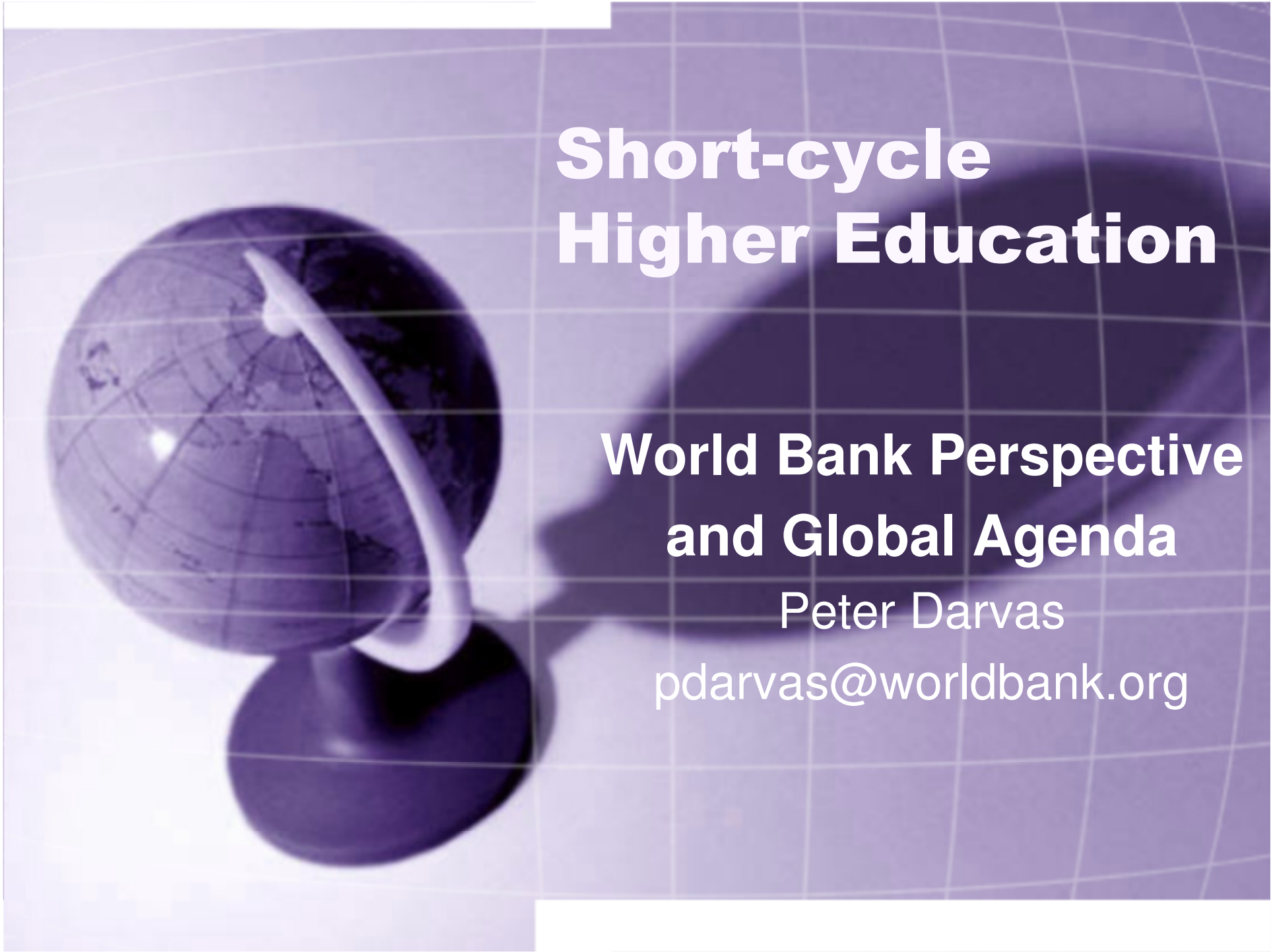

Short-cycle Higher Education

World Bank Perspective and Global Agenda

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Presentation Agenda

- Constructing Learning Societies
- The rationale for the WB to get involved
- Key issues for funders and policy brokers
- Changing landscape
- WB's role in supporting TSC programs
- Project modes and examples
- Global opportunities for European countries

