accreditation of higher education institutions.
The autonomous and independent body created to carry out evaluations for universities is called the National Commission of University Evaluation and Accreditation (CONEAU). In article 44 of the Higher Education Law it was established that each university’s auto-evaluation would be supplemented by an external evaluation from the CONEAU, or a private entity, every six years. CONEAU’s evaluations and their recommendations for each university’s improvement would then be made available to the public. In addition, CONEAU would accredit all post-graduate degrees and any undergraduate program that corresponded to a state-regulated profession defined as one that could “compromise the public interest by putting the health, security, rights, property or training of its inhabitants at risk” (Lamarra, 2003, p. 8). To date, undergraduate programs in medicine, engineering and agronomy have been accredited by CONEAU according to these criteria. (The accreditation process was initiated in 2006 for pharmacology and biochemistry.)

Though it was the Higher Education Law that provided legal legitimacy for CONEAU in 1995, the original funding came from the program PRES, created by decree 840/95 on December fifth of the same year. Designed by the SPU and financed, in large part, by the World Bank, PRES was, in fact, made up of six separate programs. Two of them focused on improving information systems within and between universities. A third dealt with institutional reorganization of the SPU. A fourth, called Resource Allocation (AR) succeeded in distributing funds to universities based on objectives in 2002. FOMEC, the fifth program, and its relationship to CONEAU (the sixth) will be examined in much more detail in subsequent chapters.
As previously stated, “innovation funds” must be conceptualized as part of a much more comprehensive and complex group of higher education reforms with which it interacts. This is illustrated in figure 1, which contains a sampling of the sort of policies many countries implemented throughout the 1980s and 1990s.

**Figure 1. Higher education reform policies for improvement in the quality of universities**

<table>
<thead>
<tr>
<th>Financial</th>
<th>Organizational</th>
<th>Institutional</th>
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<tbody>
<tr>
<td>Change from negotiated budget to input or output-based budget</td>
<td>Stricter Selection Mechanisms</td>
<td>Increased Institutional Diversification (Encouragement of private Universities)</td>
</tr>
<tr>
<td>Innovation funds</td>
<td>Regulations re: promotion and repetition</td>
<td>Better coordination among universities</td>
</tr>
<tr>
<td>Income-generating Activities</td>
<td>Decentralize management</td>
<td>Better libraries</td>
</tr>
<tr>
<td>Funding from alumni or external trust funds</td>
<td>Curriculum improvements</td>
<td>Evaluation and accreditation</td>
</tr>
<tr>
<td>Tuition fees (with need-based scholarships)</td>
<td>Teacher training</td>
<td>Efficient management information system</td>
</tr>
</tbody>
</table>

Sources: Salmi, 1991a, 1991b; World Bank 1994

Of these policies, only “funding from alumni” was not attempted or actively promoted at some point by the Argentine government. The vast majority of the policies were incorporated into PRES, of which the innovation fund FOMEC was part.

**The Innovation Fund: Definition and Uses**

Innovation funds are funds designed to “support the development of a wide variety of innovations in all aspects of higher education” (Fehnel, 2004, p.4). Its definition is purposely broad in order to encompass the ways that the funds have been used as policy tools in different countries with varied university systems. Nevertheless, Marquis (2000) points to three important functions: to improve the quality of university
academics and management, to provide greater academic relevance; and to increase university cost-effectiveness (p. 2).

Innovation funds are typically supplementary to a university’s primary budget. Therefore the funds are not distributed according to historical measurements. Instead funding is awarded to university groups who present innovative proposals in line with pre-established criteria. Richard Fehnel (2004) uses the term “demand-responsive innovation funds” since universities “demand” funding in the form of proposals. I find this term misleading because it sounds as though the policy itself was “demanded” by the universities. I prefer the simpler term “innovation funds” as Marquis (2000) employs it. The definition of “innovation” depends on the context of its use, but I find it accurately describes the aim of the funds to affect reform or change in the university systems.

Innovation funds can be competitive or non-competitive. In the case of competitive funds, applicants’ proposals are reviewed and rated either by the funding authority’s staff or by an independent awards committee made up of experts in the areas for which funds have been allocated. Teams whose projects are approved can then implement their proposals and evaluate the results. The funding authority in charge of non-competitive funds, conversely, will not flatly reject a project that does not meet the established standards. It will continue working with the university team to improve the proposal until certain “key conditions” are fulfilled (Fehnel, 2004, p. 4).

Since the concept of the innovation fund is rather recent, it should be acknowledged that the terms “competitive innovation fund” and “non-competitive innovation fund” are not yet standard in the higher education lexicon. García de Fanelli (2005) uses the term “competitive contract” to refer to competitive innovation funds since
the fund is, indeed, a contractual agreement between the donor and universities. In an article from 2006, she refers indirectly to PROMEI, which I classify as a “non-competitive” fund, as a “program-contract”. “Program-contracts” have been used widely in France and are not unlike non-competitive innovation funds. However, according to Marquis (2000) program-contracts are based upon “performance indicators”, agreed upon by both the funding body and universities, and employed “over a period of several years” (p. 2). The formulation of PROMEI, I will show, did not entail a direct negotiation between the funding body and universities. Neither does it aspire to such a long-term commitment. Therefore, for the purposes of this thesis, I will use the terms “competitive” and “non-competitive” “innovation funds”.

Recent studies have shown that the goals of a program often determine whether a competitive or a non-competitive fund would be the most appropriate mechanism to use. According to García de Fanelli (2005), “if the purpose is to foster excellence or promote a certain, specific type of state policy, the best option seems to be the competitive contract with specific allocation” (p. 344). What if the state’s goal is a broad improvement in quality across all universities? Would a non-competitive fund be more appropriate? I could find no definitive answer to this question but it caused much debate among my respondents and is of obvious importance to the formulation of innovation funds.

My case study examines the formulation of two innovation funds in Argentina. FOMEC, which held its first contest for funding in 1995, was a competitive fund originally designed to improve teaching and research in basic sciences and engineering. FOMEC was part of a number of programs within a project called PRES which the World
Bank helped coordinate and fund via a loan of 165 million dollars. PROMEI is a non-competitive fund that began ten years later, in 2005. Unlike FOMEC, financing for PROMEI comes solely from the national Treasury. Also, PROMEI is designed solely for the improvement of engineering schools, to address those weaknesses that CONEAU identified during the accreditation process.

I examine the formulation process of FOMEC and PROMEI using two complementary theoretical frameworks. The first seeks to explain how items rise to importance on a governmental agenda and the second elaborates on why policy makers finally decide on one policy solution over the others. I chose to use Kingdon’s “multiple-stream” model to explain why university quality improvement rose on the Argentine government agenda both in the 1990s and in the following decade. Briefly, in both of my cases a change in the political stream joined problem (deteriorating university quality) to solution (the innovation fund) thus allowing the item to rise on the government agenda. The second part of formulation, the decision-making process, is where various constraints either facilitated or constrained policy makers thus resulting in key differences between FOMEC and PROMEI’s design. The World Bank’s involvement in the decision-making process for FOMEC, for example, was part of an international context in Argentina at the time that influenced FOMEC’s design.

Methodology

The idea to undertake a case study arose when I discovered the program PROMEI and recognized its similarity to FOMEC despite some poignant differences. My first
methodological step, therefore, was to compare the two cases closely, to examine the similarities and differences between FOMEC and PROMEI’s design. Once I had compared the designs of the programs as innovation funds, I wanted to know what effect certain independent variables (actors and contexts) had on those designs. I therefore used “process tracing” to analyze the causal chain by which FOMEC and PROMEI were created.\(^5\) This allowed me to look at how both individual variables (actors and contexts) and the interaction of those variables led to the formulation of my cases, the programs FOMEC and PROMEI.

I conducted both primary and secondary research. Secondary research included revision of papers and documents published by the World Bank, FOMEC, the Ministry of Education, CONEAU and academics with expertise on the subject. Primary research consisted of nine semi-structured interviews with subjects who were intimately familiar with the formulation of either FOMEC or PROMEI. I conducted three interviews with former FOMEC staff, two with PROMEI staff, two with representatives of two different engineering universities that implement PROMEI, one with a member of PROMEI’s advisory committee and one with an expert on higher education in Argentina. I subsequently conducted biographical research on each of those participants.

Interview participants were under no obligation to participate and, since some of them would provide me with sensitive information, I ensured their confidentiality by way of a consent form. The consent form guaranteed participants complete anonymity unless they gave me explicit permission otherwise. Only Carlos Marquis, the former Executive

\(^5\) According to Van Evera (1997), to “process trace” is to “examine the process whereby initial case conditions are translated into case outcomes” (p. 54).
Director of FOMEC, exercised the option to be identified. Therefore, throughout this thesis his name alone appears beside the quotes that pertain to him.

These sources and my own observations allowed me to understand why and how “innovation funds” became part of the Argentina’s policy agenda and, finally, part of concrete public policy. Few studies have yet been published on PROMEI and I found none that compares its formulation with that of FOMEC. Therefore, I hope my work will contribute to the understanding of financing mechanisms as they are formulated within Latin America and elsewhere.

Plan

In Chapter One, I will present my theoretical framework. This consists of elements of John Kingdon’s work in *Agendas, Alternatives and Public Policies* and Grindle and Thomas’ *Public Choices and Policy Change*. Kingdon’s “multiple-stream” model proves helpful in understanding why certain items reach the agenda at certain times and others do not. However, as Mucciaroni (1992) points out in his critique of the same work Kingdon “does not have sufficient appreciation for historical and institutional constraints on agenda-setting” (p. 459). This is a fault that Grindle and Thomas (1991) correct in their work by including “historical and international contexts” in a list of constraints and opportunities that help shape the motivation of policy actors for reform.

In Chapter Two, I will introduce my cases, FOMEC and PROMEI. I will describe the chief characteristics of each program, specifically their organizational structure, objectives, evaluation processes and financial resources. A close comparison of the
design of the funds will help make the differences between them easier to see. The proceeding two chapters will attempt to explain those differences in design by examining each fund’s formulation process. Chapter Three will focus on the formulation of FOMEC and Chapter Four will focus on the formulation of PROMEI. For these chapters, I will use the theory outlined in Chapter One to take a closer look at the actors and contexts that influenced fund formulation. I will then present the results of that examination in my Conclusion Chapter.
Chapter One: Review of Related Literature

As previously stated, my research examines the formulation of “innovation funds” in Argentina. However, I would not have been able to conceive of such a study or even use the word “formulation” were it not for a number of authors who preceded me. They are the ones responsible for the complex policy process theories and frameworks that will guide my analysis. I will refer to two main literatures in particular: John W. Kingdon’s *Agendas, Alternatives, and Public Policies* and Grindle and Thomas’ *Policy Choices and Policy Change*. These two works complement each other well for my purposes. Together they address three broad topics that must be examined in any policy study that focuses on the formulation phase: policy makers, the context in which they act and problem identification and definition.

*Policy Makers*

*Important actors in the policy process.* The actors of most interest to my study are policy makers, those individuals who participate in the agenda-setting and decision-making process. These individuals are typically elected government officials but not always. They may work outside of the government, in appointed positions, as consultants, researchers or as part of an interest group. Within the field of higher education university representatives are frequently considered policy makers because they may devote resources to advocating proposals, thereby affecting the agenda-setting process. I found that in my case study, however, university representatives were not responsible for the formulation of the programs I studied. Rather, it was policy makers of
the Ministry of Education, Science and Technology (MECyT) that developed the programs. University representatives either accepted or challenged the MECyT’s policies. Therefore, for my case study, I categorized university representatives not as policy makers but as part of the “societal pressures and interests” that constrained the MECyT policy makers.

There are at least two good reasons for centering my study on policy makers that is, for believing they are among the most important actors in the policy process. One rationale is that while there is a large and diverse group of national universities throughout Argentina, there is only one organism of the national government that deals specifically with university policy: the Secretariat of University Policy (SPU) within the MECyT. Policy makers in the SPU, then, are crucial to agenda-setting and decision-making processes. A second, related reason is that information used to make decisions in higher education is still either in short supply or unreliable.⁶ According to Grindle and Thomas (1991), this tends to increase a government’s power over policy because the public is not well-informed about policy-making, and without adequate information, it cannot as effectively challenge those decisions (p. 46). Hence the people who define the governmental agenda and make final decisions about which alternatives to support are apt to be the president, the ministers, legislators and the executive bureaucracy.

Kingdon’s work (1995) supports this idea. The governmental agenda, as defined by Kingdon, is the “list of subjects to which government officials are paying serious attention to at any time” and one of his conclusions is that “the president and the top

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⁶ A program (PMSIU) was instituted in 1993 to collect and improve the system of information from universities. The collection of university statistics and indicators has been steadily improving since then but still remains a problem. This was explicitly expressed by Argentine policy makers at a seminar organized by the SPU on November 24th and 25th, 2005 entitled “University Indicators and Public Policies”.
appointees who make up his administration…come as close as anyone can to dominating the agenda-setting process” (p. 44). Not only do high-ranking government officials place issues on the government agenda, state Grindle and Thomas (1991), but they may also influence the timing and content of proposals. They are not forced into decisions by external pressures but “have a significant range of options in the management of public problems” (p. 2). This will be demonstrated with clarity when I discuss the formulation of FOMEC and PROMEI. It may seem natural to think of policy makers as relatively independent individuals whose values, perceptions and behavior have a direct effect on policy proposals. However, a number of theories refute that notion.

Society-centered explanations, for example, consider the history of social classes and/or interest groups within a country a better way to measure public officials’ choices. Classical Marxism and even neo-Marxist analyses grant policy makers little autonomy in setting agendas or creating policy reform. In those approaches, policy makers simply represent dominant class interests and only act independently during “moments of significantly heightened class conflict or profound economic crisis” (Grindle & Thomas, 1991, p. 22). Neither do policy makers have much power over the design or content of policy in pluralist approaches. For pluralists, the state is merely an arena for various interests to bargain, negotiate, form coalitions and fight over which policies to support. In this vision, policy makers could not even rightly be called “policy makers” since they merely referee the interest groups that in fact “make” the policies.

These theories based on class or interest group analysis may work very well with certain studies in certain countries. However, they are not well-suited to my case study. Marxists and neo-Marxists would say that the “innovative funds” I propose to study
resulted from social class formations, and that would not be a complete answer. Policy makers in my case study are certainly constrained by economic structures but I understand their ability to set agendas and initiate policies to be much more independent of class than class-analysis suggests. Likewise, the pluralist approach would be inappropriate to use in my case study where interest groups pressured policy makers to impact policy only after public policies were presented. However, the sort of bargaining and coalition forming that the approach describes may be quite apt to describe that of policy makers themselves who, in the policy process, tried to gauge interest group responses. In summary, Marxist and pluralist theory highlight important constraints on policy makers but would not serve well as broader models for my research.

*Individuals whose perceptions matter.* Since policy makers are, after all, human beings one cannot expect to fully understand their actions without considering their perceptions and the variables that influence those perceptions. These variables include the policy makers’ personal goals, professional training, memories of similar policy experiences, and political loyalties (Grindle & Thomas, 1991, p. 34).

Personal goals are not necessarily synonymous with a policy maker’s “rent-seeking” personal interests. True, many are motivated by the desire to remain in power, expand their agency or promote their own career. However, they may also promote broad goals such as democracy, modernity, achievement, individual rights or societal “good”. The value that policy makers place on each of those goals may influence which policies are placed on the agenda and which alternatives are considered in the same way their “rent-seeking” interest might influence it.
A policy maker’s professional training may also influence agenda-setting and decision-making processes. Actors who have specialized in a subject (education or economics, for example) may pay more attention to problems in those areas since they are already familiar with such questions. Furthermore, that training may influence the way they assess problems and alternatives. For example, an individual with economic training may be more attuned to the economic implications of a policy and more likely to seek out economic analysts in order to discuss of policy alternatives. He may deem certain information irrelevant that an actor with different training could find quite helpful.

Whatever the training or expertise, a policy maker learns lessons over time about which policies succeed or fail. He sees which policies are difficult to push through the bureaucracy, which are unpopular with the public and which might even cost him his job. “Such concerns” say Grindle and Thomas (1991), “clearly influence the caution or enthusiasm with which policy elites approach discussions of new initiatives” (p. 36). Indeed, such fears and preoccupations sometimes inhibit major reform from occurring at all.

Finally, it would be naïve to assume that political loyalties did not have an effect on policy makers’ actions. Naturally, policy makers are connected to other politicians. Many times, they serve beneath another public official to whom they must be loyal. In other cases they have made commitments to specific political parties or even lead the parties themselves. Therefore, it is to be expected that policy makers consider their political loyalties before agreeing to put an item on the agenda or before making final decisions on policy issues.
Policy entrepreneurs. Certain policy makers, according to Kingdon (1995), are more willing than others to “invest their resources—time, energy, reputation, and sometimes money—in the hope of a future return” (p. 122). For whatever personal goal described in the previous section, these “policy entrepreneurs” actively advocate certain policy proposals, hoping to build acceptance for them in the policy community.

Kingdon attributes policy entrepreneurs’ success to a number of qualities. First, the person must be someone that other people listen to, a feat achieved either through “expertise, an ability to speak for others…or an authoritative decision-making position” (p. 180). Second, writes Kingdon, the entrepreneur is “known for his political connections or negotiating skill” (p. 181). Third, “successful entrepreneurs are persistent…[willing] to invest large and sometimes remarkable quantities of [his or her] resources” (p. 180).

According to Kingdon (1995), policy entrepreneurs not only push for their proposals but “develop their ideas, expertise, and proposals well in advance” of the time that the proposal will be acted on. To this end, entrepreneurs are highly aware of changes in national political context and the governmental agenda. That way, when a problem arises or a favorable political change occurs, the entrepreneur may push forward their proposal. “They have excellent antennae”, writes Kingdon (1995), and they “move at the right moments” (p. 183). In both of the cases I studied policy entrepreneurs served as central figures that helped give proposals high agenda status.

Rational actors. It has been established that policy makers are key players in defining the agenda and making decisions on policy but we have not yet considered
whether or not they are “rational actors”. Derived from classical economic theory, the rational actor or rational-comprehensive model presumes that the policy maker gathers information about a well-defined problem, considers all the available alternatives and then chooses the alternative most likely to reach his goal or preference. Simon and March famously demonstrated that this pure model does not hold up in real organizations because decision-makers never receive complete information regarding the problem or its alternatives, nor do they have the time, skills or resources that would be necessary to consider all the alternatives and each of the alternatives’ consequences (Simon & March, 1958, as cited in Grindle & Thomas, 1991). Thus the terms “bounded rationality”, “satisficing”, and “incrementalism” evolved, to improve upon the model and make it more helpful in explaining decision-making processes.

The term bounded rationality in its simplest sense concedes that individuals and organizations are limited in how rationally they can make decisions. When information is imperfect and time constraints do not allow for a complete review of the alternatives decision-makers have to stop searching for the optimal alternative and simply choose one that is “good enough”. Forester (1984) called this “satisficing”. The “incrementalist” model of decision-making is really just a systematic way of satisficing. It suggests that in order to reduce uncertainty, conflict or complexity in the decision-making process, actors only make incremental or marginal changes over time (Brayborkke & Lindblom, 1963, as cited in Grindle & Thomas, 1991, p. 28). In other words, only small adjustments are made to current policy because that is the least risky way for the decision-maker to proceed.
The incremental model has a number of strengths but also some real weaknesses. One strength is that it grasps human nature better and is more realistic than the rational-comprehensive model. Kingdon (1995) describes the human angle of the model nicely: “People are sometimes reluctant to take big steps. Apprehensive about being unable to calculate the political fallout, politicians shy away from grand departures. Apprehensive about not fully understanding the unanticipated consequences that might ensue, specialists also avoid significant changes. Both worry about budgetary implications of massive new programs. Given this natural caution, those who advocate major changes find they often must push for one small part at a time in order to move in the preferred direction” (p. 80).

A second strength of the model is its usefulness in explaining why major reforms are not undertaken more often. Then again, it is not useful at all in explaining under what circumstances decision-makers do, indeed, undertake major reforms. That is a gap in the rational choice literature that Kingdon, and Grindle and Thomas’ frameworks attempt to fill.

A final asset of the incremental model is that it highlights how organizational context can reduce conflict that might result through policy change, restrict the number of alternatives considered, and make the decision-making process easier (Frohock, 1979, as cited in Grindle & Thomas, 1991, p. 28). Still, time constraints and incomplete information are not the only constraints policy-makers face in the decision-making process. They are also affected by history, international pressures and many other external constraints. As Grindle and Thomas (1991) write, “policy elites are never fully autonomous” (p. 37). Indeed, the context in which policy-makers act has a large impact.
upon which issues may be placed on the agenda, and which solutions are considered and ultimately decided upon.

**Context**

The term context refers to the environment in which policy makers seek to achieve their goals. Many factors affect that environment. The sort of international relationships a country has or the strength of its public sector, for instance, are the sort of features that make the context of policy choice in one country very different from that in another. Context can differ within the same country too. A change in the economy or a rise in interest group activities are a few examples. In short, although the personal perceptions and preferences of policy makers are important to consider when thinking about the policy process, the context in which they act plays an enormous role as to which issues they pay attention to and which solutions they ultimately choose to solve a problem.

