

International Association of Universities (IAU), founded in 1950, is the leading global association of higher education institutions and university associations. It has over 600 Member Institutions and 30 organisations in some 130 countries that come together for reflection and action on common concerns.

IAU partners with UNESCO and other international, regional and national bodies active in higher education. **It is committed to building a Worldwide Higher Education Community.**

## IN FOCUS

How are financing models influencing the future of higher education?

**IAU 16<sup>th</sup> GENERAL CONFERENCE 2021 & 70<sup>th</sup> ANNIVERSARY**  
Relevance and value of universities to future society

# MESSAGE FROM THE SECRETARY-GENERAL



**Dear Members of the IAU,**

**Dear Members of the broader higher education community,**

Let me start this issue of *IAU Horizons* by wishing you, your colleagues and loved ones, health and well-being in these particularly challenging times. We hope for a speedy and safe resolution of what from a health crisis is transforming into a global economic and social crisis.

On 11 March the spread of COVID-19 was declared a pandemic by the World Health Organisation. As we see schools and universities being closed in over 180 countries around the world, and almost 90 % of the world's student population impacted, it is important to stress the important role of education and higher education in particular in responding to this and similar crises. Higher education contributes to the development of sustainable and democratic societies, the education of citizens, the promotion of diversity, ethical leadership and social responsibility. In view of the global challenges facing society, universities have a major role to play in the transformations brought about by the current situation and to better prepare the world for future similar crises.

We commend the academic community for the rapid development of solutions to ensure that education and research are not disrupted entirely. Yet we also see that many struggle to find appropriate solutions, and to reach out to all including to those who do not have access to the internet, a computer or even a phone. Positive collaboration between people and regions is developed, yet such collaboration needs to increase to avoid the exacerbation of inequality.

Universities are essential to help find solutions for today and tomorrow, post COVID-19. They can help respond to the health crisis and also to the economic, political and cultural dimensions of the crisis to affect most parts of the world in different forms and shapes, and to hit hardest in the poorest ones. Universities will be key stakeholders in the restoration of societies through teaching and learning, research and community engagement. They will be instrumental in fostering and safeguarding essential values upon which to continue to build our societies, in particular democracy, social justice, inclusion, equity, human rights and the rule of law. We need the work of all higher education actors to rebuild trust.

We want to thank the IAU Members, institutions, organisations, Affiliates and Associates for their support in these first few months of the crisis. As for so many, the IAU offices have moved to our home and most work is performed online. IAU is operational yet we already see the limits of online working and meeting, social distancing and travel bans. We need the support of all our Members to continue the good work.

The initial priority of the IAU currently is to help monitor the various impacts of COVID-19 on the higher education sector. For this reason, IAU launched a Global Survey to better capture the immediate impact of COVID-19. The results will be shared late April. Together with Members, we will then look at the lessons to be learned, analyse long term impacts which will have ripple effects into the future.

We also take this opportunity to engage with the Membership in new ways. Many of the planned activities, consultations, events, site visits, conference attendance, research projects have been cancelled, postponed or moved online. Yet we pursue projects initiated in the fields of technology, lifelong learning, internationalisation, and sustainable development. These are relevant today in a context calling to re-evaluate concepts, models, programmes and practices. We organise debates online, call for papers and hopefully, in not too far in the future, we will be able to resume face to face meetings. Various opportunities to engage are shared via the IAU communication channels.

For now, please enjoy reading this issue of *IAU Horizons*. It informs on activities past and future, in particular the IAU 16<sup>th</sup> General Conference to take place in Dublin. We look forward to celebrating 70 years of international collaboration and to debating the Relevance and Value of Universities with you in Ireland.

The In Focus section of this issue offers 26 stimulating papers questioning and debating HE financing models from around the world. They will prove useful as backdrop to future discussions on the financial impacts of COVID-19 on HE.

We look forward to meeting you online and in person, in Dublin at the latest.