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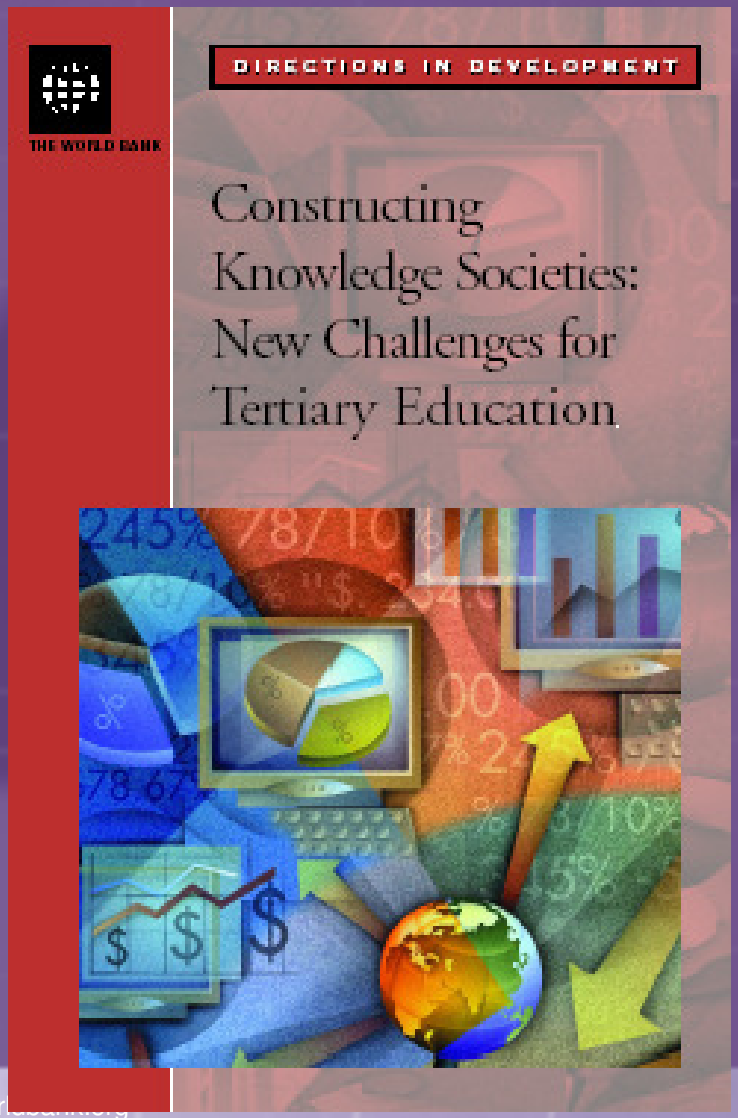
World Bank on Tertiary Education



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Constructing Knowledge Societies

- Social and economic progress through advancement and application of knowledge
- Tertiary education is key part in the creation, dissemination, and application of knowledge
- Developing and transition countries are at risk of being marginalized because their rigid tertiary education systems
- The state has a responsibility to encourage TEIs to be more innovative and responsive
- The WB can help improve the effectiveness and responsiveness

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Rationale

While market opportunities increase, so does the risk of global and national market failure.

- Demographic trends
- Funding pressures
- Equity concerns
- Quality concerns, asymmetric information

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Rationale

While market opportunities increase, so does the risk of global and national market failure.

- Demographic challenge

Increasing global demand and supply are not well connected.