I will briefly describe the six factors that Grindle and Thomas (1991) believe define the parameters of context, adding a seventh factor (political context) which I find pertinent for my case study. Naturally, the various categories overlap; the separation is for heuristic purposes, so that I might analyze each factor individually and explain how it either constrains policy makers or helps open up opportunities for reform.

*Societal pressures and interests.* The Marxists and Neo-Marxists are correct in recognizing that the way societies are organized and the extent to which interests are
mobilized help determine the likelihood of policy change. An active, organized class or interest group can put tremendous pressure on policy makers to put certain items on the agenda, or to take items off. That is to say, it can positively promote proposals or try to block them in a negative sense. Business interests, professional associations and organized labor are groups likely to be active. Still, even unorganized groups can influence policy makers through voting, ties to the bureaucracy or clientelistic networks with government officials (Grindle & Thomas, 1991, p. 38). Sometimes, the mere existence of a politically relevant group (without any action on their part) is enough to affect a policy maker’s decision.

According to Kingdon (1995), interest group activity can affect the agenda or the alternatives that policy makers consider but does not dominate either of these activities. How much of the process it does have power over, he explains, depends on a groups’ resources. The numbers, status, wealth, geographical dispersion or ability an interest group has to mobilize its members often translates into success or failure in achievement of the group’s goals (p. 51). In addition, cohesion, or agreement among members of the group, can give groups an advantage. States Kingdon (1995), “If the group is plagued by internal dissension, its effectiveness is seriously impaired” (p. 52). It is the policy maker’s responsibility to know which groups pose threats to his proposals, which are allies (and potential allies), and how he can negotiate with and/or use those interests in order to achieve something as close to his preference as possible.

**Historical context.** The role of the state and what is considered appropriate policy within each country can be attributed, in part, to the country’s history. The legacy of
colonialism is a clear example of this principle; in many countries colonial powers left behind particular structures of government, economic relationships and divisions among the populace (Grindle & Thomas, 1991, p. 38).

Other historical events that shape the character of the state include revolutions, wars, coups, depressions, or periods of nationalist assertion and expansion. The collective memories of events like these contribute to the definition of national values: standards of equity, efficiency and the proper size of the government, for example. Those values, state Grindle & Thomas (1991), help determine which items may be considered for the governmental agenda and which will never be considered (p. 39).

The proposal to charge tuition at Argentine public universities, for example, has been uniformly rejected because of the long history of gratuity at public institutions and the value that the public assigns it.

Regretfully, Kingdon’s research does not give much thought to the role of historical context and how it might constrain or provide opportunities for policy proposals. He also fails to give proper attention to international context, a topic often intimately tied to history and certainly a factor which affects the policy process in developing countries.

*International context.* Developing countries have long maintained relationships of economic dependency with their industrial counterparts. The interest rates at which developing countries borrow abroad, their foreign exchange rate, and the value of the goods they export and import are all vulnerable to the state of the international economy. The rise of international financial institutions (IFIs) such as the IMF and World Bank
only intensified this relationship and added a political dimension. IFIs provided loans for countries suffering from debt crises in the 1980s but attached conditions to the loans regarding how national policy and institutions should be altered. On the one hand, this greatly limited the alternatives available to policy makers of debt-ridden countries. On the other hand, as with the program FOMEC, it may have created opportunities for reform in countries where policy makers were committed to those projects and had the sort of bureaucratic and political support necessary for implementation.

Economic context. Though international markets dictate much of the economic context for developing countries, a number of domestic economic factors have bearing on the policy process too. The structure of interest and exchange rates, the level of inflation and how much control the government exercises over the economy are relevant issues determined on a national level. As a whole, the economic context helps to determine when policy makers may initiate new policies. If the economy is growing and there are extra resources available governments will be more likely to experiment with new initiatives. If, on the contrary, the economy is not performing well, the government will presumably devote revenues to current projects rather than propose new ones.

In times of severe budget restraint Kingdon (1995) finds that three sorts of programs become prevalent. The first are attempts to regulate, in order to control rising costs. The second are programs that control cost through other techniques, such as encouraging competition. Finally, programs that are less expensive (even if they do not cut costs) are proposed. This seems logical given that “tight times lead people to be conservative, to protect what they have, and to avoid big changes” (p. 109).
Indeed, the state of the federal budget is an essential consideration for policy makers, whether as a constraint or opportunity. Some items never make it to the government agenda because the solutions are anticipated to be too costly (environmental items, perhaps). Other items make it to the agenda but the chosen proposal is altered in order to make it more financially manageable. Still other items may rise on the agenda precisely due to budgeting problems: policies that seek to reduce the cost of current programs use the federal budget as evidence to support their proposal. Whatever the particular case may be, the economic context in which the policy process takes place matters.

Administrative capacity. Whether or not a policy can be carried out as intended depends greatly on administrative capacity. When policy makers look at alternatives during the formulation process they consider things like “the availability of human resources, skills in particular areas, and the way the public sector is organized and how it interacts with regional and local systems of administration” (Grindle & Thomas, 1991, p. 40). If those characteristics are lacking, policy makers may simply choose not to institute major policy changes. Alternatively, they could attempt to fix some of the administrative deficits by trying to coordinate agencies under a common superior, or—if necessary—by creating a new agency entirely. (The creation of the SPU is a good example).

For the purposes of my case study, I would like to take a more detailed look at “administrative capacity” and the broader category within which it is situated, called “state capacity”. In the introductory chapter I referred to the changing role of the state with respect to the university system. I discussed how the 1980 and 1990 reforms
delegated new responsibilities to the national state, especially the duty to evaluate university quality and disburse funding more efficiently. In addition, I mentioned the growth in the number and type of higher education institutions. These changes had profound effects on “state capacity”, a term that Hildebrand & Grindle (1997) define as ‘the ability of state agencies to accomplish tasks with effectiveness, efficiency and sustainability’ (as cited in Alonso, 2005). The programs in my case study were created to handle some of these new and more complex tasks.

Alonso (2005) divides state capacity into two dimensions: techno-bureaucratic and relational. The first dimension incorporates both technical capacities and administrative capacities. Agencies with strong capacity in this dimension exhibit highly qualified staff, an incentive structure to retain that staff, a professional “ethos” and inter-institutional relationships that help to fortify the agency’s objectives (p. 7).

The relational dimension refers to the relationship between state agencies and social actors outside of the state. It demonstrates the state’s ability to “induce change in the conduct of social actors” in order “to avoid the blocking of [state] policies” (Alonso, 2005, p. 7). In fact, Alonso states, the very structure of state entities and their “rules of the game” are the result of the interaction between state and non-state actors negotiating to maximize their interests (p. 10). For this reason, I will take a close look at the interests and actions of university representatives in my study.

The purpose of my case study is not to analyze FOMEC and PROMEI’s capacity, that is, how well they meet their stated objectives. The implementation of those programs is beyond the scope of this thesis, and “administrative capacity” is only one of the variables I am examining. Nevertheless, having located a number of secondary
sources that critique and evaluate FOMEC, I can examine PROMEI with the successes and failures of FOMEC’s capacity in mind. Using that logic, institutional features that are the same between FOMEC and PROMEI would be attributable to strong FOMEC capacities (hence PROMEI’s decision to copy it later on). Disparate features, conversely, could be attributable to any number of variables only one of which relates to administrative capacity.

Other policies. The origins of a proposal cannot be traced back to one exact source. As one of Kingdon’s (1995) respondents commented, “You’ll always find that things have their start somewhere else. People don’t sit down and think up whole new approaches in a flash of insight. They borrow from somewhere else” (p. 73). That is to say, no idea is entirely new nor entirely detached from all those that precede it. Indeed, all the prior policies that have been proposed or implemented for a particular problem shape the way that any new policy is received. In addition to other policies, laws, treaties, court decisions, regulations, and national and local norms shape what is known as the “policy environment”. The policy environment can serve as an opportunity or a constraint for new policy initiatives.

Political context. “Political context” in this section is defined in accordance with Kingdon’s (1995) definition of the political stream made up of public mood, pressure group campaigns, election results, partisan or ideological distributions in Congress, and changes of administration (p. 145).
The public mood in a country “changes directions at certain times in ways that can affect policy agendas and outcomes” (Kingdon, 1995, p. 146). The anti-government, anti-regulation climate of the late 1970s and 1980s is a prime example. Politicians at that time promoted agenda items related to that sentiment (such as privatization) and held back items like the centralization of government which would have been incompatible with the mood. The media provides a good measure of public opinion.

Kingdon (1995) accredits swings in national mood to either partisan realignments or to feedback cycles in which “a program is enacted, problems with its implementation emerge, corrections are made, and new problems emerge from the corrections” (p. 148). Election results illustrate this principle. The public, frustrated with feedback from the party in leadership or its ideologies, may choose to elect a candidate from a different party or ideology. The election of that new candidate, the viewpoints he communicates and the media’s impressions continue to impact on the national mood (p. 149).

I have dealt with pressure group campaigns in previous sections. The key concept is that if there is conflict among organized interests, policy makers try to assess groups’ resources and arrive at the solution that best suits their own interests. This often involves lengthy negotiation and compromises. However, if there is “intense opposition to a proposal” Kingdon (1995) states that “an advocate will often back off” (p. 151).

Finally, administration change or changes in the balance of Congress often bring change in the government’s agenda. I have explained above how important high-ranking government officials are to setting the agenda. Naturally, then, the turnover of those government actors causes change in the government agenda. New issues are raised and given priority while other issues are purposely not considered. If the changes in the
partisan composition of Congress are favorable to the president, it creates opportunities to institute new policies.

*Problem Identification and Definition*

Until now, our examination of the policy process has expanded on the role of policy makers and of the contexts surrounding their decisions. The notable missing element is the thing that generated decision-making in the first place: policy proposals. To what problem does the proposal respond? How did that problem come to policy makers’ attention? Those are the questions addressed in this section.

*Definition of problems.* Situations and conditions are not problems until someone defines them as such, believing that something should be done. Bad weather, for example, is a condition but not a problem (Kingdon, 1995, p. 109). The definition of problems, then, is an interpretive process and depends upon the perception of the person who makes the definition. The observer’s values may dictate which conditions are problems and which actions constitute the appropriate response. Regional or cross-country comparisons of achievement or efficiency may also serve as the basis for problem definition (p. 111).

The perception of a problem can be inferred by the category into which it is placed. Kingdon provides a good example with the issue of handicapped access to public transportation. Though it would have been easier and cheaper for the handicapped to use
subsidized taxis to get around the city, activists eventually won the refitting of public transportation for handicapped passengers. Says Kingdon (1995):

“The issue turned on how one classified the problem. If it was defined as a civil rights issue, then equal access to subways was called for because separate is not equal. On the other hand, if it was a transportation issue, then equal access was not necessary and the other solutions were appropriate. The category into which the issue was placed made a tremendous difference” (p. 112).

To put it briefly, a problem may be defined in many different ways.

Identification of problems. Clearly, policy makers cannot consider every problem and potential problem that may exist. They only have the time and resources to give serious attention to a fraction of problems; a list defined earlier as the governmental agenda. To become part of this list, a problem has to somehow seize a policy maker’s attention. According to Kingdon, this can be achieved either through an indicator, a dramatic event or feedback from an existing program.

Indicators are figures produced from the collection and organization of raw data in order to monitor activities or events. Government agencies often produce routine indicators (e.g. monthly or yearly figures) but indicators can also be produced at a particular time, for instance as the result of an academic or researcher’s survey. The figures are used for two main purposes: “to assess the magnitude of a problem and to become aware of changes in the problem” (Kingdon, 1995, p. 91).
For anyone hoping to draw attention to an item, the apparent objectiveness of an indicator can prove a valuable tool. Drop-offs in funding or test scores are the sort of changes in indicators that can be pointed to as reasons to make changes to existing policy. However, there are two dangers to this approach. The first is that many indicators have serious methodological flaws in the way they gather data. What looks like straightforward reporting of data may not be. Second, indicators alone cannot determine whether or not a problem exists. For example, the rate of students who graduate from a university per year to those who enrolled establishes the extent of the situation but does not determine whether that constitutes a problem or how it should be addressed by the government. Those are matters of interpretation. As Kingdon (1995) states, it is the “interpretation of the data that transforms [indicators] from statements of conditions to statements of policy problems” (p. 94).

Crisis and disaster are another way that problems come to the attention of policy makers. Dramatic events often bring awareness of a preexisting problem to the fore and force policy makers to take some sort of action. Kingdon’s study made two interesting conclusions regarding these sorts of crises. First, he found that areas less visible to the government are more likely to come to crisis situations because they have been left to deteriorate for so long. Second, he found that in the health industry where patients are treated one-on-one, it takes longer to realize that a crisis exists than in transportation, where a crash may affect many people at once. He refers to the difference as the “aggregation” of the disaster (p. 95). Finally, sometimes it takes more than one dramatic event or disaster to generate attention to a problem since the first event could be seen as an isolated incident.
Feedback refers to criticism of existing programs. It can reach policy makers through formal channels (monitoring and evaluation studies) or informally, from individuals’ complaints. Feedback may reveal many sorts of problems: ‘the failure of a program to meet its goals; the high cost of a program; unforeseen consequences of implementation or the complaint that implementers are not interpreting legislation as it was intended’ (Kingdon, 1995, p. 101). Such problems grab policy makers’ attention as they emerge in the feedback process.

Agenda-Setting and Decision-Making

Having defined the individual elements of formulation that I use to examine the creation of FOMEC and PROMEI, I will now describe the overlying theories that guided my analysis of those elements. First I will look back at the two frameworks I have already referred to, John W. Kingdon’s *Agendas, Alternatives, and Public Policies* and Grindle and Thomas’ *Policy Choices and Policy Change*. Next I will explain the concept of “historical institutionalism”. I will conclude the chapter by illustrating how these theories and frameworks connect to form the basis of my argument.

Windows of opportunity. I feel it crucial to highlight the structural differences between the two models I utilized above. Kingdon’s work focuses on problem definition and agenda setting; it only touches briefly on the decision-making process. The opposite is true of Grindle and Thomas’ work which is, in particular, weaker on problem definition. This is what makes the two literatures complement each other so well. Both
seek to explain how policy reform occurs; they just do so by examining different stages of the policy process. However, since the authors concentrated on different stages of the process, their models revolve around different focal points. Grindle and Thomas’ model centers on the policy maker, his choices and the contexts which constrain his choices. Kingdon’s model has no one center: it consists of three separate streams that he labels problems, policies and politics.

The problem stream describes how a problem gains attention, as I described, either by indicators, crises, symbols or feedback. The policy stream refers to ideas that are generated by specialists and advocated by policy entrepreneurs. The political stream describes factors like national mood, administrative turnover and interest group pressure campaigns (also, as previously described). Kingdon believes each of these streams flows independently of the other. They only merge when an important problem arises or when there is a change in the political stream (for example, a change in administration). Such opportunities are termed “policy windows” and provide the chance for policy entrepreneurs to link their preferred solutions from the policy stream with problems or those solutions to “political events that increase their likelihood of adoption” (Kingdon, 1995, p. 172). If all three streams are linked, the item is more likely to rise on the governmental agenda.

This multiple-stream model has advantages and disadvantages. It is an excellent framework towards understanding how and why some items reach the government agenda. I also found it helpful in sorting out the multiple variables that cause agenda change in order to examine each independently. One disadvantage is that it focuses so much on political climate (e.g. shifts in public mood) and neglects deeper structural
factors such as historical context that often affect the timing of agenda change.

Mucciaroni’s (1992) critique points to the lack of attention Kingdon gives to historical and institutional constraints on agenda-setting. Nevertheless, the model and, especially, the “policy window” concept work well with my case study.

**Perception of crisis.** Grindle and Thomas’ (1991) model, unlike Kingdon’s, is based on developing countries and centers on the role of the policy maker in the decision-making processes. In this way Grindle and Thomas’ work builds on Kingdon’s by emphasizing the role of policy actors and the contexts they face in the decision-making process once an item has already moved up the governmental agenda. However, I found one of their main premises very difficult to prove.

The authors set out to show that the degree of change introduced in reform efforts differs according to whether initiatives are considered under conditions of “perceived crisis” or “politics-as-usual” (Grindle & Thomas, 1991, p. 5). The difficulty with that hypothesis is how to define the word “crisis” and how to judge whether one is perceived or not. I think that, to support their argument, the authors wrongly decide that “crisis” should refer only to macro-political or economic crises, thereby labeling all other reforms (those that do not involve major trade, financial or regime reform) as “politics-as-usual”.

The authors make the following distinction. In a situation of “perceived crisis” Grindle and Thomas (1991) write that decision-makers are most concerned with issues such as the legitimacy and survival of the regime, and the “national interest”. In a politics-as-usual environment, in contrast, they state that decision-makers are most concerned with individual career aspirations, parochial demands and clientelism (p. 107).
In other words, by Grindle and Thomas’ estimation, situations of perceived crisis allow decision makers to rise above “low politics” (the “parceling out” of resources to interest groups in exchange for support) to formulate policies that benefit a broader category of classes or sectors.

This is a faulty notion for two reasons. First, because I believe there are situations of “perceived crisis” that, nevertheless, do not threaten the legitimacy or survival of the regime. (The higher education crisis in Argentina in the 1990s is a prime example). Second, because the authors’ hypothesis falsely assumes that decision-makers that choose major reform are somehow more immune to political interests than decision-makers that moderate policy only slightly. Even the term Grindle and Thomas (1991) use, “politics-as-usual” sounds derogatory, as though major reforms under circumstances of perceived crisis are preferable to incremental policy reforms.

I concede that there are problems with the incremental policy approach. It can reinforce inertia, stifle creativity and allow policy makers to avoid difficult problems that require more radical changes. However, I believe that there are many cases where an incremental approach is the best approach. Especially where a previous policy was successful and there exists administrative capacity to continue on that successful path, a radical shift in policy need not be undertaken. With an incremental approach, participants can improve on prior policy by taking the lessons learned and accommodating with small changes in a way that is often more efficient, effective and predictable than major reform.
Path dependency in historical institutionalism. The term “path dependency” (Krasner, 1984; Pierson, 2000) is used to argue that “when a government program or organization embarks upon a path there is an inertial tendency for those initial policy choices to persist” (as cited in Peters, 2005, p.71). This occurs because, as Grindle and Thomas (1991) describe, policy makers’ decisions are constrained by a great many contexts (historical, international, administrative capacity) so that in the absence of other pressures policy will likely follow along the same path. This idea is central to historical institutionalism which, similarly, holds that “the policy choices made when an institution is being formed, or when a policy is initiated, will have a continuing and largely determinate influence over the policy far into the future” (King, 1995; Skopcol, 1992; Pierson and Skopcol, 2002 as cited in Peters, 2005, p. 71).

There are many critiques of historical institutionalism. Perhaps the most relevant to my study is that it is difficult to prove whether a policy that appears influenced by earlier policy choices is that way because of “an explicit influence of institutions over those policies” or merely the result of “normal incremental patterns of policy-making” (Peters, 2005, p. 73). Since the government programs I use in my case study are not “institutions” I will not attempt to enter into that argument. In fact, my case study embraces both ideas: that individual actors influence the programs in which they participate and that the programs in which they participate help shape the behavior of individuals.

Incremental policy reform occurs precisely because of the process of path dependence. A new policy “path” is created, negative and positive feedback is generated
and, in the absence of other pressures, policy makers use that feedback to make gradual, incremental modifications in the policy.

This thesis’ argument. In my case study, I argue that FOMEC resulted from what Kingdon (1995) would call a “policy window” that opened in the 1990s to place the improvement of university quality on the government agenda. I will show that FOMEC arose from a “critical juncture” of problem, policy proposal and politics in the 1990s that created a fortuitous opportunity for FOMEC to be introduced into the higher education system alongside numerous reforms.

Those reforms, in turn, made it much more likely that another program similar to FOMEC could later be established. The formulation of PROMEI, a decade later, did not occur due to an unexpected “policy window”; the policy window for PROMEI was, instead, already anticipated. This thesis holds that the policy learning which occurred as a result of FOMEC and the bureaucratic capacity installed as a result of the 90s reforms (especially the creation of CONEAU and SPU) facilitated the formulation of PROMEI to the extent that its design was incremental in nature, results of a path dependency.
Chapter Two: FOMEC and PROMEI

The first step in analyzing the innovation funds I have chosen for my case study is to understand some of their basic characteristics. This chapter will briefly describe both of the funds’ organizational structures, their objectives, evaluation processes and financial resources. I will close the chapter by summarizing the important similarities and differences in the designs of the Fund for University Quality Improvement (FOMEC) and the Project for the Improvement of Engineering Teaching (PROMEI). The analysis in Chapters Three and Four will subsequently attempt to explain those similarities and differences by examining the formulation process that led to the two programs’ creations.

Fund for University Quality Improvement (FOMEC)

FOMEC’s 1995 Operation Manual and the World Bank 1995 Staff Appraisal Report provide a complete guide to FOMEC’s original organizational structure, objectives and procedures. This chapter merely reproduces enough of those elements to provide the reader with a good understanding of the fundamentals of the program.