With best regards,

**Hilligje van't Land**



## IAU Horizons 25.1 – Contents

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## IAU EVENTS

### IAU 16<sup>th</sup> GENERAL CONFERENCE

26-29 October 2021 in Dublin, Ireland

Every four years, the International Association of Universities (IAU) holds its General Conference, which is the supreme decision-making body of IAU. At this Conference Members come together to set the vision for the next four years, to elect the next IAU President and the members of the Administrative Board for the tenure 2021-2025 (see page 4). The General Conference is always a very important event in the life of the Association and it is a particularly important year as IAU will be celebrating its 70<sup>th</sup> anniversary since the first General Conference.



### Celebrating 70 years of international collaboration!



On 4-9 December 1950, representatives of 167 higher education institutions from 52 countries met in Nice, France for the first and founding General Conference to sign the

constitution of the Association. The founding Members outlined an ambitious agenda for IAU, namely: *“To provide a centre of co-operation at the international level among the universities and similar institutions of higher education of all countries, as well as*

*among organisations in the field of higher education generally, and to be an advocate for their concerns”.* Seventy years later, as we convene the 16<sup>th</sup> General Conference at University College Dublin in Ireland, the societal context has certainly changed, but the mandate of IAU remains as important as ever. Several activities are foreseen to celebrate the 70<sup>th</sup> anniversary of IAU. The Conference dinner will be a particularly festive event where participants will experience the highlights of IAU’s history until today and its aspirations for the future. We invite all Members to contribute to the anniversary. Please contact Andreas Corcoran ([a.corcoran@iau-aiu.net](mailto:a.corcoran@iau-aiu.net)) to learn more about how your institution can gain visibility and take an active role in these celebrations.

#### ABOUT THE HOST: UNIVERSITY COLLEGE DUBLIN (UCD)



Founded in 1854 as the Catholic University of Ireland, UCD has been a major contributor to the making of modern Ireland,

based on successful engagement with Irish society on every level and across every sphere of activity. Many UCD students and staff participated in the struggle for Irish independence, and the university has produced numerous Irish Presidents and Taoisigh (Prime Ministers) in addition to generations of Irish business, professional, cultural and sporting leaders.

UCD is currently ranked within the top 1% of higher education institutions

world-wide. It is also Ireland’s most globally engaged university with over 30,000 students drawn from 136 countries, including almost 4,000 students based at locations outside of Ireland. The University’s main Dublin campus occupies an extensive parkland estate of 133 hectares and offers world-leading facilities.

UCD is globally recognised for its excellence in teaching and learning – 14 subjects are ranked in the top 100 in the world (QS World University Ranking by Subject 2019). It is ranked number one university in Ireland in the US News & World Report’s Best

Global University Rankings and is Sunday Times University of the Year 2020. It is also Ireland’s University of first choice, leading in first-preference applications in Ireland year after year. With its great strength and diversity of disciplines, UCD embraces its role to contribute to the flourishing of Ireland through the study of people, society, business, economy, culture, languages and the creative arts, as well as through research and innovation. The University’s Strategy 2020-2024 Rising to the Future outlines the objectives and major strategic initiatives set in place in order to accomplish UCD’s vision for this era.

## RELEVANCE AND VALUE OF UNIVERSITIES TO FUTURE SOCIETY

*The relevance and value of universities to future society* is the theme of the IAU 16<sup>th</sup> General Conference. This conference is an opportunity to envision a new role for higher education in building a sustainable, healthy, just and inclusive future society of which we can all be proud.

The world has changed since the creation of IAU. The human population has increased from 2.6 billion in 1950 to 7.7 billion, while the boundaries between people have shifted drastically due to advances in human knowledge, technological progress and societal change. Today, citizens around the world can connect together online, and can access and disseminate vast amounts of knowledge and information quickly and easily, challenging part of the traditional role of universities as generators and disseminators of knowledge.

The participation rate in higher education has significantly increased since 1950, and there has been an exponential growth in scientific publications. Universities have become more globally connected, with mobility of students and faculty growing significantly, and the emergence of global rankings has created fiercer competition between institutions and has increased the focus of universities on research.

These are merely a few of the important developments in the higher education sector that have occurred over the last 70 years. Despite these changes, the underlying principles of universities, as stated in the IAU Constitution, have stood the test of time, but are now under strong challenge and must be advocated for.