- Between 2000 and 2005 enrollment doubled (over 110 M) and is expected to double again in the next 5 years.
- Yet, growth in demand has been ahead of growth of supply
- Eligible population (with secondary ed.) is 8 to 10 fold
- Half of the students are from five countries and the developing countries represent a majority of eligible students but a small portion of enrollments (developed 40 % plus, developing 10 % minus)
- Increasing proportion of students in developed countries are above 25 years old (LLL is becoming a reality), but the trend is lagging behind in developing countries

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Rationale

- Demographic trends
- Funding pressures

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Rationale: funding pressures

- With low productivity, higher education in the developing countries is over-financed relative to the education sector, but underfinanced relative to global competition Unit costs are decreasing in most countries (with the exception of OECD countries)
  - Unit costs in the developing countries are about 5 percent of the unit costs in the OECD countries and the gap is increasing;
  - Meanwhile, in the developing countries, unit costs of higher education relative to other levels is 2-3 times higher than in OECD countries. Unit costs per graduates are exorbitant in development countries.
  - On average, about 40 to 50 % of the income for public higher education comes from students or private resources, but the variation between countries and within countries between sub-sectors is too high and often lacks transparency.

Rationale

- Demographic trends
- Funding pressures
- Equity concerns

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Rationale: equity concerns

- The demand and financial pressures increase equity concerns
  - Lack of fair and transparent private funding schemes create reverse selections (the poor is likely to pay fees).
  - Private benefits become delayed, return to private investment increase social inequality (the more affluent benefit more from tertiary ed, the poor becomes persistently underserved).
  - Inequitable access to information and services
  - By expansion and increasing overall funding, benefit incidence disparities become more spelled out. No financial model could effectively reach out to the masses.

Rationale

- Demographic trends
- Funding pressures
- Equity concerns
- Quality and relevance concerns, asymmetric information

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Rationale: Quality and relevance concerns

- Power by dominant players (traditional universities, need for antitrust policy – quality assurance)
- Conventional forms of public resource allocation lead to declining relevance (in training and research) Externalities are unexplored (impact on economic growth)
- Private returns are increasing (wage liberalization), public returns decreasing (due to inefficiencies)
- Asymmetric information (especially about the diversity of the system and multiplicity of providers)

Key issues for the funders and policy brokers

1. Transition to knowledge-based economies require increasing investment to higher education and the new modes of delivery simply hide inadequate overall investments

2. The goal of establishing knowledge-based economies in the developing countries requires investment only on pre-tertiary level (at primary and secondary levels).

3. Increasing student demand and enrollment bring about decreasing standards. Traditional sectors have quality problems, including lack of graduation

1. There is increasing effective demand for these programs outside of the traditional university/college/faculty sub-sectors (there is more private investment going to non-traditional sectors).

2. Funding pressure at tertiary level increases

3. Standards are only threatened by undifferentiated systems.

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Key issues for the funders and policy brokers

4. The State should put a lid on the inflation of programs and courses.

5. Financing should focus on what the institutions need under the changing conditions.

4. The State cannot put a lid on the increase, it will burst out elsewhere (private sector, commercialization, cross-border programs, on-line programs, extension of secondary services, employer training programs, etc.)

5. Financing should focus on what the students need under the changing conditions.

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WB issues summed up

- Tertiary education needs to be diverse and integrated in a lifelong learning environment
- Development needs to follow overall priorities (instead of feeding inertia), including national and local need, industrial clusters, social demand)
- Public funding and accreditation need to be sector neutral (non-universities, private services), they should stimulate diversification, innovation, reinforce autonomy and strengthen responsiveness
- Innovative programs and institutions need to reach critical scale and operational mode to become sustainable and competitive

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Changing overall landscape

- Private higher education
- Non-university sector
- **Tertiary Short-cycle programs**
- Profit-making programs by traditional public providers
- Online providers (University of Phoenix)
- Cross-border tertiary education
  - students, faculty or curriculum elsewhere
  - Big providers: UK (over 100,000 students)
  - Big recipients: India (over 100 programs)

Changing Landscape

- Franchise institutions
  - (American Universities, Apollo group)
- Distance learning programs
  - Open Universities
- Services by non-tertiary providers
  - sec. schools, employers or other agencies
- Complex articulation and transfer schemes
  - Univ. of California system
  - ECTS

Some Things Don't Change (Fast)

- Access to high-end programs remain privilege of elites.
- Links to State for traditional institutions remain intimate (role of faculty and students in society)
- Institutions remain elusive and autonomous,
- Yet it is up to the institutions to define and carry their own reform agenda.