Objectives. FOMEC’s original general objectives, as stated in the FOMEC Manual of Operations (1995) were as follows: a) to promote quality improvements at the graduate and undergraduate levels, through technical assistance for curriculum changes; b) to promote an “integral vision” of university activity focused on all levels of teaching, scientific and technological research, and university links with the community; c) to
encourage and facilitate teacher training and updating of their skills; and d) to encourage investment in university infrastructure and modernization of equipment (p. 3).

FOMEC’s specific objectives fit within the broader framework of the Program for the Reform of Higher Education (PRES), the aforementioned higher education reform project that the Argentine government undertook in cooperation with the World Bank. Originally, FOMEC’s specific objectives were three: first, to improve undergraduate and graduate levels in basic sciences and engineering; second, to develop undergraduate professors’ skills through graduate studies and third, to improve graduate programs in order to better serve current and future professors (FOMEC, 1995, p. 3).

In order to fulfill FOMEC’s general objectives, the program organized activities related to the specific objectives into two different components. For universities to obtain funding, the projects they presented had to correspond to one of the two components. Component One encompassed projects in support of the basic sciences (biology, physics, informatics, math and chemistry) and engineering. Component Two covered teacher training and support of graduate programs. (The chart on page five shows how the components fit into FOMEC’s organizational structure).

**Organizational Structure.** FOMEC was a semi-autonomous body created within the Secretariat of University Policy (SPU) by decree 408/95. A second decree, number 840/95, created the Program for the Reform of Higher Education (PRES) and simultaneously made FOMEC one of the six sub-programs under PRES. PRES was a joint project between Argentina’s government and the World Bank’s International Bank for Reconstruction and Development (BM/BIRF) for which the BM/BIRF provided a
loan of $165 million dollars. Since FOMEC was a sub-program of PRES, this meant that a large part of financing for the projects that universities presented to FOMEC would be paid for out of the loan from BM/BIRF.

To coordinate the allocation of the BM/BIRF loan for PRES to the different sub-programs, a group was established within the organizational structure of the SPU known as the Project Implementation Unit (UEP). The UEP staff consisted of fifteen members whose responsibilities included procurement of goods, services and works subject to BM/BIRF financing; monitoring and supervision; and administration and financing (World Bank, 1995, p. 19). Universities that participated in FOMEC would designate a person within their staff to act as a go-between with the UEP coordinator, simultaneously overseeing the execution of the university’s projects. To avoid any confusion (especially the erroneous idea that UEP was only part of FOMEC) I will furthermore refer to UEP as UEP/PRES.

The internal structure of FOMEC was complex. The highest level in the hierarchy was the Executive Council (CD). The Council was presided over by the Secretary of the SPU and made up of four other members “recognized for their work on higher education problems” (FOMEC, 1995, p. 8). The term for each of those members (the SPU secretary excluded) was four years. The National Interuniversity Council (CIN), a group comprised of rectors from the national universities, reserved the right to block the names of any of the proposed CD members by a majority vote of two-thirds of its executive committee. Among the activities of the CD were deciding on the financing of eligible projects, assuring the transparency of selection procedures and informing the Argentine government and the World Bank of FOMEC activities.
Directly below the CD was the Executive Directorate (DE), a body that carried out all the “administrative, information and dissemination activities” necessary to execute the decisions adopted by the CD (World Bank, 1995, p. 48). For example, the CD might dictate certain criteria for evaluation and the DE would carry out the necessary tasks so that projects were judged accordingly. The head of the DE was the Executive Director. The Executive Director also served as secretary of the CD and was in charge of (among many other tasks) assisting universities with their proposals and organizing the university’s project proposals for the CD’s consideration. Candidates for the position of Executive Director were chosen by the Secretary of the SPU following a public pre-selection process and review by a five-member jury panel.

Figure 2 on the following page helps clarify each of these positions in relation to the other. As shown, the Executive Director was assisted by three coordinators. The Academic Coordinator’s job was to coordinate the Peer Reviewers (CP), the International Supervision Committee (CIS) and all other tasks related to scientific and academic evaluation. The Administrative Coordinator was responsible for “administrative, accounting and financial management”. The programming coordinator oversaw the Advisory Committees (CAC) and was responsible for technical studies and “the application of multi-criteria methods for programming and evaluation activities” (World Bank, 1995, p. 48).
The two Advisory Committees (CAC) were comprised of seven members each, one group that specialized in component 1 (basic sciences and engineering) and the other in component 2 (graduate programs). They were selected by the SPU not only for their scientific and professional expertise but also depending on the size of the university and the region of the country where they worked. This was so that the group might “represent the diversity of the national university system as closely as possible” (World Bank, 1995, p. 49). The committee’s task was to decide together and recommend those projects that met FOMEC’s criteria, based on the Peer Review Committee’s prior evaluations.

The Peer Review Committees (CPs) carried out the academic evaluation of university projects. Members of the CPs were all authorities on their subject, either national or international professors who carried out independent investigation within their field of study. Like CACs, they could not evaluate projects related to their own
universities. Members of the CP were chosen by the CD on an ad-hoc basis in six disciplines. A CP member’s term was only as long as the evaluation period leading up to the annual award of funding.

The International Supervision Committee (CIS) was made up of seven members: four Argentines and three foreigners were designated by the SPU with the approval of BM/BIRF. The CIS’ task was to supervise and evaluate the status of FOMEC projects once a year. After evaluating the “impact on quality and efficiency improvement in universities” and the “institutional performance of FOMEC” (including the transparency and objectivity of selection procedures), the CIS formulated concrete recommendations to improve the selection procedures and criteria (World Bank, 1995, p. 21). The CIS’ findings were periodically presented to the universities and to the public via the bulletin INFOMEC. Produced bi-annually, INFOMEC included not just the CIS’ recommendations but any information related to the development and impact of FOMEC on the national universities. This included the names and short biographies of all of its members, lists of approved projects, UEP/PRES reports, frequent commentary from the university community and, eventually, preliminary evaluation reports.

Evaluation Process. One of the first steps of FOMEC was for public universities, schools, departments and graduate programs to develop projects to improve quality and efficiency in their areas. Pending approval from the university head, the project could then be presented to FOMEC. Funding was available for the projects under four headings: technical assistance, goods, furniture and library items, and works (for minor infrastructure rehabilitations). The financing for those items was part of the BM/BIRF
loan that corresponded to PRES. In fact, the loan for PRES was divided into two components: Component A (institutional strengthening) and Component B (financing of FOMEC).

The allocation of FOMEC funds consisted of three stages. In stage one, the Academic and Administrative Coordinators verified that the university projects presented met the eligibility criteria. To be eligible for funding, graduate programs had to have been accredited by Argentina’s National Commission of University Evaluation and Accreditation (CONEAU). Universities had to have a physical infrastructure, a legal accounting system, an information system to monitor academic performance, a person responsible for project management, and counterpart funding. In addition, universities had to make a signed commitment to respect the rules and regulations of FOMEC and to “improve the curriculum and achieve progress in efficiency” (World Bank, 1995, p. 50). Finally, all projects presented to FOMEC had to first be agreed upon by the Superior Council of each university.

If projects met these eligibility criteria, they entered stage two where they were ranked by the CACs according to the Peer Review Committees’ evaluations. Ranking criteria examined the feasibility of a project and the priority with which it should be undertaken. To judge feasibility, evaluators considered the following: internal consistency of the project; explicit goals and targets; availability of resources; and institutional relevance. A feasible project, then, would be one that the university had the capacity to carry out, with clearly defined goals that coincided with the university’s mission.
I will elaborate more on priority criteria because they are, perhaps, more subjective than the feasibility criteria. Feasibility aside, these are the criteria that the members of FOMEC and BM/BIRF chose to decide which projects would get funding and which would not. The criteria therefore illuminate how FOMEC interpreted the problem it was solving. More will be said about problem definition and interpretation in the following chapter and I will return to this discussion.

To evaluate priority, Peer Review Committees assessed four categories: quality and academic excellence; efficiency; impact; and consistency with national policies. Academic excellence was determined by “the scientific quality of the teaching staff, publications, critical mass to become a center of excellence, internal efficiency of the academic program, and ranking in the accreditation process”. Efficiency referred to the length of time and the projected success a project would have addressing the designated problem. It also referred to the project’s effective use of academic and financial resources. Impact was judged according to three sorts of impact: regional, academic and social. The desired regional impact was to “achieve regional balance in the university system”, that of academic impact was to “fill the gaps in thematic coverage, consolidate the scientific and academic capacity of the university system and strengthen centers of excellence”. Social impact referred “in terms of labor market demand” to “the relationship between universities and society at large” (World Bank, 1995, p. 51).

The last priority criteria, “consistency with national policies” meant that projects should be in agreement with SPU’s priorities. That meant: “(i) concentration in centers of excellence versus dispersion; (ii) integrated versus stand alone projects; (iii) creation
of networks versus projects with few linkages; and (iv) impact on undergraduate education versus impact on graduate education and research” (World Bank, 1995, p. 51)

Once CACs had ranked the projects according to feasibility and priority criteria, projects moved on to stage three: they were delivered to the CD which made final financing decisions. Approved projects were later subject to academic, operational and financial supervision both by FOMEC and UEP/PRES.

Financial Resources. FOMEC was designed to be a permanent instrument. Its resources were to be originally supported by BM/BIRF financing but then “gradually replaced by federal provincial or other sources” (World Bank, 1995, p. 16). However, ultimately the program was discontinued. It awarded funds on an annual basis from the year 1996 through 2000 when BM/BIRF had planned to conclude its activities. Instead, BM/BIRF extended its contract until June of 2003, in order to monitor the implementation of the latest projects. In total, FOMEC lasted seven and a half years (Oszlak, 2003, p. 6).

According to an evaluation of FOMEC coordinated by Dr. Oscar Oszlak (2003) FOMEC’s original budget was 238 million pesos of which 145 million corresponded to BM/BIRF funding and 93 million to counterpart funding from national universities whose projects were approved by FOMEC (p. 6). The commitment by national universities to provide counterpart funding to FOMEC, as I mentioned earlier, was one of the eligibility criteria for participating in the program. It was a considerable obligation: twenty percent counterpart funding for consultant services, forty percent for scholarships and teacher 

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7 At that time, the peso/dollar ratio was one-to-one.
training, thirty percent for equipment, laboratories and materials, and fifty percent for minor rehabilitation works (World Bank, 1995, p. 24).

This counterpart funding was found to be one of the biggest difficulties with FOMET’s implementation (Castro 2002, Oszlak 2003, World Bank 2004). First, universities found it difficult to set aside those amounts from their general budget. Few universities had diversified funding sources, so money had to come out of their yearly budget and/or savings. Second, the team within each university that was responsible for execution of project resources lacked training in the World Bank’s practices and had trouble coordinating with the highly skilled UEP (Castro, 2002, p. 124). This delayed execution of FOMET projects, in some universities up to a year. Consequently between November 1996 and November 1997, the DE and UEP/PRES made thirty separate visits to universities, to provide technical assistance. Regardless, according to the World Bank (2004), “difficulties with counterpart funding… continued to be a reason for delays throughout the life of the project” (p. 14).

The universities’ budgeting limitations only worsened with Argentina’s 2001 economic crisis. Funding for national universities fell so sharply between 2001 and 2002 that, according to the World Bank (2004), the real decline in university funding amounted to 24% (p. 11). Citing a “shortfall of counterpart funding”, in June 2002, the World Bank cancelled 25.4 million dollars worth of loan money for FOMET (World Bank, 2004, p. 3).8

8 In fact, the reasons for the cancellation of the 25.4 million dollars were more complex. The World Bank’s 2004 Implementation Completion Report states that that money was part of a “second tranche conditionality” for the Argentine government to develop a plan to “facilitate the use of cost recovery in tertiary education” (i.e. introduce tuition fees) (p. 4). “However”, the report states, “the plan was never executed due to changes in the political dynamics in the Government and Argentina’s economic crisis. In June 2002 a decision was therefore taken to cancel US$ 25.4 from the loan” (p. 4).
Under a section entitled “lessons learned”, the World Bank’s 2004 report acknowledges the difficulties that counterpart funding can create. “Although the intention behind having the beneficiaries provide for the counterpart funding is to make them more accountable” states the report, “it also exposes the implementation of subprojects under a competitive fund to high risks during times of crisis, particularly when only weak instruments are available for correction at the [UEP] level” (p. 15).

Project for the Improvement of Engineering Teaching (PROMEI)

Organizational Structure. PROMEI functions within the framework of SPU’s broader University Quality Program. Together with the Project for the Improvement of Agronomy Teaching (PROMAGRO) it is part of SPU’s effort to improve the quality of undergraduate programs in “priority areas” of Argentina’s national universities.9 PROMEI has a coordinator and a technical staff of seven members. In addition, it chooses peer reviewers on an ad-hoc basis to evaluate projects. Members are either engineers with relevant academic and professional experience or experts in other areas with experience in project evaluation and university administration (MECyT, “PROMEI”, p. 25).

PROMEI projects are based on the recommendations and agreements that Argentina’s National Commission of Evaluation and Accreditation (CONEAU) generates for engineering schools through the accreditation process. Because CONEAU is so

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9 PROMEI is a program designed for national universities and institutes of the Armed Forces. It does not include private universities.
essential to PROMEI, I will briefly describe CONEAU’s organizational structure in this section and its operation in the following section.

CONEAU was created by the 1995 Higher Education Law (24.521) as a decentralized organization under the jurisdiction of the Ministry of Education and Culture (currently the Ministry of Education, Science and Technology (MECyT)). It was a program within PRES just as FOMEC was, and therefore party to BM/BIRF financing just as FOMEC was. As stated earlier, PRES was divided into two components: Component A (institutional strengthening) and Component B (financing of FOMEC). CONEAU was, therefore, funded within the “institutional strengthening” component.

CONEAU’s original purpose was to promote self-evaluation in private and public universities, to consolidate and extend the external evaluation of universities and to accredit all graduate programs and those undergraduate programs “of public interest” (World Bank, 1995, p. 14). As Chapter Four will explain in detail, Argentina’s engineering schools were declared “of public interest” and thirteen disciplines of engineering (e.g. civil, electric) were subject to CONEAU’s accreditation process which began in 2002 and concluded in 2005.10 The recommendations that CONEAU generated as a result of that accreditation then served as a basis for PROMEI.

CONEAU is made up of twelve members who serve four years each. Three members are proposed by the National Senate, three by the National House of Representatives, three by the CIN, one by the Ministry of Education, Science and Technology (MECyT), one by the Private University Council, and one by the National

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10 Two additional disciplines of engineering (industrial and surveying) underwent the accreditation process in two stages and are planned to conclude in 2007.
Academy of Education. These members are divided into sub-commissions that plan and supervise the work of the technical team.

The commission is assisted by a technical team made up of professionals that work on techniques and procedures for institutional evaluation and evaluation of university degree courses. Currently the team is divided into four areas: Evaluation and Institutional Projects, Accreditation of Undergraduate Programs, Accreditation of Graduate Programs and Development and Institutional Relations. Evaluations take place with the participation of members of the academic and scientific community who specialize in a variety of disciplines. These experts are chosen to be peer reviewers, or to form part of advisory groups and consultancies. The CONEAU code of ethics dictates that peer reviewers and advisory group members act “with independence of criteria”, “without any sort of affiliation” and that they must not participate when a possibility exists for conflicts of interests (CONEAU, “Acreditación grado”, 2006). Peer reviewers are a crucial part of the CONEAU evaluation process and their role will be elaborated upon in the “evaluation process” section to follow.

Objectives. PROMEI has both general and specific objectives. The general objectives are as follows: a) to promote improvement in the quality of engineering teaching according to the improvement plan developed for each engineering school as a result of the accreditation process; b) to encourage cooperation between regional and local engineering schools (e.g. inter-university academic networks) in order to avoid overlap and promote the advantages of sharing human and physical resources; c) to
encourage engineering degree courses to use research activities, and create links to the community to contribute to local and regional development (MECyT, “PROMEI”, p. 6).

The specific objectives focus largely on the first of the general objectives. The specific objectives are to improve: the teaching and learning process, student performance and the quality of teachers. I will expand briefly on each of these specific objectives. First, PROMEI seeks better articulation between schools regarding the basic standards for engineering students. The program hopes to ensure that adequate curriculums are being used for the education of professional engineers at all levels of university study, in accordance with Ministerial Resolution 1232/01. PROMEI intends to finance the human resources and equipment necessary to ensure those standards.

Second, to improve engineering student performance PROMEI aspires to improve student retention in the first year, reduce the prolonged duration of engineering studies and increase graduation rates. Third, PROMEI seeks to improve the quality of teachers by developing a more professional and up-to-date group of academics who, likewise, dedicate a sufficient amount of time to their position to provide an “adequate development” of investigation, teaching and other activities. The fourth and final specific objective is to improve and update engineering schools’ infrastructure, equipment and libraries (MECyT, “PROMEI”, p. 6).

In order to obtain funding, engineering schools must fit their projects into one of a number of components that PROMEI defines. There are four such components, in line with the specific objectives. Engineering schools are urged to choose the component(s) that most closely correspond with institutional goals.
Under component A, associated with the improvement of education for future engineers, there are four suggested reforms. The first reform is the creation and consolidation of General Basic Knowledge Cycles (CGCB). The CGCB is a plan for engineering students to complete certain courses in their first two years of engineering school. Courses would increase in complexity and specificity over the two years thus both easing students’ transition to university and allowing them more time to decide on a degree course (MECyT, “Primer encuentro”, 2004).

The second reform is to strengthen and modernize school administration. Engineering schools are encouraged to create tools to monitor student progress and to detect the reasons for students falling behind or dropping out of programs. The third suggestion is for engineering schools to improve the practical training of their students. Schools are encouraged to increase links with the productive and service sectors through the use of Supervised Professional Practices (PPS). PPSs are opportunities for students to acquire practical skills within their specialty by dedicating a certain number of hours to working in the field.

The final reform suggested in component A concerns the alteration of course content and pedagogy. In addition to engineering skills, schools are advised to equip students with skills in speaking and writing, computer science, English and problem-solving. Schools are encouraged to eliminate course overload by getting rid of excessive content, and to combine activities in different subject areas where applicable.

Component B is related to the development and improvement of human resources. Within component B, young professors can apply for scholarships to undertake graduate studies. In addition, provided they fit the criteria, professors may advance from part-time
to full-time workers. Component C encompasses research and development projects, and technological transference projects. Engineering schools who already developed projects in this area through the SPU or the Secretariat of Science and Technology (SECyT) programs can apply to PROMEI for funding. Schools that want technical assistance to design research and development activities (especially technological developments that may be transferable to the community) may also apply under component C.

Component D deals with infrastructure, equipment and library items. PROMEI makes reference to infrastructure only to advise engineering schools that funds are available for infrastructure through a separate entity, the Bank of Public Investment Projects (BAPIN II). Though PROMEI does not directly fund infrastructure, it does finance laboratory equipment used for undergraduate activities, especially computers, software, and equipment required for CGBC classes such as physics and general chemistry. Funding may also be obtained for the training of librarians and lab technicians but only if the project is to be in conjunction with other engineering schools.

*Evaluation Process.* PROMEI is designed to take place over the span of three years so that contests for funding will be held each year from 2005 to 2007. One of the “indispensable conditions” for institutions to receive financing through PROMEI is that projects should be designed using this three year horizon. That is, the projects must be arranged such that their development takes place over the three years. Details of the project for the first year should be precise and complete, while projections for the following two years may be more general.
There are four other “indispensable conditions”. The first is that projects address the central problems and weaknesses acknowledged in CONEAU’s accreditations. CONEAU’s accreditation process will be described later in this section. The second is that the projects must include some element of cooperation and communication with other degree courses within the same school or department of engineering, or with local and/or regional schools of engineering. The third requires projects to be “strategically developed” so that the focus is not only on receiving PROMEI funds but also on inducing the participation of other actors and financial resources, for example through research and development activities.

Last, each school or department should discern its global objective, as well as the global objectives for each degree course. They should define activities that would need to occur to reach those objectives accompanied by a time-line, indicators of progress, expenses and mechanisms for academic supervision. This information must be included on the forms that institutions use to apply for PROMEI funding both under section three entitled “Description and justification of the project at the school/department level” and under section four entitled “Description and justification of the sub-project at the degree course level within the context of the school/department plan” (MECyT, “PROMEI”, p. 5).

The logic of that requirement is, in part, so that PROMEI projects more closely correspond to the needs of each engineering school and each degree course within that school. These are encouraged to choose the components that they consider “most suitable to the achievement of [their] goals, giving more or less emphasis to each
Projects are evaluated according to the quality of the project and its relevance for development. PROMEI does not refer to these as “criteria” but rather as “instancias” which translates roughly to “requirements”. The quality of a project refers to the following: internal consistence (that the project’s proposal fits the stated objectives); financial feasibility (that the proposal’s time-line and cost are consistent with the action to be undertaken); and sustainability of the project (the consistency between proposal objectives and the base conditions and opportunities at the institution) (MECyT, “PROMEI”, p. 15). Ad-hoc committees of peer reviewers are in charge of quality evaluation.