At the same time, the increasing availability of information and openness between countries has allowed greater understanding of the challenges facing our future society. While the human population has tripled between 1950 and 2020, consumption of fossil fuels has increased seven-fold. Society is now generating more than 50 kg of plastic per year for every man, woman and child alive, while in 1950 this figure was less than 0.2kg. Similarly, while significant advances have been made in reducing deaths caused by communicable diseases, hunger, accidents and violence since 1950, deaths caused by non-communicable diseases with connections to lifestyle and diet have increased significantly. In the last 20 years alone the number of obesity related deaths globally has increased from 2.2 million to 4.7 million. These are just a few examples of the societal changes and issues that we are facing today.

The advent of social media has coincided with or contributed to rising populism, nationalism and terrorism, with populations appearing to be increasingly fragmented along social, economic and political lines, while suicide rates in young people are a matter of increasing concern.

On top of these challenges, digital technology continues to advance at pace, particularly in the areas of machine learning and artificial intelligence, enabled by both advances

### Preamble to the IAU CONSTITUTION adopted in 1950

Conscious of their high responsibility as guardians of the intellectual life;

Conscious of the fundamental principles for which every university should stand, namely: the right to pursue knowledge for its own sake and to follow wherever the search for truth may lead; the tolerance of divergent opinion and freedom from political interference;

Conscious of their obligation as social institutions to promote, through teaching and research, the principles of freedom and justice, of human dignity and solidarity; to develop mutually material and moral aid on an international level;

The universities of the world, through their representatives assembled in conference at Nice, hereby decide to create an international association of universities.

in computing power and the increasing availability of large sets of data. Many commentators are predicting that artificial intelligence will dramatically change the workplace of the future and the skillsets required by future graduates.

Given these challenges, this conference will discuss how universities can evolve to ensure their relevance and value to future society. The conference will, amongst other topics, address the following questions:

- Do the fundamental principles thought to underpin higher education in 1950 remain relevant today? What are the challenges facing university autonomy, academic freedom and scientific integrity, and how can they be addressed?
- How can universities contribute to the creation of a sustainable global society?
- How do we ensure that universities provide individuals with the knowledge and skills necessary to become the leaders, critical thinkers, decision-makers, innovators, specialists, researchers and responsible citizens who will build a better future society?
- What does the digital transformation of society mean for how universities function as organisations and how they educate their students?
- How does internationalization support the relevance of universities to society?
- What responsibility do universities have to enhance the health and well-being, and how can this responsibility be fulfilled?
- What is the role of universities with respect to innovation ecosystems nationally, regionally and globally?

**Join the General Conference in Dublin and contribute to these exciting debates on the relevance and value of universities in order to shape the future!**



## Shape your Association – become part of the IAU Administrative Board!

Elections of the IAU Board members and the next IAU President are an important part of the IAU 16<sup>th</sup> General Conference. Becoming a member of the IAU Administrative Board is a unique opportunity to actively shape the strategic direction of the Association, to meet with peers from around the world and to debate, exchange on pressing matters related to higher education and the future of universities. The term of tenure is 4 years between the General Conference in 2021 and the next one in 2025. The Board members are committed to attend one Board meeting of two days every year held in conjunction with the annual IAU event. The first year (2022) an additional meeting is organized in order to welcome to the new members and plan for the years ahead.



Chaired by the IAU President, the Administrative Board, is composed of twenty elected and two ex officio members as follows: eighteen executive heads of Member institutions and two heads of Member organizations, the immediate past

President, the Secretary General and a number of deputy members. Several Board members have shared their experience with you on these pages and if you are interested in becoming part of the IAU Administrative Board and wish to learn more, please contact IAU and we will provide more detailed information and guide you through the formalities. Please note that the deadline for written submissions of candidacies for election is **10 September 2021**.