TSC Programs by demand (examples)

- Regional, local need in country
  - Chile
  - Argentina
  - Sri Lanka
- Industrial need, industrial clusters
  - Indonesia, South Africa
- Underserved population
  - India, South Africa, Mexico
- Expansion under financial pressures
  - Many African countries
- Post-conflict demand for professionals
  - Post WWII Yugoslavia
  - African post conflict countries

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TSC Programs by supply

- Innovation by traditional public universities, colleges (US, Chile)
- Private tertiary education institutions to provide specialized programs (Japan South Korea)
- New public institutions covering a portion of full degree programs (in case of regulated articulation between programs and providers)
- Institutions with a main profile other than teaching (South Korea)

Short-cycle programs are considered to be direct responses to desires to improve relevance, increase institutional revenue, decrease turnaround time, improve institutional efficiency and facilitate the use of excess capacities

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The World Bank's role

- The context of WB support

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The context of WB role in TSC programs

- Short- cycle programs are considered only as part of an overall sector strategy or development agenda
- The Bank's rationale to be involved complements the need for a coherent sector strategy and Government policy.
- Whereas innovation towards short-cycle higher education is up to the institutions, the Bank can typically assist the development of appropriate Government policy and incentives for innovation.

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The World Bank's role in TSC

- The context of WB support
- The objectives of WB support

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The Objectives of WB support

- WB tertiary policy objectives:
  - Funding should follow the students and not staff
  - Public funding should:
    - Target populations with limited access
    - Target clearly defined country priorities (labor market, industrial development, technology transfer, educational need, etc.)
    - Stimulate innovation
    - Maximize efficiency
  - Diversity of programs should be commensurate with demand
  - Assure adequate articulation between innovative and traditional programs
  - Minimum quality needs to be assured at all levels through institutional procedures, transparent selection and articulation, accreditation, funding

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The World Bank's role in TSC

- The context of WB support
- The objectives of WB support
- The forms of WB support

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The forms of WB support

- Adjustment operations: align tertiary education policy with social and economic development strategy
- Adjustable (long-term) program credits and loans Help implement education development strategies
- Sector specific projects: stimulate and partially fund sector investments;
- Advise, advocate, assist: sector dialogue, sector analyses (bilateral and multilateral sector discussions, reports, conferences
- Monitor and assist global agenda (GATT, quality assurance, monitor and address brain drain, etc.)

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The World Bank's role in TSC

- The context of WB support
- The objectives of WB support
- The forms of WB support
- Project modes and examples

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Project modes and examples

Demand responsive innovation funds:
  - Vietnam, Ghana, Chile
- Capitalizing student loans:
  - Mexico
- Strategic planning
  - Hungary, Chile
- Institutional reform:
  - Tunesia, Malaysia
- Reforming finance:
  - Chile
- Technical Assistance Loan:
  - Slovakia
- AAA multi-country sector dialogue:
  - Tertiary Education and Innovation Systems

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Opportunities for European Countries

- Participation in the global dialogue
- Technical assistance on systemic level
- Institutional partnerships
- Franchises

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Conclusions

- TSC programs, as part of the changing landscape have the potential to serve as innovations in making tertiary education respond effectively to emerging demands
- There are, however, market failures and threats that this potential is not exploited in developing countries who may fall behind in their efforts to develop competitive and knowledge-based economies
- States can set up adequate regulations to mitigate this risk through targeted and innovative funding, incentives for institutions and other legal actions (quality assurance, credit transfers).
- The Bank, together with the support of middle-income countries can assist sharing positive experiences and develop global partnerships

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