The relevance of a project refers to the sort of impact it has on the university within the local and regional community. Factors to be taken into consideration include the characteristics of each region, the engineering degree programs that are available in the region and the way in which the project affects local and regional development. The evaluation of project relevance is determined not by peer reviewers but by the University Fund for Regional and National Development (FUNDAR)11.

Projects that comply with PROMEI’s quality and relevance requirements receive funding. Those that do not are not rejected as they would be in a competitive innovation fund, but are returned to the institutions for reformulation. This is what makes PROMEI a non-competitive innovation fund.

11 Created September 1, 2005 by Ministerial Resolution 260/05, FUNDAR is an instrument into which a certain amount of funding can be deposited each year from the national budget for higher education, specially earmarked for the advancement of specific projects of university development.
The degree course or engineering school must designate a person to supervise the implementation of approved projects to liaise with the SPU’s technical staff. That person must manage the financial and administrative tasks associated with the allocation of PROMEI funds, the academic coordination of the project to be developed, and the completion of bi-annual reports to the SPU indicating the degree of the project’s completion and the execution of allocated funds.

I will return now to CONEAU’s accreditation process, the process that PROMEI requires all institutions to have completed before they are eligible for PROMEI funds. As stated in this thesis’ Introduction Chapter, article 44 of the 1995 Higher Education Law (24.521) established that CONEAU would accredit all post-graduate degrees and any undergraduate program that corresponded to a state-regulated profession defined as one that could “compromise the public interest by putting the health, security, rights, property or training of its inhabitants at risk” (Lamarra, 2003, p. 8). The MECyT together with the Argentine Council of Universities (Consejo de Universidades) are the bodies that make the decision about which disciplines fit under this definition. The MECyT and the Council of Universities must also agree on the standards with which such disciplines should be judged before beginning the accreditation process. In addition, they must set the minimum amount of class hours required for the discipline, along with the basic curricular content and criteria regarding practical training in that area. These responsibilities are outlined in articles 42, 43 and 46 of the Higher Education Law.

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12 The Council of Universities was created by the 1995 Higher Education Law (24.521). Seven of the members are from CIN and seven are from CRUP, thereby combining both private and public university representatives for the first time in the history of the Argentine higher education system. It is presided over by the Minister of Education or by the Secretary of University Policy.
Once the standards and criteria are agreed upon, a Ministerial Resolution is created for the discipline to be accredited. Ministerial Resolutions 1232/01 and 013/04 established the national standards and criteria for the accreditation of eighteen different engineering degrees. Institutions had a year from the creation of the Ministerial Resolution to prepare their degree courses in accordance with the established standards. Then, CONEAU allowed a period of time for institutions to voluntarily submit the pertinent degree courses to the accreditation process. Once the window for voluntary accreditation passed, CONEAU undertook obligatory accreditation. (Degree courses within a “public interest” discipline either choose to enter within the voluntary time frame or wait and enter within the obligatory window).

It must be acknowledged that the term “obligatory” is not completely accurate. The University of Buenos Aires (UBA) famously won a court ruling in February 1996 to the effect that they were not obligated to submit their degree courses to CONEAU’s evaluation and accreditation processes. Federal court judge Ernesto Martinelli ruled that certain clauses of the Higher Education Law, including the establishment of minimum hours per discipline, violated university autonomy and was thereby unconstitutional. UBA’s Engineering School therefore never underwent CONEAU evaluation and accreditation and was not allowed to present projects to PROMEI. Recent attempts by the UBA Engineering Department to obtain permission from the University’s Supreme Council to undergo the accreditation process have been blocked by the student group FUBA (“Un Nuevo round”, Clarín, 2006). These events are a testament to both the incentive that PROMEI gives universities to undergo accreditation and the resistance that student groups often present to evaluation procedures.
In 2005, CONEAU completed the accreditation process of fifteen engineering disciplines. Its final reports detailed the strengths and weaknesses of each degree course in each institution that participated (a total of 243 degree courses), constituting a wealth of information off of which PROMEI could work (CONEAU, “Actividades de la CONEAU”, 2006).

Financial Resources. To calculate how much of the PROMEI funds will go to each engineering school PROMEI developed a sort of formula. The formula arrives at the maximum sum of PROMEI funds that each engineering school may receive based on the number of accredited degree courses, teachers, students and graduates at each school. A “financing unit” (UF) is assigned to each of the variables as follows: one UF for each accredited degree course, one UF for every 75 professors, 0.5 UF for every 200 students (in accredited degree courses), and 0.5 UF for every 20 graduates (from accredited degree courses). The number of students and graduates used in the formula is actually an average of the last three years, as reported by the engineering schools. The number of teachers was determined by information from the CONEAU database (MECyT, “PROMEI”, p. 16). The attainment of the ‘maximum sum’ depends on the quality of the project, as described above.

PROMEI finances 75% of approved projects and requires engineering schools to provide 25% in counterpart funding for each project. Hence each UF originally translated into $24,433 pesos that PROMEI financed and $7,478 from national universities for a total of $29,911 pesos per UF. PROMEI’s budget (to be used over the three years of its projected implementation), according to Ministerial Resolution 1247
(dated October 25, 2005), is $51 million pesos. A 2006 budget increase for the SPU, however, was to have added $12 million additional pesos to that total, making the total amount $63 million pesos.

Funding from PROMEI, however, comes from a few other sources aside from the portion of the $63 million separated from the SPU’s annual budget. As stated earlier, infrastructure projects under Component D were to be supported by funds from BAPIN II. Also, projects within Component B related to the development of human resources were to be supported by funding from the Project for the Development of Teacher Human Resources. No figure has been published to take into account these other sources so I can only estimate that PROMEI’s total budget is somewhat higher than $63 million pesos.

**Similarities and Differences**

**Similarities.** The review of similarities between FOMEC and PROMEI in this section is meant to demonstrate that the two programs’ designs are quite homogeneous despite two distinct formulation processes. This is the first step toward employing John Stuart Mill’s “method of difference” to my cases, a process (aided by process tracing) in which I will attempt to explain the few differences between the two programs’ final designs by analyzing each program’s formulation process in detail in Chapters Three and Four (Van Evera, 1997, p. 23).

As innovation funds, FOMEC and PROMEI automatically share a number of similarities. They are both supplementary to the university’s core budget, comprising only a small percent of the money universities receive on an annual basis (PRES’
finances, for example, amounted to only 3% of the annual university budget) (Castro, 2002, p. 73). They establish guidelines and criteria under which funds will be dispersed. Groups from national universities then create projects and apply to the programs for funds in accordance with the guidelines established. Approved projects are implemented under supervision from either FOMEC or PROMEI and required to report on their progress. This much is inherent simply by defining FOMEC and PROMEI as innovation funds. Yet four additional similarities must be mentioned that are, perhaps, not as obvious.

First, FOMEC and PROMEI defined like specific objectives and components. Both programs aim to improve undergraduate levels and to develop teacher skills by (among other things) funding laboratory equipment, library items and infrastructure, as well as curricular changes and scholarships for teachers to pursue graduate degrees. Of course, in Marquis’ (2000) description of the use of innovation funds, he states that scientific equipment, technical assistance, library development, institutional linkages and management training are all “common uses of Innovation Fund resources” (p. 5).

Second, at least on a formal basis, FOMEC and PROMEI use similar criteria to judge projects. Both programs consider the internal consistency of the project, explicit goals and targets, availability of resources and institutional relevance. They stress the importance of joint university projects (though PROMEI much more so) and networks to the community. Both programs also weigh the social impact of projects on the region. Marquis (2000) would point out that innovation funding approval decisions are commonly based on criteria of eligibility, relevance, financial sustainability and quality (p. 4).
Third, both funds attempted to use evaluation as a starting point for funding applications. As described earlier, CONEAU’s accreditation process serves as the base from which PROMEI projects are designed. Schools that participated in FOMEC did not have the benefit of a fully-functioning CONEAU to provide this initial diagnosis for them. CONEAU had only started to operate as FOMEC was carrying out its first contest in 1996. However institutions and schools were strongly encouraged to perform self-evaluations before submitting FOMEC projects. Those that did independently undertake self-evaluations or that allowed external evaluation by the SPU had a considerable advantage in developing their FOMEC projects.13

The fourth similarity between PROMEI and FOMEC is their use of university counterpart funding. Many innovation funds share this characteristic. Counterpart funds demonstrate a university’s acceptance of the project and an institutional accountability for the project’s result. FOMEC required counterpart funding anywhere from 20 to 50%, depending on the project undertaken. It was one of the characteristics of FOMEC that proved most problematic both for universities and FOMEC coordinators. PROMEI requires only 25% from universities but this is still a considerable amount, and a noteworthy similarity between the two programs.

Differences. There are seven important differences between FOMEC and PROMEI. (I will number these as I describe them). First and foremost, (1), their scopes

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13 From August 1993 through 1994, the then Ministry of Culture and Education (MCyE) signed agreements with nine universities to define methodologies for self-evaluation and develop improvement plans for each institution accordingly. The SPU offered technical and financial help for external evaluation (Marquis, 1994, p. 29). The idea, then as now, was to collect as much data as possible to be able to pinpoint where problems lay so that mechanisms could be created to target weaknesses. As stated, this was difficult to do for the whole university system because CONEAU had not yet installed itself there. Therefore, the schools that carried out self-evaluations prior to FOMEC were those where the university’s authorities, as well as the teachers themselves, were already predisposed to do so (Marquis, 1994, p. 30).
are quite different. FOMEC originally targeted university level engineering and basic science, as well as graduate degree programs in all areas. PROMEI, alternatively, was created specifically for engineering schools.

This could account, in part, for the difference in the complexity of FOMEC and PROMEI’s organizational structure (2). The range of PROMEI’s efforts does not necessitate a staff as large or with as many different functions as FOMEC’s. However, the difference in organizational complexity and in the scope of the programs can both further be attributed to the fact that the World Bank helped participate and fund FOMEC while this was not true for PROMEI (3).

The World Bank’s participation and funding had an undeniable impact on FOMEC’s design. The bank’s participation meant that while the “which” and “how” of policy would be negotiated, certain rules would have to be adhered to. As their first venture into higher education projects, the World Bank had to ensure that project evaluation and funding were as efficient and transparent as possible. The organizational structure and procedure in FOMEC was purposely complex, to ensure double and triple-checking of procedures. The World Bank dedicated 145 million dollars to FOMEC. The larger scale of FOMEC corresponds with that larger source of financing (4).

It is understandable that without the financial support and technical expertise of an international organization like the World Bank, PROMEI would have a smaller scope and a less complex organizational structure. However, is it correct to attribute PROMEI’s lack of transparency to the absence of the World Bank’s participation? Perhaps to a degree; the World Bank required the CIS and the UEP/PRES to issue periodic reports. “Transparency and accountability of resource allocation and use” was
listed as one of six main benefits that BM/BIRF hoped for from FOMEC (World Bank, 1995, p. 33). Then again, making a program’s finances and proceedings transparent need not require a great amount of funding or guidance. It would not be difficult for the SPU to explain on their webpage or elsewhere how the PROMEI coordinator and technical staff were selected for their positions, the duration they may serve and what their functions are, for example.

Another plausible explanation of the difference between FOMEC and PROMEI’s transparency (5) might be that FOMEC was a competitive innovation fund and PROMEI is a non-competitive innovation fund (6). One could argue that competition necessitates greater transparency, so that the “losers” understand their shortcomings and learn from the techniques of the “winners”. The functions of each administrative position in FOMEC and the procedure followed had to be very clear so that “losers” could not claim that the failure of their project being approved was due to anything other than it being a weak project. Using this logic, a non-competitive fund need not concern itself as much with transparency because it has no “losers”. Schools that develop weak projects continue working on those projects with PROMEI staff until a suitable design is developed.

In my estimation, none of these explanations are fully sufficient. The difference in transparency between FOMEC and PROMEI is simply a question of program design. It should not matter whether a fund is competitive or not since transparency benefits not just program participants but the success of a program itself. It allows the public to see quantifiable measures of quality and efficiency, and precisely how levels were reached. Just as engineering schools undergo external accreditation in PROMEI to determine their
strengths and weaknesses, so should PROMEI put itself (especially its finances) under scrutiny in order to improve from weaknesses and bolster strengths.

The final differences between FOMEC and PROMEI were hinted at in the “similarity” section. The first (7) regards the role of CONEAU’s accreditations in the formation of PROMEI projects. As remarked, CONEAU had only begun to function when FOMEC underwent the first contest for funding.

Also, although most of the criteria for judging FOMEC and PROMEI projects are similar, FOMEC’s priority criteria, particularly that which refers to “academic excellence” is vastly different. At least formally, PROMEI does not take the academic excellence of an institution or degree course into account at all when approving projects. I have not numbered this as a separate difference because this feature goes hand in hand with the competitive vs. non-competitive nature of the two funds.

Conclusion of Similarities and Differences. The argument of this thesis is that the lessons of FOMEC and the bureaucratic capacity installed from the 1990 reforms facilitated the formulation of PROMEI so its design was incremental in nature. In this chapter I have pointed to the most important lessons that PROMEI learned from FOMEC: the way in which to design an innovation fund complete with objectives, components, eligibility and feasibility criteria, counterpart funding and the use of peer evaluators. The decision to assign funds on a non-competitive basis is also evidence of learning. I do not mean to imply non-competitive innovation funds are superior to competitive innovation funds, simply that the decision to design PROMEI as non-competitive rather than
competitive derived from the problems that FOMEC encountered with the competitive mechanism.

The establishment of CONEAU in 1996 and its growth and success has greatly facilitated the rise of PROMEI. Yet the issue is more complex than that CONEAU spontaneously led to PROMEI. A more accurate description would be that the other 1990 higher education reforms together with CONEAU established a new relational capacity between the SPU and the university system. The rules of the game have changed. It is now acceptable for the SPU to ask for universities for changes that, before the 1990s, it was impossible to have asked. For example, only engineering schools that have undergone CONEAU accreditation can apply for PROMEI funding. That is, funding is directly connected to external evaluation and yet the university system does not react in an uproar or with outrage. The idea of connecting evaluation to funding is now, if not desired, at least acceptable to universities. This reflects an increase in relational capacity between the Ministry of Education and the university system through the SPU.

The proceeding two chapters will narrate the formulation of FOMEC and PROMEI. I will focus on the way those programs defined the problem they were dealing with, influential actors in those decisions and the constraints and opportunities that arose in each fund’s formulation. This analysis will elucidate the contrast between FOMEC’s innovative formulation and the incremental nature of PROMEI’s formulation.
Chapter Three – Formulation of FOMEC

The objective of this chapter is two-fold. First I will show that FOMEC’s formulation occurred as the result of a combination of factors that opened a policy window to move the improvement of university quality up on the government agenda. Second I will analyze how, once the window was open, decisions were made between the SPU and the World Bank that led to FOMEC’s innovative design. In this way, the first half of this chapter will correspond to the agenda-setting process as described in Kingdon’s work, and the second part to the decision-making process as described in Grindle and Thomas’ work.

Agenda-Setting

To review, in Kingdon’s multiple-stream framework, described in Chapter One, policy windows are opened by a “coupling” within the three streams: problem, policy and politics. Either a critical problem or a change in the political stream “couples” with a policy proposal. This creates the opportunity (i.e. “opens the policy window”) for policy entrepreneurs to push the item up the government agenda. If all three of the elements—problem, policy proposal, and political receptivity—are linked, Kingdon (1995) states that “the probability of an item rising on a decision agenda is dramatically increased” (p. 202). The formulation of FOMEC occurred because of the linkage that Kingdon describes. This chapter’s analysis will make that clear.
Linkages towards a Higher Education Policy: 1983-1993. The higher education policy that spurred FOMEC cannot be traced back to one particular source or origin. Even if it could be, Kingdon (1995) states that “the key to understanding policy change is not where the idea came from but what made it take hold and grow” (p. 72). With that in mind, I will begin my analysis in 1983 when Argentina returned to civil rule. On December 13, newly-elected president Raul Alfonsín issued decree number 154 announcing intervention in all national universities. Discriminatory and proscriptive practices used under the dictatorship to select professors were eliminated. University leaders and the heads of schools within each university that had been designated under the dictatorship were replaced with provisional substitutes. (Though, according to Cantini (1997), technical defects in Law 23.068 (1984) allowed "provisional" professors to continue long after the designated one-and-a-half year time frame) (p. 22). Yet the decree did more than simply proscribe the steps to be taken towards institutional reconstruction. It championed what is known as the “reformist” ideology, so-called for the University Reform student movement of 1918 which heralded university autonomy, co-government, and the abolition of tuition fees and entrance exams.

In “reformist spirit” admission at national universities was re-opened to the public; entrance exams and tuition fees were abolished. These moves were hailed by the student movement and public opinion “as symbols of the democratic regime in contrast to the slogans of the military dictatorship” (Balán, 1992, p. 7). There was no public debate within the universities about the open-admission policy at that time. Writes Balán (1992), “Neither alternatives nor consequences were evaluated”. The reason, he alleges, is that the main factions of the university student movement as well as what, by the end
of 1985, would be the greater part of the national university’s authorities belonged to the ruling Radical party “which included the objectives of unrestricted admission and free university education in its program” (p. 7).

However, there were consequences to the open admission policy and those became rapidly clear. An enormous increase in matriculation pushed the average rate of enrollment at Argentine national universities from 1983 to 1984 up by 26.8% (García de Fanelli, 2005, p. 163). Considering that the average rate of enrollment had decreased at a rate of 4.4% from 1975 to 1983, this represented a huge growth in university matriculation. In a study of Argentine university matriculation, using quantitative methodology, García de Fanelli (2005) confirms that while the number of secondary school graduates and the GDP per capita are associated with demand for higher education in the long-term, in the short-term admission policy is a significant determinant (p. 165). She concludes that extreme short-term fluctuations caused by changes in political factors make efficiency and organizational planning difficult for Argentine universities. This was especially true in 1983 when institutions were recovering from seven years under the military dictatorship followed by an abrupt fall in funding following the 1981/82 debt crisis.

Public funding for universities could not be increased sufficiently to cover the rise in enrollments. This lack of resources was debated at that time and in 1987 the Ministry of Education made arrangements for the World Bank to provide financial support for coordination of the university system (Novaro & Alonso, 1999, p. 4). However, Balán (1992) states that the administration under Alfonsín never succeeded in establishing an
overarching higher education policy that would coordinate the university system and organize decision-making with sufficient visibility and political support (p. 20).

Then, in 1989, hyperinflation and popular unrest forced Alfonsín to resign. President-elect and Justicialist party member Carlos Menem assumed the presidency four months early, choosing Antonio Salonia as Minister of Education and Justice. With a Justicialist majority in the Lower House and Senate the arrangement with the World Bank was ratified and began implementation in 1989 (Novaro & Alonso, 1999, p. 4). Two years later, in 1991, Domingo Cavallo was appointed Minister of Economy. To achieve monetary stability, Cavallo introduced an economic plan pegging the peso to the dollar. The convertibility system, as it was called, was approved in 1991 and produced a sharp drop in inflation and helped stabilize the fiscal budget (Balán, 1992, p. 30).

This, in turn, supported an increase in the university budget that would continue throughout the decade. According to García de Fanelli, “the portion of the national treasury dedicated to university budgets rose by an annual rate of 4.3% between 1986 and 1999, above the growth of new students (3.3%) though slightly below the growth of the total student body (4.7% annual average)” (p. 170). The Ministry of Education reported that government spending in higher education rose from 0.40% of the GDP in 1991 to 0.59% in 1998 (García de Fanelli, 2005, p. 170). Though this increase in funding was not sufficient to meet all the necessities of the growing university system, especially the development of research and investigation activities, it certainly helped alleviate budgeting shortages.

With greater monetary stability and the beginnings of economic growth, the Argentine government sought to ‘rationalize’ public finances. The administration desired
that public resources be used efficiently, towards the accomplishment of specific actions and objectives. To this end, in May 1991, the executive branch (PEN) issued decree 990/91 to establish a Reconciliation Commission to “analyze and formulate proposals to solidify the structural reform of State Universities…with regard to the goals set by PEN pertaining to administrative reform of the State, keeping in mind the objectives proposed by the Protocol of University Reconciliation”.

The Protocol of University Reconciliation was a document created jointly in June 1990 by the Ministry of Culture and Education (MCyE) and the National Interuniversity Council (CIN). It expressed the desire of both the Argentine government and universities to engender an active process of change in the university system. Its objectives turn out to be strikingly similar to the objectives that FOMEC and, later, PROMEI establish within the context of the Program for the Reform of Higher Education (PRES) and the Program for University Quality, respectively. The objectives include the following: the promotion of scientific development, the emphasis on social and regional impact of university activities, the optimization of university resources, the establishment of evaluation mechanisms, links between institutions and between universities and the productive sector, and the modernization of libraries and laboratory equipment.