### ELECTIONS FOR IAU ADMINISTRATIVE BOARD 2021-2025

#### 🕒 Who is eligible to stand for election as member of the IAU Administrative Board?

The executive head of an IAU Member institution or organisation can stand for election if the following criteria are met:

- The candidate is present at the time of the elections during the IAU 16<sup>th</sup> General Conference.
- The IAU Member institution/organisation is in good standing (including the financial year in which the election falls).
- The candidate has support from executive heads of 5 IAU Member institutions/organisations in good standing (no membership fee arrears).

#### 🕒 Who can vote?

The executive head of an IAU Member institution or organisation in good standing including the year in which the election falls and present at time of the election.

In case the executive head cannot attend the IAU 16<sup>th</sup> General Conference, (s)he can delegate the vote to a representative from the same institution or another IAU Member institution fully paid up including the year in which the election falls. A letter should be addressed to the IAU Secretary General informing her of the delegation of vote.

A representative can only represent one Member. No individual can cast more than one vote.

#### 🕒 For more information, contact:

Nicholas Poulton ([n.poulton@iau-aiu.net](mailto:n.poulton@iau-aiu.net))



*"IAU is a truly special forum for international higher education. IAU invigorates and challenges to reflect on and contribute to the*

*most pressing issues of higher education at the global scale. It provides the most diverse and global perspective of any organization of this type by bringing together university leaders from across the world to discuss aspects of international higher education, of the role and impact of higher education institutions and the regional challenges that we are facing. I consider it a true privilege and honour to have served on the IAU Board, allowing for enthusiastic exchanges with colleagues and guiding IAU towards the future."*

**MARTA LOSADA FALK**  
Former President,  
Antonio Nariño University,  
Colombia



*"Serving on the IAU Board over the last four years has provided me with an opportunity to engage with talented university leaders from*

*around the world, and to develop with them ideas about how we, as universities, can contribute together to building our shared future. It has also given me the opportunity to consider the challenges facing universities from a variety of perspectives, to contribute to a variety of policy debates, and to participate in a range of interesting forums and meetings. The IAU is the global voice of higher education, and participating in the Administrative Board provides the opportunity to maximise contribution to and benefit from the Association."*

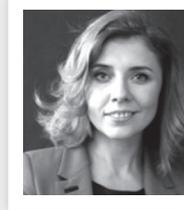
**ANDREW DEEKS**  
President, University College Dublin  
and host of the  
IAU 16<sup>th</sup> General Conference  
Ireland



*"It is an honour to serve as a member of the IAU Administrative Board. Being part of this community is a unique opportunity to*

*learn and gain knowledge. IAU provides members with rich insights, innovative and valuable ideas for our academic and administration careers. I find it astounding to be part of this open platform bringing together universities from all walks of life and irrespective of politics and geography to entertain fresh ideas, respect the diverse views and work to overcome the challenges and necessities of the world we live in. At IAU, we work as a team for the greater good and I am happy to say that those activities and working with international partners have enhanced the management of my University."*

**MAHMOUD NILI AHMADABDI**  
President, University of Tehran  
Iran



*"As the global voice of higher education, IAU has positioned itself as a major advocate for quality learning and research, equality,*

*tolerance and appreciation for diversity and global engagement, strengthening the role of HE and in society. Being on the Administrative Board creates connections with like-minded institutions in order to continue in the same vein, and through shared interests, to implement better practices to achieve the SDGs, embrace the integral role ICTs and digital technologies will have in the future of HE and ensuring a sustainable legacy for future generations."*

**INGA ŽALĖNIENĖ**  
Rector, Mykolas Romeris University  
Lithuania



*"Higher Education is a strategic input for development, equity and inclusiveness. Although Higher Education cannot solve all*

*development problems, it certainly would be impossible without it. IAU and its Administrative Board is a very propitious arena to exchange experiences, views and ideas about how universities can best achieve this important role in societal development. Thus, to be part of the Administrative Board is to me an immense opportunity to share with my colleagues how UDUAL is socially involved and to learn from peers around the world, how they tackle today's challenges. It is a privilege to be part of the IAU and to enrich, together, our endeavours"*

**ROBERTO ESCALANTE SEMERENA**  
Secretary-General,  
UDUAL (Unión de Universidades  
de América Latina y el Caribe)



*"I joined IAU many years ago because of the rich content it provides relevant to my role as University President. I have had the pleasure of*

*co-hosting one of the largest gathering of university leaders worldwide – the IAU General conference on Innovation and Sustainability. Furthermore, I enjoyed taking part in the development of the IAU Global Cluster where more than 50 universities work together to accelerate the contribution of higher education towards the UN Agenda 2030. It has been enriching to represent IAU and the voice of higher education in various fora including at the United Nations and UNESCO. Most importantly, serving the IAU Board has allowed me to develop lasting relationships with colleagues and friends around the world who share the same interest in providing meaningful higher education to change our world in the most positive way."*

**PORNCHAI MONGKHONVANIT**  
President, Siam University  
Thailand

## Highlights from

**IAU  
2019**  
INTERNATIONAL  
CONFERENCE

**TRANSFORMING  
HIGHER EDUCATION  
FOR THE FUTURE**

13-15 NOVEMBER IN PUEBLA, MEXICO



**Benemérita Universidad Autónoma de Puebla (BUAP)** in Mexico hosted the IAU 2019 International Conference in their impressive cultural complex surrounded by artworks and music – a beautiful and inspiring setting to discuss how to *transform higher education for the future*. More than 250 participants from 80 countries attended the conference and took part in the discussions reaffirming the important role IAU is playing by offering a platform for exchange, debate on higher education, its key values, and a place to reflect on how to advance higher education into the future.

### Conference inauguration: *Transforming higher education for the future*

In his welcome speech, José Alfonso Esparza Ortiz, Rector of BUAP, underlined that the university is more than its buildings, books and infrastructures, **the university is a living being and the heart of society that grows, an ethical reference and continuous hope of constant social change**. He further stressed that the role of the university is not simply to create the future workforce, but rather to form citizens able to adapt to their context and find new solutions to persisting challenges. Knowledge acquisition is essential, but it is also about learning to be critical and analytical rather than being conform. Finally, research and researchers are essential for the generation of new knowledge for the future.

IAU Honorary President, Juan Ramón de la Fuente, currently Ambassador and Permanent representative of Mexico to the United Nations delivered the opening keynote for the inauguration. He underlined that in the current context, it is essential to have an association like IAU to convene university leaders from around the world to reflect on the future of higher education, and on how universities can respond to the fundamental challenges of today's societies. **The most pressing issues are interconnected and cannot be solved at the national level, it requires international collaboration to create global solutions to global challenges**. The way forward is through multi-stakeholder collaboration, he stressed. Universities must engage with businesses, civil society, governmental agencies – locally, regionally and internationally. Innovative cross-sectoral investments in higher education are furthermore required to incite changes to the university structures towards more inter-sectoral

collaboration. In his conclusion, he stated that higher education is at the same time the outcome as well as the driver for social progress, and therefore higher education needs to be positioned as the best example of sustainable financing. He stressed that **today decisions are being taken without sufficient data to understand the complexity of the matter. This is the vacuum, that universities must address by providing reliable data and knowledge to inform decision-making**.

### PLENARY I: *Rethinking higher education in a transforming world*

The first plenary session was framed by a video talk by Keri Facer, Professor of Educational & Social Futures, University of Bristol, introducing different narratives about and understandings of higher education and its role in society, to **identify how to conceive higher education in the future as a much more inter-related version, than the one we have inherited from the past centuries which is structured by academic disciplines and a deconstruction of the world**. She questioned whether the universities would be able to contribute to finding the solutions to the complex and intertwined challenges of today's society if these structures continues to be taken for granted.