Two commissions were created by decree 990/1991: an economic-finance commission and an academic commission which would review the Protocol’s objectives in order to present proposals and conclusions within 90 days of the decree. According to the Ministry of Education (1999) “the agenda of these two commissions conformed to the subjects that later became the focal points for reforms developed throughout the 1990s” (p. 241). Before any reform could be undertaken, however, further study was needed.
There was very little data regarding university activity and no sort of evaluation or accreditation mechanism so even determining what the necessities were in each institution and for the system would be extremely difficult. According to one of my respondents, there were not even computers at the MCyE at that time. The same respondent explained that the World Bank money approved by Congress had still not been used towards higher education because “there was always a tense relationship between the universities and the State. There was no trust”. Coincidentally, the new Minister of Education and Justice Salonia, was an old friend of the CIN’s president in 1991. “And they trusted each other”, explained my respondent, “So they agreed to unlock some of the funds from the World Bank to prepare studies about higher education.”

The two academics hired by the MCyE and the CIN to undertake those studies were Victor Sigal and Carlos Marquís. In the span of a year and a half, the two discussed and analyzed the topic that would come to have such consequence in the 1990s: the evaluation of quality. The result of their study was the “Program for the Strengthening of University Administration and Coordination” commonly known as Sub-project 006. “06”’s objectives, according to Novaro and Alonso (1999), encompassed diverse aspects of the university system: “finance, interuniversity coordination, university administration and the evaluation of quality” (p. 4). Nevertheless, the theme which gained most attention (and had most success) was the evaluation of quality. Some universities moved swiftly to inform themselves. In June 1991, the National University of Salta held the “First Interuniversity Meeting about the Evaluation of Quality” to open debate within universities and, consequently, within the CIN about the parameters of evaluation.
In a 1992 agreement, the CIN details the sort of evaluation mechanisms that they believed would promote university improvement and progress. They insisted on university autonomy and the notion that evaluations took into account the specific conditions of each university (Novaro & Alonso, 1999, p. 5). According to Novaro and Alonso (1999) they conceived of an evaluation that would take place in two stages: an internal stage wherein each university would adopt its own methodology, and an external one with peer evaluators (p. 5). While the internal-external idea was later adopted, the CIN did not finally gain control over the evaluation process as they had hoped due, in part, to a major change within the Ministry of Education and Culture.

However, before I discuss that change (the creation of the Secretariat of University Policy), I find it necessary to review the linkages between the problem, policy and political streams up to this point. Pre-1993 events and linkages are often overlooked in works about Argentine university policy in the 1990s but they are crucial to understanding the changes in the rest of the decade.

*Problem and policy stream linkages pre-1993.* I found that the higher education problem was not identified by indicators or feedback (no such data existed then) but by the general recognition that the explosion in university matriculation unaccompanied by a significant rise in funding was causing deterioration in public universities. “They hadn’t modified the system, and there was an extraordinary demand,” explained one of my respondents, “So you had the same professors to attend to double the students without any training.”
The word “crisis”, though used frequently in the literature in reference to Argentina’s university system (and particularly by the World Bank), was only used by one of my respondents. I attribute this not to the idea that there was no crisis at the time but to the notion that Argentine universities have “always” been in some state of crisis to the point that “crisis” did not properly define the situation then. One respondent summed up the identification of the problem quite simply: “there is not a document which you could point to and say this marked the consciousness that there were problems in the universities. There were problems in the universities; I think the whole world admitted that.”

This is not, however, to give the impression that higher education reform resulted from the Argentine public demanding change. When I asked in interviews whether civil society played a role in the formulation of FOMEC the answer was a resounding “no”. It was a “top-down” reform broadly supported by academics (especially in science and technology) many of whom later participated in the process, for example, as Peer Reviewers in FOMEC. Public attention and criticism evolved only much later, long after the formulation process.

Since the problem was originally defined as deteriorating quality (due to increased enrollment and stagnant finances), academics studied policies to improve quality. They realized that they needed a full diagnosis of the university system: a map of the ‘quality at point A’ so policies could later be evaluated according to the ‘quality at point B’. In this way the problem of deteriorating university quality in Argentina was already linked to the policy of quality evaluation years before Menem’s administration and the involvement of the World Bank through PRES. (What the Menem administration and the
World Bank added to the problem definition, as will be shown later, was an emphasis on efficiency.

Academics were a crucial factor in the link between problem and policy at that time. Many of Argentina’s renowned academics were exiled during the military dictatorship. With the recuperation of democracy, many returned and brought with them new learning, insights and values. Carlos Marquís, the Executive Director of FOMEC, spent years in Mexico where university evaluation mechanisms had already been installed. He received a Master’s degree in Sociology from the National Autonomous University of Mexico (UNAM) and worked for the institution in the area of university planning. He worked with Manuel Gil Antón, and, later, Chile’s José Joaquín Brunner. That sort of international exposure, especially within a small policy community such as Argentine academics working on higher education issues, helped link Argentina’s university problems to policies that had been debated and adopted successfully earlier, within the region and world-wide. Marquis’ 1990 essay (produced after he had returned to Argentina and was at the University of Buenos Aires’ Institute of Social Science) reflects this diffusion of ideas. The essay deftly applies the knowledge Marquís gained at UAM to the problems of Argentine university planning. (Lucas Rubinich (2001) repeatedly states that respected academics were the actors that “softened up” or built acceptance for the university policies of the 1990s).

Pre-1993 links between political and policy streams. There are two clear examples of “coupling”, or linkages, between the political stream and the policy stream pre-1993. First, the cooperation between the MCyE and the CIN during Salonia’s term
from 1991-1992. That collaboration led to the development of a policy for quality evaluation. Though there were problems later between the government and the universities over various details of university quality mechanisms, if Salonia and the former president of the CIN had not arrived at a consensus regarding the necessity of some sort of evaluation, the future of that policy would have been doubtful.

Second, as frankly acknowledged in the Protocol of University Reconciliation, university policy emphasizing quality evaluation and quality improvement corresponded with the Menem administration’s goals of “rationalizing” public finance. As noted above, the policy community had been investigating the use of evaluation methodologies for public universities even before the Menem administration. However, when the Menem administration took power and vowed to improve quality and efficiency of the public sector, policies regarding university evaluation and quality improvement moved up the agenda because it suited the administration’s theme very well.

_A Policy Window Opens for FOMEC: 1993._ If indeed such a thing as a policy window exists, and it opens for only a short time when all three streams merge, then the policy window for FOMEC’s design and eventual implementation opened in 1993. The creation of the Secretariat of University Policy (SPU) within the Ministry of Culture and Education (MCyE) in March 1993 would have been the strong breeze that cracked the window ajar to begin with. As one respondent commented, “The birth of university policy happened simultaneously with an institutional change.” Prior to decree 506/93, issued by the executive branch (PEN), there had been no branch within the MCyE
dedicated solely to higher education. There was only a National Directorate that, according to one respondent, “handled administrative matters”.

The SPU’s objectives, by contrast, were broad and significant. As might have been expected given the context of its creation, all three SPU objectives entailed some sort of evaluation. SPU was to: evaluate, supervise and help with the compliance of university laws and legislation; define policies and strategies for the evaluation of university disciplines; and design policies for the analysis, evaluation and supervision of university education, “developing instruments and indicators of evaluation and control”. The 1993 decree does not say so, but a 1999 document from the MCyE specifies that the SPU’s purpose (and, hence the reason for the emphasis on evaluation) “was to advance towards the conformation of a system with growing capacity to auto-regulate, made up of autonomous, autocratic institutions with the capacity to administer their own development” (p. 241). As stated earlier, evaluating quality was the first step towards improving quality both at individual institutions and in the university system as a whole.

It is important to note that Antonio Salonia was replaced as Minister of Education and Culture in December 1992 by Jorge Rodriguez. Rodriguez was a Justicialist Congressman who had served as president of the Commission of Education in the Lower House so that he likely understood the need for a body like the SPU to handle the increasing tasks related to university reform. According to one respondent, it was Rodriguez that reflected on the need to separate elementary and secondary education policy from university policy, thus leading to the creation of the SPU. For the first time, said one respondent, “there was an active [university] policy.”
As Minister of Education and Culture, Rodriguez was also in charge of assigning the SPU’s leaders. The appointment of the Secretary of the SPU was crucial to the direction of the new entity, and Rodriguez’s appointment, Carlos Del Bello, did not disappoint in forging the SPU’s course. A trained economist, Del Bello also studied Economics and Regional Planning at the University of Grenoble. Before his appointment to Secretary of the SPU he had served as Sub-secretary of Economic Studies from 1991 to 1993. It would be hard to argue that his professional background did not influence his role as secretary. For one, he would have been quick to connect the goal of improvement in university quality with the reform of university finance.

Sub-project “06” was published in 1993. Carlos Marquís showed the document (which had been created under Salonia) to one of Rodriguez’ advisors, Susana Decibe, and she resolved to publish and distribute it. The day Del Bello was named Secretary, according to Marquís (personal interview, July 20, 2006) the two men were coincidentally in the same meeting. “[Sub-project 06] was newly done” recalled Marquís so he approached Del Bello with a copy and said, “Here. This is my gift to you.” Within a week, allegedly, Del Bello called Marquís to ask him to be part of his SPU cabinet and to work towards the sort of things that “06” developed.

Together, the creation of the SPU (born from a need to address higher education problems), the conformation of a policy community (Marquís included) that were working on methodologies related to university quality improvement, and the receptiveness of the political stream (Del Bello, especially, as the policy entrepreneur anxious to implement new policies) comprised the mix of problem, policy and politics out of which FOMEC evolved.
The Influence of Societal Pressures and Interests. The formulation of FOMEC could not have been accomplished without the cooperation of national universities. As stated, one of the most important groups that represented the universities was the group of national rectors called the National Interuniversity Council (CIN). A clear example of their influence was their rejection of the proposed system of evaluation “Sub-Project 06” in April 1993. According to Novaro and Alonso (1999) the CIN worried that the sub-project’s methodology did not take each institution’s history and institutional policy into consideration. They also disagreed with the system of judges that “06” proposed, and the idea that peer evaluators would be paid by the same body (the Ministry of Education) that made financing decisions for universities (p. 5). Thus, Sub-project 06 met its demise.

However, the struggle between the CIN and the MCyE over university policy would continue for two reasons. First, because according to Novaro and Alonso (1999), the CIN originally wanted to “reserve for itself a preeminent role in the decision-making and implementation of a higher education evaluation system” (p. 5). Part of CIN’s objection to Sub-project 06 was that it felt cut out of an evaluation process of which it initially saw itself in charge. A second reason for CIN/MCyE tension was what one respondent referred to as “historical political-ideological reasons”.

My political-ideological analysis of the MCyE and CIN is quite limited because there is little direct information on recent partisan conflict in the universities. That scarcity in the literature is surprising since the partisanship of the CIN and of individual university governments are known to be decisive in university policy decisions. Objective studies (to the extent that that is possible) should be carried out on the
influence of partisan politics in recent higher education policies because my research indicates that this is a major gap in the literature with could potentially reduce misunderstandings on both sides.

From my interviews I ascertained that Argentina’s two traditional parties, the Justicialist Party (PJ) and the Radical Party (UCR), have historically held different views of the university. From what I gleaned in my interviews, Argentine public universities are traditionally a political sphere of the Radical party for whom university autonomy and free university education are of great importance.

Justicialists (also known as Peronists) base university policy not on the principles of autonomy or universal education but on “policies of development” according to one respondent. In this respondent’s opinion, “in the Argentine political tradition, Peronism always had a policy of inserting university policy into national projects, therefore, a policy that is not absolute [university] autonomy; one that implies planning; that implies programming; that depends on the era in which it is made.” Indeed, under Perón’s rule the State intervened heavily into university affairs. According to Cantini (1997), Law 13.031 sanctioned in 1947 “regulated all aspects of organization and functioning of national universities”. Public university rectors were designated by the state and only “technical autonomy” existed for university professors and scientists (p. 16). Since the overthrow of Perón in the military coup of 1955, my respondent held that “the Argentine university and university governments have been strongly anti-Peronist”.

The university policies of the 1990s opposed the sort of direct State regulation that marked Perón’s era, but by ‘coordinating from a distance’ the policies certainly intervened with university affairs and attempted to redefine university autonomy. Thus
my respondent’s comment that that 1990 policy was the result of a Justicialist
government and would not have been undertaken by a Radical government appears
logical.

However, a good question to ask might be why university intervention would be
necessary to develop national projects? One answer would be “to modify the inertia, the
mediocrity that the Argentine university brought about” as one respondent described
1990 policies. Another (related) answer would be that if the state government and the
governments of the university system are of different parties with very different ideas,
some sort of intervention would be required for the state government to both push
through university reforms and/or gain political control of institutions that direct the
country’s youth. Due to the above-mentioned lack of information I can only speculate.

What I can state without reservation, in relation to FOMEC’s formulation, is that
partisanship was an important factor in the government-university relations in the 1990s.
The historically “interventionist” tendency of the Justicialists within the SPU (a tendency
promoted by Del Bello as Secretary of the SPU) was at odds with the historically
“autonomist” nature of Radical rectors in the CIN. The SPU eventually prevailed over
the CIN in commanding university policy because the CIN, according to Novaro and
Alonso (1999), suffered from “strong internal conflicts”. The universities which
comprised CIN were very heterogeneous “with very different academic, institutional and
political realities, of diverse sizes and ages” (p. 7). CIN undoubtedly helped place
university evaluation on the government’s agenda, but internal dissension within the CIN
stopped the organization from realizing its goal of controlling how that evaluation would
be administered.
Other policies. Once the CIN defeated Sub-project 06, the MCyE sought a new way around their opposition. The SPU “pass[ed] to the offensive” write Novaro and Alonso (1999). “They proposed the signing of bilateral pacts with a group of universities whose authorities did not oppose the government, to implement evaluations with MCyE financing” (p. 6). From August 1993 through the end of the year, according to Marquís (1994), the MCyE signed pacts with eleven institutions: nine universities and two groups of schools within the universities. The institutions agreed to define methodologies to be used for their evaluation in accordance with “common minimum guidelines” dictated by the SPU. SPU, in turn, offered technical help and agreed to “finance the costs of the external evaluation” (p. 30). Three of the 11 institutions actually underwent external evaluation by the SPU at that time: Universidad de Patagonia Austral, Universidad de Cuyo and Universidad del Sur. It was an “exercise” explained one respondent, “pilot projects” of a “let’s see” nature.

For approximately a year the MCyE worked together with the three universities to develop an “integral plan of development” for each whose implementation the MCyE would finance. Funding, as in an innovation fund, was supplemental to the primary university budget. By all appearances the MCyE was using the three chosen universities to test the viability of a non-competitive innovation fund in the university system. However, again, I must claim ignorance on many of the details surrounding these pilot projects because, despite the obvious importance of their outcomes to the development of innovation funds in Argentina, I found no systematic description of these pilot projects or any sort of evaluation of their results in the MCyE literature. One respondent, in full
admission of this gap in the literature, even prefaced his answers on this topic with “this is little known”.

Fortunately, one detail of the pilot projects is well-known, at least within the community of academics and policy-makers who I interviewed: the projects’ absolute failure. “Those projects were badly done” recalled one respondent. Another respondent explained: “at the end of a year, the product was very thin, very weak. What was obtained was a list of demands, not a development project. ‘I need a desk, a library, I need equipment, I need, I need, I need’…instead of development projects it was a mountain of demands.” Part of the failure was the inexperience of both the government and the universities at that time in formulating projects for the institutional development of universities. Another part may be inherent in not only innovation funds but any sort of government instrument designed to improve quality in the universities: the sheer organizational complexity of public universities.

García de Fanelli (2005) explains this dilemma in great detail. Universities are of different sizes, with different financial situations, and while their broad objectives all include teaching, investigation and links to the community, each university gives a different priority to each of those pursuits (p. 203). Schools within each university are also different and without detailed information on all of these factors, indicators such as teacher/student ration do not help identify each school or university’s problems. In short “the objective functions of national universities are not clear” (García de Fanelli, 2005, p. 204). It is not surprising, therefore, that the government’s first attempt to define a strategic plan for universities resulted in a jumbled list of demands.
According to more than one of my respondents, the failure of the pilot projects was what led to the decision to make FOMEC a competitive innovation fund. Furthermore, it was the national government, not the World Bank who insisted on a competitive fund. “When it was decided not to support the pilot projects in their entirety, we then decided that universities should present projects and we would approve the best ones”, Marquís explained (personal interview, July 20, 2006). “I remember the decision…we argued a lot with the World Bank that it did not make sense to finance [the other] way.”

_A policy window opens for the World Bank: 1994._ The World Bank joined the mix of complex actors who participated in the formulation of FOMEC in January 1994 when a group visited Argentina on their first identification mission. Where does the World Bank fit into Kingdon’s stream schematic? As a complex institution in its own right, I would argue that the World Bank has its own political, policy and problem streams. I believe, in fact, that a coupling occurred in the World Bank’s political and policy streams pre-1993 in much the same way as it did in Argentina regarding higher education.

World Bank academics in the 1990s were beginning to take a concentrated interest in higher education. World Bank official Jamil Salmi’s May 1991 article “The Higher Education Crisis in Developing Countries” described a situation that should, by now, sound quite familiar:

“After being hailed as agents of modernization and economic growth, universities are now coming under heavy criticism. In many developing countries, education
planners and decision-makers are confronted with an alarming situation of uncontrolled growth of enrollments and expenditures against a background of diminishing financial resources, a decline in the quality of teaching and research, and a rising problem of mismatch and graduate unemployment” (p. 2).

Yet that was a situation, not a problem. The problem, as Salmi defined it in that article was how decision-makers should deal with the situation. “From a social and political point of view” he wrote, “most governments in developing countries are committed to allowing any secondary school graduate to enter higher education”. However, “from an efficiency and equity standpoint, the allocation of resources to higher education and the determination of enrollment levels and priority fields of study should reflect closely the future work force requirements of the economy and the need to ensure a more equal distribution of education expenditures (p. 13)”. He concluded that neither option was politically or socially feasible:

“Appealing as the demand option may be from a purely economic viewpoint it would not respond realistically to the demographic and social pressures confronting most developing countries. Similarly, a status quo approach would present the risk of further deterioration of the quality of education due to insufficient financial resources, and of rising resentment among students dissatisfied with inadequate learning conditions and poor job prospects” (p. 14).

Seven months later, in a December 1991 article, Salmi changes his approach. The December article presents strategies to move away from the university ‘status quo’ through institutional diversification, decentralization and more efficient uses of
allocations. He has redefined the problem. The new problem is how developing
countries should use their capacity (in the face of diminishing financial resources) to
“meet the economy’s needs for scientific training and research” (p. 1).

I believe that the change in the way the World Bank defined the problem of higher
education in developing countries is indicative of the coupling of problem and policy
streams. In the 1990s the direction of the World Bank’s political stream was decidedly
neo-liberal in nature. In brief, neo-liberals believed that market forces (i.e. supply and
demand) were more effective than government regulations in stimulating economic
development. Deregulation and privatization were recommended to reduce public sector
debt and inefficiency.

Just as the Menem administration embraced the reforms that Argentine academics
were working on in higher education (because it fit the administration’s theme of
economic rationalization), the neo-liberal political stream of the World Bank was
receptive to the policies of its higher education experts because the problems they posed
could be framed in the context of “economic development” and used accordingly. A
reading of the World Bank’s 1994 study entitled “Higher Education: Lessons of
Experience” confirms this. The very first sentence reads “Universities educate future
leaders and develop the high-level technical capacities that underpin economic growth”
(p. vii) The strategies for reform that it focuses on are: the development of private
institutions, the diversification of funding sources, a redefinition of the role of the state in
higher education and the priority of quality and equity objectives.

As stated, in 1993 a policy window had opened for Argentina. A chance had
come for higher education policy to move up the agenda and be acted on. At the same
time, I would say, a policy window opened for the World Bank. The International Finance Institution (IFI) had a unique opportunity to pursue some of the strategies it had been advocating regarding higher education policy. Furthermore Argentina’s definition of the problem, its political receptivity and policies were in line with the World Bank’s at that point. This was how the Program for the Reform of Higher Education (PRES) was born, and out of it FOMEC.

*Decision-Making*

*Actors.* Eight consultants from the World Bank worked with the SPU’s technical team to negotiate the details of PRES projects. Three were French: the task manager William Experton, and consultants Huguette Haugades and Jean Clause Martin. At the time, Ms. Haugades was the administrator of France’s Ministry of Higher Education. Mr. Martin was president of University Paul-Sabatier (UPS) in Tolousse and previous to 1991 had served as rector of the académie of Bordeaux (i.e. he was responsible for supervising all universities in the Bordeaux region of France). Therefore, not only were these three participants highly knowledgeable about higher education but about French higher education in particular. We know that FOMEC benefited, then, not only from the lessons of the Argentine pilot projects, but from all of the successes and failures that French experts could relate about the implementation of the program-contract (similar to the non-competitive innovation fund) in their country.

The World Bank had never before given a loan to a Latin American country for the purposes of higher education reform so the team leader Experton insisted that
FOMEC be designed to ensure flawless execution of the loan money (‘Programa de créditos del Banco Mundial’, 1994, p. 68). “Between French bureaucracy and lack of confidence that Argentine corruption would lead to a mishandling of the funds”, remarked Marquís (personal interview, July 20, 2006), “a very meticulous and obsessive mechanism was created to administer FOMEC”. Another respondent laughingly agreed. “Experton was the Bank’s official, the coordinator of the group. A demanding person but…well, he had to work within the Bank’s guidelines and his intention was to follow the project through with us”.