Jesús López Macedo, General Director of Strategic Partnerships, National Association of Universities and Higher Education Institutions (ANUIES), Mexico presented the road ahead for the Mexican higher education system underlining that one of the key challenges in Mexico is inequalities. However, he stressed that improving the national system, increasing enrolment and improving quality assurance policies in line with the ambitions



of the strategy, are only going to happen if the necessary financial resources are invested in higher education. He also called for more attention to **providing the necessary soft skills to students and to adapt to technological challenges, to fostering innovation and relevance of the academic programmes by allowing more flexibility in the curricula and finally to leveraging the potential of technology to increase enrolment.**

Barnabas Nawangwe, Vice-Chancellor, Makerere University, Uganda, started his speech by reminding the participants that the higher education systems in Africa are unfortunately still heavily impacted by the World Bank strategy in the eighties where governments were advised to consider higher education as a private good and to prioritize public investments in basic education. **Today, in order to respond to the population growth, Africa is looking into leveraging the potential of technology and online solutions to address this important obstacle as the higher education infrastructure, which will not be able to grow in the same pace as the demand.**

Raquel Isamara León de la Rosa, Professor and Researcher, Benemérita Universidad Autónoma de Puebla (BUAP), Mexico in her presentation underlined the importance of higher education to respond to the 21<sup>st</sup> century challenges and she stressed that **it is essential to move towards more inter-disciplinary approaches to higher education to build a sustainable future.**

## PLENARY II:

### *Between tradition and innovation*

In this plenary session, the speakers were invited to share their thoughts on the tensions between tradition and innovation when transforming higher education.

Philip Landon, Vice-President, Governance and Programs, Universities Canada presented how indigenous peoples in Canada is using traditions to innovate in universities in Canada. He explained how Canada through education is trying to make up for the past cultural genocide of indigenous people and how education is a crucial means to move forward in this reconciliation process. He stressed that through this process Canada is seeking to **use traditional knowledge as a means to dismantle current structures and innovate within the universities to ultimately have indigenous populations better represented at the university in education and research.**

Rosa G. Montes Miró, Director of International Education Centre, BUAP, Mexico suggested that current challenges we are going through represent an opportunity to review and reconsider some of processes of tackling the challenges. She used the example of BUAP, with a history of over 400 years to demonstrate how the core values and principles upon which higher education is developed have remained relevant over time. She recalled the importance of recognizing higher education as a common

global good as well as the importance of social responsibility, partnerships and of building synergies between institutions rather than repeating work in isolated entities. **She concluded stressing that we must share our common strengths to provide collaborative and innovative solutions to common recurrent challenges.**

Manikrao M. Salunkhe, President, Association of Indian Universities, India discussed the paradox between tradition and innovation and argued that **tradition is also a reference to stability and routine and the type of structure that is needed in order to integrate innovation and change, concluding that tradition and innovation go hand in hand.**

### FINAL PLENARY:

#### *Creating the future of higher education (Designing solutions)*

The closing plenary session was forward looking and debating how to 'create the future of higher education' and designing solutions to the challenges encountered.

Francisco Marmolejo, Lead Education Specialist for India at the World Bank, called for the university of the future to be much **more inclusive of the voices that are usually not being heard, among other the voice of the students. They should be more involved in defining the future of their education system and the universities should be the facilitator and enabler of such processes.** He stated that the demand for higher education increases, but the challenge is to predict how the universities should transform; he presented three ways of dealing with this unpredictability, namely, reacting, emulating or proactively engaging in fostering change. 'Reacting' universities are purely minimizing the risks of change; 'emulating' institutions are integrating popular emerging trends inspired by others, however universities 'proactively engaged' are actively contributing to

shaping the **universities of the future and to disrupting the system without being constrained by the current structures. He further underlined that universities of the future should be internationally engaged but locally rooted and involved in their community; they make knowledge freely available and they engage actively in bringing about a better world.** Once the ambition for the future is defined, the challenge is to ensure its creation, recalling that there is not one solution that works for all. It is also a matter of convincing policy makers, parents and students that more of the same is not the way forward, there is a need for disruption.

Sebastian Camargo Martinez, PhD Candidate, BUAP, Mexico, focused his presentation on the mental health of PhD students, **calling for appropriate attention of the mental health of students designing the future of education.**

Andrew Deeks, President, University College Dublin, Ireland, and IAU Board member recalled that it is rather difficult to imagine the future, particularly in a world of rapid changes, particularly geo-politically. He proposed instead that the universities around the world should work together to design the future that we want and start delivering on it. **The universities contain the knowledge of the world, some of the brightest individuals, and a space to think – that many other institutions do not have. We therefore have a duty to work together to imagine the future and then to make it happen.** He argued that there is still a need for the expertise and specialization of the academic disciplines even if it represents a deconstruction of the world. However, it is important to better integrate across the disciplines. **He stressed that one of the challenges in inter-disciplinary work is that each discipline comes with a culture, a specific language, which makes the inter-disciplinary work an intercultural exercise.** He also stressed the need to explicitly develop the definition of the people skills, among which the intercultural, communication, presentation,



team-working and digital skills, and called for the need to be educated in an environment of creativity and innovation to generate leaders of innovation in society. While those skills are essential for the students, they are likewise important to develop within the faculty, because although the faculty have the expertise in their respective domains, it does not mean that they have the people-skills that the students are expected to acquire. **We need dialogue across the university and across the world, in order to design these transformations.**

These glimpses from the conference represent only a few of the messages that came out of the numerous debates and discussions that took place during the Conference in Puebla. Presentations and recordings of many of the sessions are available online at [www.Etouches.com/iau2019](http://www.Etouches.com/iau2019).

IAU warmly thanks the Rector and all colleagues at Benemérita Universidad Autónoma de Puebla (BUAP) for their wonderful contributions to make the conference a very special and memorable event and for having introduced participants to the Mexican culture with dances, arts and flavours throughout the Conference.

**MAKE SURE THAT YOU TAKE PART**  
in the next series of conversations during the  
**IAU 16<sup>th</sup> GENERAL CONFERENCE**  
in Dublin, Ireland  
(26-29 October 2021)

**GLOBAL MEETING OF ASSOCIATIONS (GMA VIII)**

*Organized in collaboration with UDUAL and hosted by BUAP*



40 participants, representing university organizations and networks from the different regions of the world, came together to discuss the role of organizations in contributing to the transformation of higher education for the future. The organizations also discussed how to collaborate and advocate for important concerns of higher education, to share information and to collectively be a stronger voice for higher education in the world.

In the inauguration keynote, Henning Jensen, Rector of the University of Costa Rica, and President of UDUAL, stressed that *“Universities play a fundamental role in the empowerment of society, but it is necessary to undertake self-evaluation processes, long-term planning, internal and international dialogue, and negotiation, and a radical self-critical attitude in order to preserve our essential character in society. Amid tumultuous times, allow me please*

*to invoke an old fashioned concept: we need a new Enlightenment. In other words, we need to radicalize Reason through Reason, universal values through universality.”*

The Global Meeting of Associations (GMA) convenes leaders of associations and organizations every two years to discuss collaboration and pressing matters of higher educations among peers.



# IAU STRATEGIC PRIORITIES



## Internationalization

Internationalization of higher education is an inevitable process in the era of globalization and a deliberate strategy for improving quality and relevance of higher education and research. IAU focuses on the academic rationales, the equitable and collaborative nature of the process and aims to minimize the adverse effects of international interactions when these take place in highly unequal and diverse contexts among HEIs with different resources, needs and interests.

### INTERNATIONALIZATION OF HIGHER EDUCATION: IS IT ALL ABOUT THE MONEY?

#### Introduction

Internationalization of higher education is a complex phenomenon for which there is no single model. Rationales, objectives, strategies and activities implemented depend on the specific situation of an institution (nature, geographic location, etc.). However, the range of ways in which internationalization is implemented is not infinite and, considering rationales, four main types are commonly identified: academic, social/cultural, political and economic. In recent years, a gradual shift from political to economic rationales for internationalization occurred with many institutions increasingly looking for internationalization activities as a way of generating alternative sources of income. This poses a question: is internationalization all about the money?

The IAU 5<sup>th</sup> Global Survey collected replies from 907 Higher Education Institutions (HEIs) from 126 countries around the world and data were analysed both at global and regional levels. The results of the 5<sup>th</sup> Global Survey on Internationalization of the International Association of Universities help answer this question.