When asked about the negotiation process with the World Bank I was told that such negotiations are usually done by working closely together, and that the member country’s intentions are always followed as long as they fit within the Bank’s “rules of the game”. For this reason member countries must “state what it is they want” because “by no means is it a donation, it is credit; if a country accepts credit they have the capacity to define what it is they want to do”. In the case of PRES, “the policies were our policies” Marquís told me. “We discussed with them [the World Bank team]…it was a team in which we exchanged ideas…what I remember having learned are rigorous procedural methodologies but apart from that there was no policy that I did not recognize as our own” (personal interview, July 20, 2006). These statements all seem valid to me, knowing how far Argentine academics and politicians had already come preparing for higher education reform before talks with the World Bank began. “They came in a spirit of assistance, not of exploitation” declared another respondent who added, I think perceptively that “They [the World Bank] had as much interest as we did in the success of the program”.

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Douglas Albrecht, a Harvard economist who collaborated on the 1994 “Lessons of Experience” article was also a member of the World Bank team. I make mention of Albrecht because his collaboration on the 1992 discussion paper “Funding Mechanisms for Higher Education” and 1995 book *Financing Universities in Developing Countries* prove him to be an expert on university funding and a strong advocate of reforms that combine “a more effective policy environment with a funding mechanism that ensures accountability over public funds” (Albrecht & Ziderman, 1995, p. 136). Furthermore, he suggests in both the 1992 and 1995 articles that “prime emphasis needs to be placed on ensuring that the transfer mechanisms of government funding to universities provide incentives for institutions to operate efficiently and to make the most effective use of scarce funds in times of financial stringency” (Albrecht & Ziderman, 1995, p. 4). Albrecht was not the sole architect of FOMEC but he certainly would have been an important contributor.

From the Argentine side, the SPU’s secretary Juan Carlos Del Bello and Carlos Marquís were both active in the negotiation of PRES. Del Bello’s inclinations toward a mechanism like FOMEC were mentioned in the previous section, but it is worth adding that after he served as SPU’s secretary he went on to the Secretariat of Science and Technology where he created two new funds: the Argentine Technological Fund (FONTAR) and the Fund for Science and Technology (FONCyT). In other words, if his actions are any indication Del Bello believed whole-heartedly in the use of competitive funding mechanisms.

Marquís, as explained earlier, had been working on the question of university evaluation and in Mexico had worked in the planning department of the Universidad
Autónoma Metropolitana (UAM). From these experiences, he arrived at a number of important conclusions that would be helpful in negotiating FOMEC. To begin with, he recognized the necessity of creating ad-hoc committees for evaluation (Marquís, 1990, p. 37). Additionally, he deemed it essential that university actors involved themselves in processes of planning and evaluation. He wrote that “without [their] participation and commitment modifications are impossible to carry out” (p. 37).

Finally, he argued that strategic planning for universities must be linked to funding. First, because of the discipline that the link between planning and finance creates: “so that there are no bottle-necks in decision-making, so that projects do not ‘run away with themselves’ and become unattainable” (p. 27). Second, because the promise of extra funding would give universities incentives to undergo evaluation. Recognizing this Marquís (1990) wrote that “the viability of developing serious activities of university evaluation is associated with the possibility of extra-budget finance” (p. 37). Third, the link between planning and funding induces competition which helps to keep the cost of planning down. “In the current budget situation”, wrote Marquís (1990), “I think it is opportune that the results of university evaluation be connected to stimuli that should be obtained without the universities having to search for greater government finance” (p. 40). In conclusion, Marquis’ work—as far back as 1990--evidenced his vision of a body that would evaluate Argentine universities (CONEAU) connected to a body that would award that evaluation with financial help (FOMEC).

The technical team from the MCyE who first met the World Bank’s team was made up of six members: María Guzman, Rodolfo Brioso, Dr. Rebeca Guber, Dr. Hector
Gertel, Alberto Federico-Sabate and Marta Borda14 (“Programa de créditos del Banco Mundial”, 1994, p. 68). It was a team of some of Argentina’s leading academics and experts, not least Dr. Gertel who, with a Ph.D. from Stanford University in Economics of Education, had specific knowledge of financial reform in universities.

The careers of the actors involved in PRES negotiation were varied but the group was highly academic, favoring trained economists (team leader Experton included), and experts on regional planning and scientists. The decisions they made regarding FOMEC were tempered by the following contexts.

**Historical context.** There were two historical hurdles to overcome PRES’ formulation that reflected directly on FOMEC. First, the negotiations had to take the history of reformist ideology in Argentina and the public’s strong perception of “university autonomy” into account. Any move to alter the open admission policy or auto-governance of the university system would have come at great risk to the success of PRES. Said one Argentine participant, “obviously the World Bank brought up the issue of university finance and suggested the idea of undergraduate tuition; we said that it was a non-negotiable item.” Indeed, charging tuition at public universities has historically been (and continues to be) seen as inappropriate policy. The idea of “university autonomy” was carefully redefined, as described in the Introduction Chapter of this thesis, to mean restricted academic autonomy and full economic and financial

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14 Dra. Rebeca Guber, mathematician and sub-secretary of the Secretariat of Science and Technology from 1986-1989, had been instrumental in creating the Latin-American School of Informatics (ESLAI). Alberto Federico-Sabate was a regional planning expert with a background in political economics and Marta Borda was an engineer who Del Bello would later name Director of FONTAR.
responsibility. FOMEC, which required universities to plan and develop projects for additional funding, encouraged this new idea of autonomy.

The second hurdle was that given the tumultuous recent history there were few reliable statistics about the national university system. “It had been ten years since we hadn’t had university statistics” remarked one respondent. A program (PMSIU) had been implemented within the SPU in 1993 to collect university statistics but the World Bank needed information more quickly. The Argentine team had only four months between the World Bank’s identification and preparation missions to gather all the data they could on the disciplines that FOMEC would encompass: basic sciences, computer sciences, engineering and what existed then of graduate programs in the social sciences15.

To this end Dr. Guber formed a commission made up of one representative each (“experts from the highest ranks of the universities…qualified researchers in CONICET”) from physics, math, biology, chemistry, computer science and engineering to gather information from across the nation’s public universities and summarize the situation of their discipline. Apart from individual meetings with Dr. Guber, the group met every two weeks with each other to discuss their advances and exchange ideas. “Effectively, when the preparation mission returned in May” a respondent told me, “there was information to give them [the World Bank]; there was a diagnostic of the situation.”

This phase was crucial to the formulation of FOMEC because though objectives may have been previously agreed upon, the sort of activities required to reach those objectives could not be defined until information was gathered. For example, as a result of the investigation, the technical team “informed the [World Bank] mission that in math,

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15 In March 1995 (the same month decree 408/95 created FOMEC) a precursor to CONEAU called the Commission for the Accreditation of Graduate Degrees (CAP) began to accredit graduate programs on a voluntary basis. To apply for FOMEC funding, graduate programs had to have been accredited by CAP.
the crisis did not result from the number of teachers with doctorates or higher degrees but because across the country there was not enough interest in the discipline…so that was the only discipline that they gave scholarships to students”. The more statistics and information they collected, the better the FOMEC team could tailor their program to tackle the sources of quality deterioration in each of the disciplines.

It was during this phase, too, that members from the World Bank traveled around Argentina (as is customary) to visit universities from around the country. Upon visiting one of the universities, Bank consultant Jean-Clause Martin allegedly remarked, “A very interesting visit…I have seen equipment that in my country we have only in the science museum”. “They saw the enormous deterioration that existed”, explained an Argentine respondent, “they saw that universities with good potential were working with very obsolete equipment. Because of this, they included laboratory equipment as one of the things for which universities could receive funding.”

**International context.** At the time of FOMEC’s formulation Argentina’s economy was dependant on IFI resources for growth and development; the IFIs had the power to steer certain national policies so many times “international context” represented a constraint for policy-makers. However, in the case of higher education reform I found that the policies the Argentine government wanted to undertake so closely corresponded to the ‘best practices’ of the international community that, in FOMEC’s case, I think the international context created an opportunity.

One of my respondents, in fact, believes that “the best programs are those that are formulated together with international organizations because those organizations demand
solid justifications. What are the objectives? What is the methodology? Are there indicators to see if the goals are met? Is there capacity to execute the program? These are questions that undeveloped countries do not always ask”. In the same way that public universities had to learn how to think strategically and develop strong projects in order to receive financing for FOMEC projects, the Argentine team working with the World Bank had to develop strong PRES projects and ensure that there existed institutional capacity necessary to support those projects in order to succeed in negotiations and receive the loan money.

Administrative capacity. PRES negotiations began only a year after the creation of the SPU. The capacity of such a new institution to undertake major reform was a concern of the World Bank’s as evidenced in the June 1995 Staff Appraisal report:

“The newly-created SUP does not yet have the full technical capacity to coordinate reform implementation, guide budget allocations, evaluate institutional performance and disseminate information for students and professors. Since its creation in March 1993, SUP has recruited 190 staff and filled the positions in its organizational chart. However, the new staff needs training and technical assistance to acquire necessary planning and management tools” (World Bank, 1995, p. 5).

A large part of the World Bank’s participation in PRES, then, was spent towards helping to build up administrative capacity in the higher education sector. In fact, that was one of the Bank’s three rationales for involvement in PRES: “to strengthen the greatly weakened
institutional base and help the government to overcome difficulties of introduction of reforms in a highly complex sector” (World Bank, 1995, p. 10).

As described in Chapter One, I think it is helpful to go beyond administrative capacity briefly and describe the changes in state capacity that occurred immediately prior to and during the formulation of FOMEC. First, the 1992 Law 24.049 transferred all primary and secondary schools from the jurisdiction of the MCyE to the provinces and to the ex-Municipality of the City of Buenos Aires (Mignone, 1998, p. 58). This changed the roles of the federal and the provincial governments in a way that “further stimulated the initiation of educational reforms” according to the World Bank (1995) perhaps because it freed up the MCyE to pursue reform in higher education (p. 8). One of my respondents addressed this point; for this respondent the 1990 reforms in higher education “had certain logic” to them since “the only thing that remained completely under the jurisdiction of the Ministry of Education were the universities”.

A second change in state capacity in the 1990s was related to broad changes in the composition of the Argentine university system. According to Balán and García de Fanelli (1994) “between 1988 and 1995 eight national universities were created…two provincial universities were nationalized and twenty-three private universities were created” (as cited in García de Fanelli, 2005, p. 176). Whereas in 1987 the MCyE had 52 national, provincial and private universities to account for, in 1995 that number was 86. The afore-mentioned development of graduate programs made the task of managing the system even more complex.

The Argentine government’s sanctioning of the Higher Education Law (24.521) in July 1995 was a rational response to these two changes. The law provided a legal basis
for many of the structural changes already taking place in the system and, for the first
time, regulated the entire higher education system (both public and private). It formally
increased state capacity by increasing the MCyE’s relational capacity, that is, increasing
the MCyE’s ability to “induce change in the conduct of social actors” (the universities) in
order “to avoid the blocking of [state] policies” (PRES) (Alonso, 2005, p. 7). It is no
mere coincidence that the executive branch presented a draft of the Higher Education
Law to Congress at the same time that PRES negotiations began, in early 1994. As
Marquís told me, “We felt that without the law, we could not advance; there was no legal
umbrella that would allow us to follow through on policies” (personal interview, July 20,

The other half of state capacity (apart from relational capacity) is technobureaucratic capacity. According to Alonso (2005) agencies with strong capacity in this
dimension exhibit highly qualified staff, an incentive structure to retain that staff, a
professional “ethos” and inter-institutional relationships that help to fortify the agency’s
objectives (p. 7). FOMEC’s former Executive Director Carlos Marquis had this to say on
the program’s “ethos”:

“I put together the team with a lot of people from the Sociology Institute that had
been scholarship students and I told them ‘This is not a research institute where
you have three months to go over the bibliography and this is also not a
bureaucratic office where you stamp a paper, turn it over, stamp it again and tell
the person to come back another day. This organization is most like a consultancy
where you already know the subject and you have mature, academic, professional
procedures to resolve issues” (personal interview, July 20, 2006).
FOMEC’s objectives were fortified by CAP, PMSIU and the other inter-institutional components of PRES. Certainly FOMEC’s techno-bureaucratic capacity would have been even stronger had CONEAU been implemented before 1996. However, CONEAU could not have been created without the legal protection of the Higher Education Law, approved by Congress on July 20, 1995.

Economic context. The economic context encouraged the formulation of FOMEC from two, ironically opposite directions. First, as previously noted, Argentina was in a time of strict budget restraint. It was just beginning to recover from a long crisis of hyperinflation which had left public finances in a deficit. For this reason the World Bank’s help was enlisted; the Bank was seen as an “essential resource to be able to carry out the reform process”. Both the Argentine team and the World Bank wanted to create policies that would make public spending for universities more efficient. The group never succeeded in ‘rationalizing’ the process by which primary university budgets are allocated but showed that innovation funds like FOMEC can be used to promote efficiency in the university system. From this perspective, if Argentina had not suffered a crisis the World Bank might not have been involved and, in fact, the Argentine government may not have placed financial reform in the universities on the agenda at all.

That was not the case, of course. By 1991 the economy was already beginning to recover and, as mentioned, funding for universities was increasing. Thus my respondents agreed that FOMEC, as a part of PRES, occurred “in the context of financial growth”. “One cannot make structural reforms of this type if there are not more resources”, said one respondent. Another elaborated:
“One of the necessary, though not sufficient, conditions to spur university reform is that there is a significant amount of funds to be distributed. If the amount is very small the program exists but--will it have an effective impact on the system? Obviously it is easier [to have an impact] when the economy is better because the probability is that you can finance programs better and [simultaneously] universities can take advantage of greater personal resources so they are in a better position to drive change too”.

Chapter Conclusion

This chapter served two purposes: to explain how improvement in university quality rose on the Argentine government’s agenda; and to examine the actors and context involved in the decision-making process out of which FOMEC was created to see which elements most influenced FOMEC’s design.

I showed that FOMEC’s formulation occurred as the result of a combination of factors that opened a policy window for higher education reform. The creation of the SPU, the existence of an active policy community working on methodologies related to university quality improvement and the receptiveness of the political stream comprised the mix of problem, policy and politics that opened the policy window for FOMEC. I explained how a similar policy window also opened for the World Bank and that this led to the Argentine government’s collaboration with the World Bank on PRES.

I then examined the actors and contexts involved in PRES negotiation to understand which factors led to FOMEC’s distinguishing features. Actors played a large
role in the formulation process. I found that there were experts both on the World Bank and from the Argentine team that were familiar with mechanisms similar to the competitive innovation fund (namely, French program-contract programs and U.S. research grants). Those actors’ experiences with other policies may explain a large part of FOMEC’s design.

A historical context linked to reformist ideology and low administrative capacity (due to SPU’s newness) constrained policy-maker’s decisions regarding the formulation of FOMEC. However, a favorable economic and international context allowed decision makers considerable leeway in the formulation process. For example, I learned that the funding of equipment in FOMEC evolved from the World Bank’s appraisal of Argentine laboratories. My interviews indicate that FOMEC’s organizational and financial structure as well as (it could be argued) its transparency are attributable in large part to the guidelines of the World Bank.

My research showed that FOMEC was designed as a competitive rather than a non-competitive fund because of an early SPU experiment with the non-competitive fund that ended badly. At the time there was no CONEAU, no consensus on the minimum standards in engineering or the basic sciences, and virtually no university data that FOMEC might have used to develop a non-competitive mechanism. At any rate, the competitive mechanism was consistent with the neo-liberal political context at the time both in the Argentine government under Menem and in the World Bank. A government seeking to ‘rationalize’ public expenditures would naturally insist that projects proposed for FOMEC funding either fit certain criteria or face rejection. Therefore, I would argue that the combination of political context and low administrative capacity of the newly-
formed SPU (demonstrated by a failed experiment with the non-competitive mechanism) led to FOMEC’s competitive mechanism.

I cannot be sure as to the origination of two final characteristics: counterpart funding and the scope of FOMEC. Counterpart funding appears to be an element used in US research grants, then adopted by the World Bank and SPU team for use in FOMEC. The decision for FOMEC to focus on basic sciences, engineering and graduate programs was a decision made early in FOMEC’s formulation. Evidence would indicate that Del Bello and his team had already decided on that focus before soliciting the World Bank’s help on PRES. However, this conclusion is in need of further research.

Because this thesis’ argument is that the lessons of FOMEC and the bureaucratic capacity installed from the 1990 reforms facilitated the formulation of PROMEI, the implementation and evaluation stages of FOMEC are of great importance. However, rather than dedicate a section to the ‘lessons of FOMEC’ here, I have chosen to include that information in the following chapter. Chapter Four, then, will describe PROMEI’s formulation and make reference to the successes and failures of FOMEC’s implementation where I believe those successes and failures were pertinent to the formulation of PROMEI.
Chapter Four: Formulation of PROMEI

This chapter rests on two related premises: (i) that the formulation of PROMEI involved incrementalism in a way that the formulation of FOMEC did not, and (ii) that this was so because the lessons of FOMEC and the bureaucratic capacity installed from the 1990s created a path for policy makers to follow. That path reduced uncertainty and increased the predictability that another innovation fund like FOMEC would eventually be formulated. Before getting into the details of the case, however, I would like to make some clarifications about that first premise.

Contrary to what I believed when I began this case study, PROMEI and FOMEC’s formulations are not stark opposites. Unlike FOMEC’s formulation, PROMEI’s formulation at first appeared to be a neat series of steps: a problem was identified and a politician took the opportunity to apply a mechanism (the innovation fund) to that problem. Yet, on further investigation, it became clear that just as in FOMEC’s case, PROMEI’s creation was enabled by the opening of a policy window caused by the convergence of separate streams (problem, policy and political). PROMEI’s formulation was not part of a broad reform in higher education (like the 1990s reforms that ushered in FOMEC) but it was nevertheless the result of the topic of university quality rising on the governmental agenda.

The great difference between PROMEI and FOMEC’s formulation is not found in the process of agenda-setting but in the process of decision-making or what Kingdon calls “alternative specification”. Whereas participants in FOMEC had to choose among policies that had never before been implemented in Argentina, participants in PROMEI already had “a solution ready to go, already softened up, already worked out” (Kingdon,
1995, p. 142): the innovation fund. PROMEI creators did not copy the FOMEC mechanism to the letter but adjusted it for a restricted national budget, recast it as non-competitive, gave it a “new twist”. This was not laziness, as I see it. It was strategic. PROMEI policy makers knew that an innovation fund was technically feasible (it had already been implemented successfully) and that it would be accepted by members of the policy community. Incrementalism refers to policy-making in which policies are only gradually and moderately altered. That is why I argue that the creation of PROMEI, which only moderately altered the policy of how to fund quality improvement in universities, reflects an element of incrementalist policy-making.

Agenda-Setting

The role of CONEAU in problem identification and definition. FOMEC held its last contest for funding in 1999. The Secretariat of University Policy (SPU) had discussed the possibility of a FOMEC II with the World Bank (“Informe de gestión”, 1999, p. 3). However, that idea was abandoned when a new administration led by the Alianza came to power in December 1999.16 The reasons, according to Del Bello (2004), were both economic and political. There was not enough State money to replace the PRES/BIRF credit as was originally envisioned and, at any rate, the new administration did not agree with the policies that had been implemented in the higher education sector (p. 42).

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16 Alianza was a party coalition composed of FREPASO, a moderate-left alliance, and with the Radical party (UCR). Alianza’s presidential candidate, Fernando De la Rua, defeated the Peronist candidate in the 1999 presidential race.
The Argentine National Commission of University Evaluation and Accreditation (CONEAU) was not dismantled. As explained in Chapter Two, CONEAU’s duties were written into the Higher Education Law (24.521) and half of the organization’s twelve leaders were chosen by Argentine Congressmen and Senators. That may explain one respondent’s comment that “They [the new administration] could not do anything to CONEAU but if they could have, they would have eliminated it”. CONEAU continued functioning though, and in the years 2000 and 2001 carried out the first accreditation process for undergraduate programs in medicine.

Not many good things happened in Argentina on December 20, 2001. Violent country-wide protests over the government’s failure to reverse an economic crisis forced President De la Rua out of office. Default on Argentina’s foreign debt and a sharp devaluation of the peso were imminent. The country was, quite literally, in a state of emergency. That is why Ministerial Resolution 1232/01, dated December 20, 2001, is such a notable deviation. As explained in Chapter Two, a Ministerial Resolution is the first step in any CONEAU accreditation. It establishes the activities required to receive a degree in said discipline, the minimum class hours a student must have, basic curricular content, and intensity of training in the discipline. Resolution 1232/01 established those standards for thirteen specialties of engineering. (A later resolution, 1054/02, would establish standards for an additional two specialties in engineering).

Since the resolution is dated December 20, 2001, it can be considered Minister of Education Andrés Delich’s parting gift to the education sector. He left office alongside De la Rua the following day, December 21st. Minutes from a CONEAU meeting on December 18 of that year mention that the Argentine Council of Universities (Consejo de
Universidades) had approved the engineering standards, but nothing more. Therefore I am inclined to believe that Delich and CONEAU worked fast to produce the resolution before the institutional and economic crisis put new plans for quality evaluation and improvement in higher education on indefinite hold.17

With the Ministerial Resolution, CONEAU could begin to organize the accreditation process for engineering programs into voluntary and obligatory accreditations. Voluntary accreditation for 13 engineering specialties began in June 2002. Amazingly, 186 out of a total of 243 degree programs in engineering underwent voluntary accreditation at that time (Pérez Rasetti, 2004, p. 1). Only six months after the veritable collapse of Argentina’s economic and institutional system a full 77.5% of engineering programs registered voluntarily for external evaluation and accreditation.

Pérez Rasetti (2004) proposes a number of reasons for the extraordinary response during such a difficult and uncertain time. University leaders may have been anxious to use the accreditation process as a way to support their hopes for internal reform. They may have come to see evaluation as a “world trend”, a development that was “irreversible”. Alternatively, it may have been their “desire to be among the first to undergo accreditation so that no matter how the economic situation might interrupt the operation [of the accreditation process]” their university would not be left un-accredited while others were (p. 1).

Then again, suggests Pérez Rasetti (2004), the motivation may have been that “years of progressive dismantling of industry” in Argentina had hurt engineering schools

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17 Whether or not the Secretary of the SPU at the time, Juan Carlos Gottifredi, supported this action I could not say. However, it would seem doubtful since, according to the newspaper Página 12, Delich and Gottifredi did not agree on university policy. In fact, Gottifredi had turned in a letter of resignation when the Minister of Education before Delich (Hugo Juri) resigned in March 2001 (Lorca, 2001).
so much that external evaluation was a way for schools to signal their need (p. 2). Two of my respondents mentioned the dismantling of technical schools as an action that resulted in a lack of technical experts in engineering. They also mentioned the difficulty that engineering graduates had in the labor market because the 2001 crisis drastically cut demand for their work. “What interest could someone have studying engineering with that sort of outlook?” inquired one of my respondents. “It would mean a lot of effort for a completely uncertain future”.

The demand for professional engineers grew again as the economy recovered from 2002 onward, but there was a shortage of professional engineers. For this reason, both the State and the engineering schools had an interest in measuring the deterioration of quality in engineering schools in order to detect problems and propose solutions. The remaining 22.5% of the engineering programs that did not undergo voluntary CONEAU accreditation underwent obligatory accreditation within twelve months of resolution 413/02 (dated December 4, 2002) which outlined the details of the obligatory process.

CONEAU’s evaluation and accreditation process consists of three phases: auto-evaluation, Peer Committee evaluation and CONEAU analysis and decision-making. In the auto-evaluation phase institutions collect and systematize information in a database then analyze that information, comparing it to CONEAU standards, in order to develop an appropriate improvement plan. Institutions write up this information on what is known as the institution’s “Auto-evaluation Report”. Peer Committees analyze institutions’ Auto-evaluation Reports and visit institutions in the second phase of evaluation in order to recommend programs for accreditation, non-accreditation, or a postponement of the decision. Postponement of the decision occurs when Peer
Committees determine that “the degree course has not identified its weaknesses correctly and therefore has not developed satisfactory improvement plans” but is in a situation that would allow it to “formulate those plans and reach the established standards in the near future” (MECyT, “Panorama general de las carreras de Ingeniería”, 2005, p. 2).

The final phase, CONEAU’s analysis and decision, is based on the Peer Committee recommendations, and the response of each institution’s leaders to those recommendations. Degree courses that meet the established standards receive accreditation for six years. Those that do not (and whose improvement plans furthermore do not encourage standards to be met in a “reasonable” amount of time) are not accredited. A third category exists for most of the institutions whose decisions were postponed by Peer Committees. Those institutions are accredited for three years with the stipulation that they must develop improvement plans and put them into action to fulfill certain requirements (established by CONEAU) over the following three years. If those requirements are fulfilled within three years CONEAU will extend the institution’s accreditation for an additional three years. If not, the degree course will be declared “not accredited”.

When the engineering accreditation process was completed in 2005, the results were as follows: 17 degree courses were accredited for six years, 194 degree courses were accredited for three years, 26 degree courses were not accredited and 5 were unable to be evaluated (CONEAU “Memoria Annual”, 2006, p. 49). The vast majority of degree courses, therefore, (194 of them) fit into the third category I described above: their standards did not match the standards that CONEAU had established but they were

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18 Two additional disciplines of engineering (industrial and surveying) underwent the accreditation process in two stages which are planned to conclude in the beginning of 2007.
deemed capable of formulating and implementing improvement plans over a three year span.

A simple way of looking at CONEAU’s role in problem definition is by using Lasswell’s (1971) definition of problem: the difference between the way things seem to be and the way one desires them. CONEAU evaluated the engineering programs against established standards. According to the CONEAU evaluations, a problem existed because there was a considerable difference between “what seemed to be” the level of engineering programs (as measured in the evaluation and accreditation process) and the “desired” level (the standards that the Ministry of Education had established in resolution 1232/01).

A more nuanced way to understand CONEAU’s role is, as I outlined in Chapter One, observing the process of both problem identification and problem definition. The CONEAU evaluation and accreditation process yielded powerful indicators that served to identify problems in Argentina’s engineering schools. The mere presentation of a powerful indicator (such as the number of years that students take to complete engineering degrees per specialty, for example) can help alert policy makers to a need for change and raise the issue on the government agenda. Yet CONEAU goes one step further: it interprets its indicators. It uses the interpretations to assess and modify institution’s improvement plans, in effect defining problems at each institution. To form policies for engineering programs on a nation-wide scale, as with PROMEI, the Ministry of Education, Science and Technology (MECyT) merely needs to synthesize the individual data from each institution and organize it into a broad improvement program. CONEAU had already defined the problem quite precisely and even produced indicators
to identify the causes of the problems. The MECyT simply needed to choose and implement the appropriate mechanism to solve the problem.

*The role of CONFEDI in problem identification and definition.* Long before CONEAU evaluated the engineering schools, years even before FOMEC was formulated, a group called the Federal Council of Engineering Deans (CONFEDI) sought to improve quality in the nation’s engineering schools. The group, composed of Deans from Argentina’s engineering schools (at first only deans from public universities), began meeting in 1987. Originally, one respondent informed me, CONFEDI’s objective was to “look for a common denominator…to begin to unify the [engineering] programs” in order to provide engineering students greater mobility within the system. When the group realized what an introspective and important task that was, according to one respondent, two things became clear: “first, you have to invite the private [engineering] schools [to participate] because they cannot be left out of this…and second, you have to document everything”.

In order to standardize the national engineering curricula CONFEDI enlisted the economic and academic help of the Spanish Agency of International Cooperation. The result of that collaboration was the publication in 1996 of what is known informally as “the blue book”. The blue book recommended the basic study plan (e.g. basic science, basic technology) and minimum hours required for study in each engineering specialty. That was followed in the year 2000 by “the green book”, introduced by CONFEDI after two years of work. The green book was a manual (complete with agreed-upon standards
and indicators that should be measured) that CONFEDI hoped would serve as a basis for
the accreditation process.

Indeed, according to Pérez Rasetti (2002), then the director of CONEAU’s
accreditation of engineering degrees, the green book served as the “principal antecedent
of Resolution 1232/01” (p. 1). The standards were approved by the Argentine Council of
Universities within the SPU and adopted in large part by CONEAU to regulate the
accreditation process for the engineering programs. As one respondent recalled, “The
Ministry of Education and Culture took it [the green book] and said, ‘This is good work.
If all the [engineering] deans are saying this, if they are all in agreement—what could be
better than that?’” If it were not for CONFEDI’s proactive role in defining standards for
engineering disciplines CONEAU may have taken much longer to evaluate engineering
schools or may not have been able to carry out the process at all.

*Links between political and problem streams.* Improving university quality is an
item that is perpetually ranked highly on both CONFEDI’s and CONEAU’s agenda.
However, the same cannot be said of the executive government agenda. There is only so
much space on a government agenda and when budgets are restricted items like
‘improving university quality’ move down the agenda to make room for “bigger” items.
A prime example of this was the period following Minister of Economy López Murphy’s
March 2001 announcement that the university budget would be cut by $360 million
dollars, an announcement that prompted Minister of Education Hugo Juri’s resignation.

Incoming Minister of Education Andrés Delich made attempts to move the
improvement of university quality up the agenda. In an April interview with La Nación
Delich said, “We need to think of a university model that is more efficient”, one that is “linked more strongly to issues of quality” because there is global competition for human resources and, in that respect, “the university has a fundamental role” (“Hay que cambiar”, 2001). The following month he even set up a committee led by ex-Minister Hugo Juri to study the problems in higher education. Unfortunately, several factors thwarted his efforts. First, the Minister’s attention was occupied by constant teacher strikes because of low and, sometimes, delayed paychecks. Second, there was no money for funding university quality improvements and the Minister’s support of the “Petrei Project” which proposed a tax on the parents of public university students earning over $2,000 pesos a month met with swift, angry rejection by student groups. Third, Delich and the Secretary of the SPU Gottifredi disagreed about higher education policy making any sort of reform difficult. (According to Javier Lorca (2001), Delich believed Gottifredi to be too close to university rectors (University of Buenos Aires rector Oscar Shuberoff, in particular) to drive reforms in the higher education sector.

Then, in January 2002, there was a change in the political stream: a new Secretary of University Policy took office. Gottifredi was replaced by Juan Carlos Pugliese, an ex-rector, ex-CIN president and—from 2000 until his designation as SPU secretary—president of CONEAU. With professional training as a lawyer, experience as both a rector and a CIN president one could reasonably assume Pugliese had a talent for negotiation and an in-depth knowledge of university politics. His two years as president of CONEAU furthermore reflected a personal commitment to the goal of university quality improvement. Furthermore, Pugliese’s affiliation with the Radical party (typically on good terms with public university authorities) helped him translate
CONEAU’s evaluations of university quality into university policy for quality improvement without upsetting university authorities. By accepting the appointment of Secretary and taking on that task Pugliese served as policy entrepreneur, linking the political stream with the problem stream.

*Links between political and policy streams.* In the previous chapter I described how decree 990/1991 created two commissions to study the objectives that the National Interuniversity Council (CIN) and the Ministry of Education and Culture (MEyC) outlined for higher education in the Protocol of University Reconciliation. I explained that this expressed the desire of both the Argentine government and the Universities to engender an active process of change in the university system. A parallel could easily be made between those commissions and the one formed by Andrés Delich ten years later in May 2001 called the National Commission for the Improvement of Higher Education. Both were formed out of the need for a full diagnosis of the university system. In 2001, a new map was needed of the ‘quality at point A’ so policies could be evaluated according to the ‘quality at point B’.

None of the problems that the 2001 National Commission uncovered were new problems but the Commission’s work served to reopen public debate about university quality because the indicators they published clearly reflected quality deterioration. Also, perhaps more importantly, according to San Martin (2002), Pugliese was “interested in setting several of the Commission’s suggestions in motion”: policy and political streams merged. Among the suggestions Pugliese was interested in was “the distribution of additional funds through the signing of contracts for four years between the Ministry of
Education and each university, as is done in France” (San Martín, 2002). The innovation fund had reemerged as a policy proposal. That Juan Carlos Del Bello was one of the 30 specialists that worked on the Commission does not seem to be mere coincidence.

The opening of an expected policy window. By 2002 the political, policy and problem streams were all aligned but a policy window had still not opened for Pugliese to connect a large scale funding mechanism to university quality improvement. First, because funding mechanisms require funding and at the time the Ministry of Education, Science and Technology (MECyT) continued to be plagued by budget constraints. Pugliese’s proposal of a standard two-year general cycle of basic knowledge (CGCB) specific to each university discipline, for example, was not implemented until two and a half years later when finance made available to implement the policy (San Martín, 2004). Second, because it would have been difficult to apply a broad funding mechanism to medical schools, which had then finished the accreditation process. “There is a greater complexity in the area of medicine”, explained one respondent, “medicine degree courses are supported not just by universities but also by hospitals, for training. That involves regional governments and the Ministry of Health on the national level”. Negotiation with so many different actors would have made a broad program like PROMEI difficult for the SPU to create in the area of medicine.

However, a smaller effort, the Program for the Improvement of Medical Schools, was created by Pugliese in October 2002 and served as an important antecedent to PROMEI. A pact was made between the SPU and nine national universities wherein the

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19 Universities voluntarily apply for SPU financing to reform their General Basic Knowledge Cycles (CGCBs).
SPU would provide a sum of $847 thousand pesos to help medical schools fund the quality improvements that CONEAU had recommended through the evaluation and accreditation process. In a statement that anticipates PROMEI’s formulation, Pugliese explained that “the state must support those changes, giving the necessary resources so that the commitments undertaken in the accreditation processes can be carried out by the universities” (“Mejoramiento para las facultades de medicina”, 2002).

As policy entrepreneur, Pugliese knew that the completion of the CONEAU evaluation and accreditation of undergraduate engineering degrees would open the policy window so that he could push through an innovation fund for engineering schools. Therefore, he began the formulation of PROMEI well ahead of the window so that when the accreditation was completed he could push the policy forward. As early as August 2003 when the accreditation process for engineering was still going on, it was announced in La Nación that the SPU would fund improvements in engineering schools (San Martín, 2003). From then until the announcement of PROMEI in March 2005 teams were already working out the details of PROMEI.

One of the most important contributions during that time was the work of an ad-hoc Advisory Committee arranged by the SPU through resolution 111 dated June 1, 2004. Led by Dr. Carlos Abeledo, the group was composed of six engineering experts and one representative each of the Argentine Center for Engineers (CAI), the Argentine Industrial Union (UIA) and CONFEDI. Using data from the CONEAU accreditation and statistical information from System of University Information (SIU) the group set out to develop the details of PROMEI. After four months of work, in November 2004, the Committee produced a preliminary report that later served as the basis for PROMEI.
Amazed at the apparent ease of PROMEI’s formulation, I asked one respondent how the Advisory Committee’s recommendations for the improvement of engineering schools differed from CONEAU’s recommendations. I learned that there were “pretty strong” disagreements among the Committee’s members as to “the role of research within the university and the impact that research has within the university system on the quality of graduates.” This is, in fact, an age-old argument about whether universities should be more “professional” or “research-oriented”; it is one of the highly controversial topics that can complicate negotiations about higher education reform. It did not hinder PROMEI’s formulation but it is a point of contention that must be considered for future programs.

**Decision Making**

As I argue in chapter Two, the fact that PROMEI and FOMEC share similar objectives and use a similar procedure and criteria to judge projects is evidence that the decision-making process used to formulate PROMEI was incremental. As we will see, this does not discount a couple of large, important differences in PROMEI’s design that, indeed, alter SPU’s stance towards university quality improvement. However, that alteration does not mean that university quality policy has moved in a whole different direction: as stated, both programs’ objectives and criteria still remain very much the same. Changes merely reflect adjustments in the old policy which were inserted into the familiar mechanism (the innovation fund) in a gradual, incremental manner.
I argue that this is so because the lessons of FOMEC and improved state capacity in the area of higher education allowed policy-makers to adopt the innovation fund as a policy solution. A path was started in the 1990s for higher education. The positive and negative feedback along that path reinforced its direction. PROMEI, I believe, is a good example that this is true.

The context of other policies: The lessons of FOMEC. The broadest lesson that policy makers learned from FOMEC was that innovation funds, at least when applied to undergraduate technology and basic science disciplines, can have a positive impact. In their extensive evaluation of the program FOMEC, Oszlak, Trombetta and Asensio (2003) wrote that “a wide-spread consensus exists among observers—including the evaluation team—that FOMEC has proved to be a highly successful program” (p. 73). The team goes on to state that while FOMEC did not fulfill all of its objectives (and that its efficiency cannot be determined) it was indeed effective in a positive way. The innovation fund was praised (and criticized) for two particular goals: investment in specific, well-defined objectives and the development of a university culture that understands the need for auto-evaluation, the prioritizing of objectives and collaboration on projects.20

Regarding this second feature, García de Fanelli (2005) rightly points out that FOMEC and funding mechanisms like it can only create so much internal change within universities. One of the main problems with the use of the innovation fund in Argentina is that it relies on university governments to strategize their medium and long-term

development. As García de Fanelli (2005) persuasively argues, the complexity within Argentine universities makes that sort of planning very difficult. Not only are there many conflicting views within each school in the university but also within the university government about how to define the university’s mission and which academic policies should be pursued (Oszlak (2003), p. 48). However, it must be acknowledged that FOMEC was not originally designed to support reform in university administration and institutional development. According to Oszlak, Trombeta and Arsenio (2003), the broadening of FOMEC’s objectives to include these items in its third year “responded more to a demand from the university system and its authorities than to a strategy foreseen by FOMEC” (p. 70).

Among its many impacts, FOMEC helped update study plans, improved teaching staff, gave universities better access to information, bibliography and laboratory equipment. It established guidelines and procedures and, as recently stated, elaborated upon or simplified these as necessary during implementation. The program achieved acceptance and legitimacy in the academic community and was applauded for transparency during what one respondent called “a particularly corrupt time in national politics”. Brunner and Nogueira (1999) even predicted that FOMEC’s lessons would lead to future endeavors. They wrote that the results of FOMEC could lead to “oriented” contests for funding where “projects would attack problems that evaluations identify as relevant and shared” (p. 29). That is, they envisioned a program like PROMEI in the future. To summarize, FOMEC was a successful program and it is, therefore, not surprising that the mechanism was used again with very similar guidelines and procedures for the purposes of improving university quality.
Political and historical context. There were a number of difficulties during FOMEC’s implementation. For a list and explanation of these difficulties (the lessons of FOMEC) the World Bank’s 2004 Implementation Completion Report and the evaluation report composed by Oszlak, Trombetta, Asensio (2003) are excellent sources. My study only seeks to examine those difficulties which PROMEI’s design attempted to correct as reflected by differences in the two programs’ designs. This section, then, is not “the lessons of FOMEC” but “the lessons of FOMEC as determined by the creators of PROMEI as reflected in PROMEI’s design”; it is a much more specific and interpretive topic. A large part of the interpretation entails an understanding of the differences between Argentina’s political and historical context at the time of FOMEC’s formulation and at the time of PROMEI’s.

As Argentina’s economic success began to waver in the second half of the 1990s, the public mood began to turn against the neo-liberal slant of President Menem and the World Bank’s policies. FOMEC was a natural target: not only did it support the “neo-liberal” policies students fought against but it was also coordinated with the help of an international organization, whose influence was seen by student groups as “imperialist”. Student resistance did not interfere with FOMEC’s implementation but it made PROMEI’s formulators averse to associating the new innovation fund with anything that might be construed as “Menemist” or “neo-liberal”. As one respondent explained, “FOMEC was the symbol of Menemist university policy and they [policy makers] had to break free from that symbol”. The two major differences between FOMEC and PROMEI’s design correspond to this break away from old ideology.
The decision not to collaborate with an IFI. The first major difference was that PROMEI did not collaborate with an International Financial Institution (IFI) as FOMEC did. One respondent explained that in the formulation of PROMEI the idea of “asking help from any multilateral financial credit organization was expressly discarded…the idea was that the National Treasury had money and that one had to avoid any foreseeable challenge”.

The fact that PROMEI was not created with the help of the World Bank led to a number of additional differences between PROMEI and FOMEC. First, less funding was available. Second, since PROMEI did not have to comply with World Bank regulations its implementation was not as administratively complex as FOMEC’s. Third, PROMEI creators did not need to develop a structure like UEP/PRES within SPU because financing from PROMEI is processed through already established channels in each university’s administration.

Ensuring that there is sufficient national funding for PROMEI has not always been an easy task for the SPU. In 2005, I was told, sustained pressure for salary increases forced the Ministry of Education to use some funds that would otherwise have been designated for “university development” towards professor’s salaries. I could find no information to substantiate that claim, but that is precisely because until 2006 annual funding for PROMEI was not specified on a separate line in the national annual budget as FOMEC’s funds used to be. In 2004’s National Budget Law, funds for PROMEI appear to be designated in a separate line under university funding called “program contracts”. $88 million pesos were awarded for “program contracts” in 2004 but PROMEI was not
named because it had not yet been officially established. (Article 18’s description of the term “program contracts”, however, closely corresponds to PROMEI).

In 2005’s National Budget Law PROMEI’s budget simply does not appear. A portion of the total university budget may always be used for “special programs” but in 2005 the amount for “special programs” was not specified. According to La Nación, not until March 2005 when the university budget was increased by $150 million pesos did Minister of Education Filmus state that $50 million pesos of the new money would be used for the development of special programs including “specific help…for the development of projects for quality improvement in engineering degree programs” (“Aumenta 150 millones”, 2005).

The strange thing is that the money was given to the University Fund for National and Regional Development (FUNDAR), a Fund which, according to SPU was not created until September 1, 2005 by Resolution 260/05. Nevertheless, Resolution 260/05 did indeed create FUNDAR, described as a “new system of resource allocation” for the “performance of universities via the application of objective criteria” and the financing of “projects of institutional development”. In short, FUNDAR is an instrument into which a certain amount of funding can be deposited each year, specially earmarked for the advancement of specific projects in university quality improvement. In this way FUNDAR resources are “somewhat protected” from salary pressures and other urgencies that might arise.

The $51 million pesos used for PROMEI’s implementation comes from FUNDAR (resolution 1247). The transfer of funds was approved by FUNDAR’s Executive Council made up of a President (the Secretary of the SPU) and six other
members. I will not elaborate further on FUNDAR’s structure or functioning in this study because it is only newly created and has a limited impact on my case study. However, I would call attention to FUNDAR as evidence of policy maker’s continued dedication to the policy of university quality improvement.

The decision not to use a competitive mechanism. The second major difference between FOMEC and PROMEI was PROMEI’s use of a non-competitive rather than a competitive mechanism. Like the decision not to collaborate with an IFI, PROMEI formulators chose the non-competitive mechanism “precisely to differentiate it from FOMEC”. One respondent explained it to me as follows:

“One of the most important criticisms against FOMEC was that the competitive mechanism tended to benefit those degree courses and schools which were already in an advantageous position with respect to others, which were [also] those that could design the best projects. That reinforced asymmetries that already existed in the system”.

This criticism was strongest after FOMEC’s first contest for funding when, understandably, neither the university groups that presented projects nor Peer Committees performed ‘optimally’. The June 1996 issue of Infomec acknowledged this problem: “the university system lacks accumulated experience in the development of reform projects, modernization and quality improvement plans…the same occurs with the mechanisms instituted for evaluation” (“Los principales resultados de la primera convocatoria de FOMEC”, p. 7). However, to FOMEC’s credit, steps were immediately taken to help university groups formulate better projects. Five regional workshops were held in May
and June 1996, and after the third contest in 1998 additional finance was provided for universities that solicited technical assistance (‘Talleres regionales para la formulación de proyectos FOMEC’, p. 22 and ‘Proyectos de Asistencia Técnica’, p. 13). These steps led to a FOMEC that, in its implementation, was not wholly competitive in the sense that “the best” projects were not the only ones to receive funding.\textsuperscript{21} “The term competitive does not correctly reflect the procedure,” explained one respondent, “competition is when you and I present a project and there is room only for one even if both projects are good”. FOMEC, on the other hand, approved all the projects that satisfied the requirements: feasibility, quality, impact, consistency with national policies, etc.

Ironically, participants in PROMEI did not think “non-competitive” described PROMEI very well, either. “If indeed it is true that they are called ‘non-competitive’ funds”, one respondent told me, “in reality there is a selection process...and as a result of an evaluation the funds are allocated or they are not. The presentation of the projects is not competitive…but up to a certain point it is”. Another respondent felt the same: “If indeed these are ‘non-competitive’ funds, one commits to a contract and has to present clear, solid projects which undergo an evaluation by the Ministry [of Education]. So although I am not competing, I still submit myself to a rigorous exam.”

Nevertheless, in terms of equity, there is a major difference between a mechanism that rejects poorly-formulated projects (competitive) and one that returns poorly-formulated projects for revision (non-competitive). In the latter case, a university “has the possibility that its product will [eventually] be successful in terms of evaluation even if it has to re-do the project five times”.

\textsuperscript{21} Though some universities had more success than others, all universities received FOMEC funds (García de Fanelli, 2005, p. 310).
Of course, this requires that the funding body (in this case the Ministry of Education) take much more of an active role in project formulation. With PROMEI, the Ministry of Education will not only fund the programs that present ‘good’ projects but it will also have to work with the absolute worst engineering programs until those programs, too, present ‘good’ reform projects. The country’s engineering programs need to meet minimum national standards, I was told, and PROMEI represents the State’s responsibility and commitment toward that end. One of my respondents explained why a non-competitive innovation fund works better for this purpose:

“I think that to reward excellence…the competitive fund is necessary. But there is another quality problem which is that some universities have serious deficiencies in teaching and research. Since you are not going to close the universities, because universities are not like inefficient businesses that simply disappear because of market theory, there is a public obligation. Public policy designs must distinguish the acceptable minimum standard of quality in the system…and then provide funding for even the lowest levels…through an agreement on both parts to reach the desired results”.

I explained in the previous chapter that the reason the creators of FOMEC chose to use a competitive mechanism was, in part, because of the difficulty policy makers encountered when they attempted the use of a non-competitive mechanism. Why did PROMEI’s creators have more confidence in the non-competitive mechanism? Not only because of the lessons of FOMEC described above, but because by 2005 the 1990 reforms had installed greater bureaucratic capacity into the Argentine higher education system.
Bureaucratic capacity installed as a result of 1990s reforms. As described in Chapter One, state capacity can be divided into two separate concepts: techno-bureaucratic capacity and relational capacity. The techno-bureaucratic capacity developed by FOMEC’s staff was not carried over to PROMEI in terms of personnel. (The only overlapping participant in FOMEC and PROMEI in the publicly available information I examined was Francisco F. Garcés, a renowned electromechanical engineer who served on both FOMEC and PROMEI’s Advisory Committees).\(^{22}\) Whether or not this was due to the lapse of time between programs or by some other factor, the absence of any former FOMEC staff member on PROMEI’s team is notable. CONEAU (another reform of the 1990s), in contrast, has fomented a large increase in the SPU’s techno-bureaucratic capacity through the development of skilled human resources and better university indicators.

To start, CONEAU’s growth and success with the evaluation process has led to the development of a wealth of peer committee reviewers with experience in the evaluation of undergraduate programs. As stated in Chapter Two, PROMEI depends upon ad-hoc committees of peer reviewers to evaluate project quality, so the availability of trained reviewers is of utmost importance to the program. Additionally, three of the policy makers that were fundamental in PROMEI’s formulation came from CONEAU. The SPU’s secretary at the time, Pugliese, was a former CONEAU member. He recruited both the director of CONEAU’s evaluation and accreditation of engineering programs, Pérez Rasetti, and a member of Pérez Rasetti’s technical team, María Victoria Guerrini,

\(^{22}\) Juan Carlos Del Bello took part in the CONEAU engineering and accreditation process but was not part of PROMEI.
to join the SPU and assist with PROMEI’s formulation. Finally, improvements in university indicators, particularly those developed by CONEAU, have enabled PROMEI to devise the formula, described in Chapter Two, which is used to determine the maximum sum of funding available for each engineering school.

The relational capacity between the government (represented by the SPU) and the university system has grown tremendously since the 1990s reforms when SPU was created. As stated earlier, it is now acceptable for the SPU to ask the universities for changes that, before the 1990s, it would have been impossible to have requested. For example, only engineering schools that have undergone CONEAU accreditation can apply for PROMEI funding. Before the 1990s reforms, it would have been unthinkable that the government tie any sort of university funding to evaluations. Interestingly, now that CONEAU’s capacity has helped build PROMEI, PROMEI is, in turn, helping to validate CONEAU. Beyond merely financing improvements in universities, one respondent thought the following:

“It [PROMEI] is what saved the accreditation process because accreditation has had a lot of resistance…but, clearly, when people stop seeing accreditation as a threat and begin to see it as an opportunity for improvement with which the State is associated, their lack of confidence changes”.

Chapter Conclusion

As in the previous chapter on FOMEC, I analyzed PROMEI’s formulation by looking at both the agenda-setting and decision-making processes involved. I found that,
similar to FOMEC, the new policy window that opened for PROMEI was a result of links between problem, policy and politics that moved the issue of university quality improvement up on the Argentine government’s agenda. Unlike the policy window that opened in the 1990s, however, the policy window that opened up to allow for PROMEI’s creation was predictable. The issue of university quality and the policy alternatives that might be used to improve it were no longer new. They had only temporarily moved down the executive government’s agenda (and out of the public eye) to make room for the more pressing matters immediately preceding and following Argentina’s 2001 economic crisis.

CONEAU and CONFEDI’s agenda, I showed, did not experience a similar shift. Those organizations continued working so that when Argentina’s economic situation began to recover, policy entrepreneur Juan Carlos Pugliese could take advantage of his position as Secretary of the SPU to restore university quality improvement’s former place on the agenda.

The decision-making process that resulted in PROMEI, I showed, was one of incremental policy making. I showed that due to the lessons of FOMEC and the bureaucratic capacity installed as a result of the 1990s reforms, PROMEI’s formulaters only needed to make marginal modifications to the innovation fund mechanism that FOMEC used. I showed that the most important modifications (the decision not to collaborate with an IFI and the decision not to use a competitive mechanism) occurred because of a new historical and political context.

As stated in Chapter One, the term “path dependency” (Krasner, 1984; Pierson, 2000) means that “when a government program or organization embarks upon a path
there is an inertial tendency for those initial policy choices to persist” (as cited in Peters, 2005, p. 71). In the absence of other pressures, the policy will likely follow along that same path. This chapter showed how this can be applied to the Argentine government’s policy of university quality improvement, as evidenced in the program PROMEI. Reforms in the 1990s, especially the implementation of FOMEC and CONEAU, led the government toward the development of PROMEI. Certain pressures, namely changes in Argentina’s political context, led to important differences between FOMEC and PROMEI. However, these were moderate adjustments that did not change the thrust of the policy: the state will set aside extra funds for universities that pledge to implement quality improvements according to the state’s guidelines.
Conclusion Chapter

In this chapter I will present the conclusions of my research. First, I will recapitulate this thesis’ argument comparing the formulation process of FOMEC to that of PROMEI. I will then explain how those findings led me to some broader conclusions about the formulation of innovation funds in general. Lastly, I will discuss the implications of those conclusions for policy and practice by looking at the strengths of the innovation fund as a policy alternative and the obstacles that it creates for policy makers.

FOMEC and PROMEI

My argument concerned the formulation process of innovation funds in Argentina. I examined two cases, FOMEC and PROMEI, analyzing both the agenda-setting and decision-making processes involved in their formulations. My analysis showed that while FOMEC and PROMEI’s agenda-setting processes occurred in a similar manner, the decision-making process were quite different.

As regards agenda-setting, this thesis demonstrated that both FOMEC and PROMEI resulted from what Kingdon (1995) would call a “policy window” that opened in the 1990s and, again, in approximately 2002 moving university quality improvement up the government agenda. I showed that both FOMEC and PROMEI arose from a “critical juncture” of problem, policy, and politics to open those windows. In both cases a policy entrepreneur was involved who actively advocated the programs, serving as a link between the policy and political stream.
In the 1990s this juncture occurred unexpectedly, opening the way for numerous reforms in higher education, among them FOMEC. In 2002, by contrast, the window that opened up to allow for PROMEI’s creation was predictable. This is because the bureaucratic capacity installed from the 1990s reforms (the existence of SPU and CONEAU) made it likely that another innovation fund could be created. Also, though university quality improvement may have moved down the executive government’s agenda during the years between FOMEC and PROMEI, it had not lost its high place on CONEAU or CONFEDI’s agenda. Therefore, those organizations continued working so that when the Argentine economy began to recover, a policy entrepreneur might translate their work into concrete policy.

The similarities in FOMEC and PROMEI’s design that I describe in Chapter Two indicate that PROMEI’s decision-making process was incremental. This thesis showed that, indeed, this was true for two reasons. First, FOMEC had proven that the innovation fund was a viable solution for the problem of deteriorating university quality. FOMEC provided feedback, most of it extremely positive, that policy makers could adapt to PROMEI. Second, state capacity installed as a result of 1990s reforms greatly improved the chances that another innovation fund like FOMEC would be created. The creation of CONEAU and SPU, in particular, set a path that made it probable that further policies would be undertaken by the Ministry of Education related to university evaluation.

The incremental nature of PROMEI’s decision-making process is especially apparent when contrasted with the innovative decision-making process involved in FOMEC’s formulation. The policy makers that formulated FOMEC had to choose among alternatives that were all new, innovative policies without any guarantee that
implementation would be successful. To even attempt implementation, those policy makers had to rapidly build capacity within the Ministry of Education, thus creating CONEAU, SPU, and other programs in the Project for Higher Education Reform (PRES) apart from FOMEC. Those reforms later allowed the policy makers involved in PROMEI to implement a second innovation fund with only minimal, incremental changes to FOMEC’s design.

*Formulation of Innovation Funds*

The purpose of my case study was to see what effect certain independent variables (actors and contexts) had on the design of the programs as innovation funds. I found that in order to design an innovation fund three elements were absolutely essential: a policy entrepreneur, an improving economy and a certain amount of state capacity.

Policy entrepreneurs were vital to both FOMEC and PROMEI’s formulation. Juan Carlos Del Bello, in FOMEC’s case, and Juan Carlos Pugliese, in PROMEI’s case, were identified in all my interviews as central figures in the corresponding program’s formulation. Both these men were ready so that when university quality improvement was high on the government’s agenda (that is, when the policy window opened) they could push through their proposals for an innovation fund. They both had the expertise, political connections, negotiating skill and persistence to do this. That is how both were able to link the innovation fund to the politics of their administration’s program despite those administrations being so ideologically different.
I found that an improving economy was also crucial for both FOMEC and PROMEI’s formulation. First, because innovation funds require sufficient financing and when the federal budget is severely constrained that becomes impossible. Second, because when the economy stabilizes, one of the first things leaders do is seek to strengthen the economy through the revitalization of the productive sector. Therefore, special attention is given to scientific and technological research, and programs are put in place to improve education in those fields.

Finally, without a certain amount of state capacity neither FOMEC or PROMEI could have been formulated. Skilled groups of academics and consultants had to be available. The Ministry of Education had to exhibit enough power over the universities, while still maintaining good relations with them, to be able to implement the programs successfully. It was the 1990s reforms in Argentina (particularly the creation of SPU and CONEAU) that were responsible for this state capacity in the higher education sector.

I found that political context determined not only whether an innovation fund would be implemented or not but also how the innovation fund would be designed. The decision of PROMEI policy makers to create a non-competitive fund without the help of an IFI is a politically-driven decision that separates PROMEI ideologically from FOMEC.

Nevertheless, I would stress that design is one thing and implementation is another. In design FOMEC was competitive, but in implementation it offered help to university groups that had trouble creating good projects as a non-competitive fund would. In design PROMEI is non-competitive, but what will happen if it cannot reach an agreement with an engineering school over an appropriate improvement plan? PROMEI
cannot ensure that, with repeated efforts, every engineering school will be able to produce a ‘good’ project. Some one will surely question the fairness of fund distribution whether the fund is competitive or not.

Both programs sought to improve the teaching of Argentina’s undergraduate programs through the application of funding for quality improvement. FOMEC encountered some problems in its implementation, but its attempts to correct them are what helped PROMEI’s formulation. In the end, both programs stand by the metaphor that Carlos Marquís, former Executive Director of FOMEC, used with his team in FOMEC: “If this [program] is a ladder, we have to support the effort of climbing stairs: from the first stair to the second, from the fifth stair to the sixth, from the eighth stair to the ninth. The effort of climbing a stair is what we will finance” (personal interview, July 20, 2006).

**Implications for Policy and Practice**

*Strengths of the mechanism.* My research showed that the innovation fund can be formulated for different purposes and in different political contexts with success. That adaptability is, perhaps, one of its strongest attributes. This is why I do not share the view that “incrementalism” deserves such a negative connotation in Grindle and Thomas’ work. The formulation of PROMEI shows maturity, I think, on the part of policy-makers. They took a mechanism that worked well and adjusted it to fit their purposes.

A second positive feature is that little resistance has been put up against innovation funds. As one respondent stated, “In general, in a context of scarce resources
in the national university system, any policy that adds funds, whether it is competitive or not, does not face much resistance”. Another respondent commented “the difficulty was imposing the evaluation mechanism. The other part [the innovation fund] was that you went with money. We were the heroes of the movie”. As long as CONEAU continues to evaluate and accredit disciplines, there will always be feedback about those disciplines and plans of reform will continue to be generated. (The recent accreditation of Agriculture schools, for example, just resulted in a new innovation fund called PROAGRO). This makes the innovation fund an especially attractive mechanism for the SPU.

However, it may prove much more difficult designing an innovation fund for disciplines outside of the realm of science and technology. Some disciplines are much larger, with more degree courses and students, different actors and veto points that could greatly complicate the process. Also, most disciplines are not supported by an organization like CONFEDI to define national standards and smooth the process. Nevertheless, I think this should be a goal. As one respondent held, “one of the deficiencies is not having attended enough to those disciplines that are crucial to the future of society because…our [country’s] greatest problems are in administration, the resolution of political issues, institutional design. Therefore I think that the strengthening of the fields of sociology, political science and economics is vital”.

Obstacles. Perhaps the most obvious obstacle for policy makers in higher education is the complexity of the Argentine university system. The national system consists of a fragmented group of highly complex universities which respond differently...
to broad government-directed funding mechanisms, competitive or otherwise. Formal evaluations of FOMEC expounded on the difficulties in applying a broad program to such a heterogeneous group of universities (of different sizes, ages, and political affiliations).23

Castro (2002), for example, concluded that the size of the university was associated in FOMEC with its capacity to carry out reforms: small universities were far more likely to carry out complex reforms than large universities (p. 238). Oszlak, Trombetta & Asensio (2003) drew attention to the fact that schools within certain universities are more or less autonomous with respect to the university as a whole. Therefore, in newer, smaller universities, reform projects within schools may have a greater effect on the university as a whole, prompting a wider impact. In contrast, reform in traditional, larger universities may only touch those schools that win funding for projects resulting in only a focalized impact (p. 80).

The purpose of this thesis was not to evaluate the impact of innovation funds on the national universities. García de Fanelli (2005) has already proven convincingly that, without broader organizational and policy changes in the universities, the innovation funds’ impact is limited. Rather, I highlight the difficulty of reform in the higher education sector in order to insist that when programs are designed by the SPU for the improvement of the sector, they must be designed well. Otherwise the SPU will quickly lose the relational capacity that it has built up over time with the universities.

First and foremost, finance must be obtained and secured before embarking on a multi-year program. The innovation fund is essentially a contract between a funding body and the university groups that propose reform projects. If the funding body fails to

23 Party divisions exist within and among different universities. This tends to complicate broad policy measures because of the intervening political context between the national government and universities.
honor its part of the contract by failing to distribute funds in a timely manner, it completely discredits the entire mechanism. Said one respondent, “it discourages people. It disheartens the teams that are working”. There is another cost, too. It is impossible for university groups to develop meaningful multi-year projects if they cannot be sure the funding will be available. “Uncertainty impedes decision-making,” explained one respondent. “When you don’t know what will happen, or when it is going to happen, you must wait to make the decision and you begin to limit yourself. You think ‘if I am not certain that I will have funding for next year, I prefer to…make the project smaller”.

Another respondent told me that problems with financing were “always” present “when there are multi-annual projects. What do we say in the university community? The first year [the full sum] is distributed. The second year, half [of what was promised], the third year, forget it”. SPU must combat that negative image by designing programs only after assuring that funding is available. It appears that FUNDAR will be a step in that direction.

Apart from secure financing, I found that the main element working against the formulation of the innovation fund is the tendency of policy makers from different ideologies to downplay or discredit the other side’s accomplishments in higher education. “Unfortunately there still exists a sort of partisan politics in the university arena”, explained one respondent. The division is “not as clear” as before, my respondent sustained, but there are still “groups, sectors that maybe sustain a certain type of position regarding university policy”. Perhaps the divisions are not as clear now, but they are
equally strong and palpable. This works against the policy process because, I think, it encourages a lack of transparency in program implementation and a lack of continuity.

PROMEI is not hiding information about the program, but it is also not presenting the information as visibly or distributing the variety of data that FOMEC did. I finally found the amount of PROMEI funding, for example, by clicking open a link to “resolution 1247” on the SPU website and finding the sum buried within that resolution. I have no reason to doubt that the SPU has compiled a more visible, well-organized and complete documentation of PROMEI than most ministries do of their programs. However, I cannot help but compare that information to that which I found in the magazine Infomec.

That magazine tracked FOMEC’s implementation process with regular progress reports, statistics, charts, and op-ed pieces from the academic community at large. It also published the names and biographies of each of its members and the evaluators it used. “Notice”, former Executive Director Carlos Marquis commented, “that it was 165 million dollars and no one ever said ‘they gave some of that money to their friends’. That should not be a reason to be proud because that is as it should be. Nevertheless in this country it is a reason to be proud” (personal interview, July 20, 2006). As a national program, I think, PROMEI should strive to make information as available and accessible as FOMEC did even if it means extra effort and funding. Until errors and weaknesses are acknowledged and identified policy will not improve.

24 In general terms, groups are still divided over the role of the national government in public universities. In my estimation, one group believes strongly in advancing evaluation mechanisms and establishing a more active role for the SPU while the other is wary of such intervention, fearing that universities will lose their autonomy and education will become tied to market demands.
Continuity was a concern echoed in many of my interviews. Said one respondent, “as long as these programs have continuity over time, I think they will have a lasting, beneficial impact”. This thesis has shown that continuity, at least in the policy of university quality improvement, is possible over time and in a changing political context. I can only hope that the divisions between opposing ‘groups’ in higher education continue to grow smaller, not larger, so that the two sides can eventually work together on effective policies. Otherwise there will always be a pattern of discontinuity in policy where the universities will move ahead and backward, ending up always in the same spot.
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