#### Benefits of internationalization

In the IAU 5<sup>th</sup> Global Survey there were different questions which investigated the economic aspect of internationalization. Although there was no exact question on the rationales for internationalization, the question about the benefits of internationalization included, among the possible responses, “Increased/diversified revenue generation”. At global level, very few institutions selected this option as first, second or third most important. In fact, this option is the last among all possible options (see Figure 1).

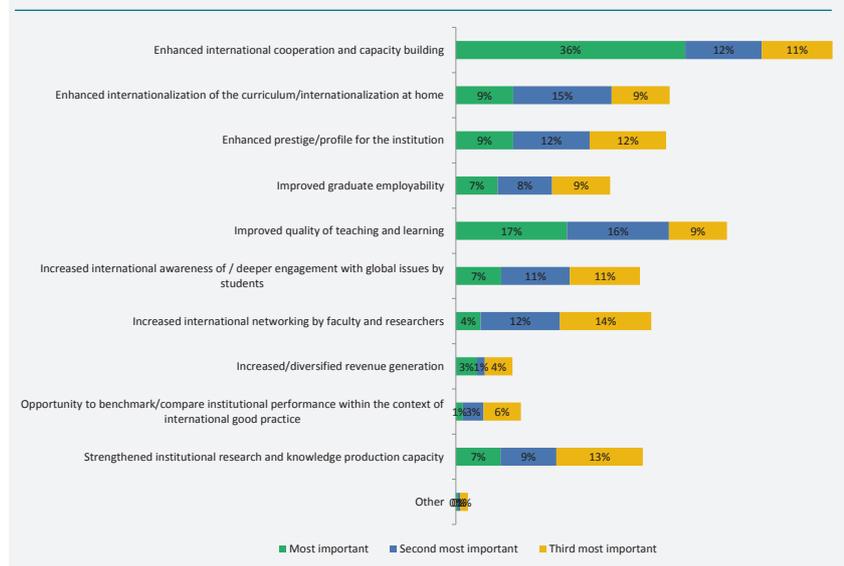
However, it is worth noting that, at regional level, in North America<sup>1</sup>, this benefit is the third most important. This result suggests that for North American HEIs, revenue generation is an important rationale.

#### Sources of funding for internationalization

The IAU Global Survey also investigated the main sources of funds for internationalization. At global level, the majority of HEIs clearly replied that the most important source is the general institutional budget. This could mean that at many HEIs, internationalization is not a revenue generating process.

At regional level, it is worth noting that the only region where respondents have not selected the general institutional budget as the main source of funds for internationalization is Europe. In Europe, the main source is external public funds. This might not be surprising, due to the presence and importance of public funding for internationalization in Europe, including the ones coming from the European Commission (Erasmus+, Horizon2020). In North America, while the general institutional budget is selected as the most important source, the second most important is “funds generated from international students fee”. This result indicates once more that in North

Figure 1. Top three most important benefits of internationalization



1. In the IAU Survey North America is composed of only two countries, Canada and the United States of America.

America generating revenue is definitely an important rationale for internationalization.

### **Obstacles to internationalization**

The analysis of the internal and external obstacles to internationalization clearly points out the importance of financial resources. “Insufficient financial resources” is selected as the main internal obstacle by respondents both at global level and in all regions; “Limited funding to support internationalization efforts to promote our higher education internationally” as the main external obstacle. It is therefore clear that the economic aspect of internationalization matters and that lack of funding could be a major obstacle to the implementation of internationalization.

### **Risks of internationalization**

The analysis of risks, for both institutions and society, gives more insights on the economic aspect of internationalization. “International opportunities accessible only to students with financial resources” is selected by respondents as the most important risk for institutions at global level and at regional level in the Americas, while it is the second in all other regions. “Commodification and commercialization of education” is selected as the most important risk for society in Europe and Asia & Pacific, while it is selected as the second most important in all other regions and at global level. These results clearly indicate the importance of financial resources in order to implement internationalization and the risk that the economic aspect of internationalization becomes predominant, thus causing inequality.

### **Funding for internationalization activities**

The last question of the IAU Global Survey that provides information on the economic aspect of internationalization is the one on the change of the level of funding for internationalization activities in the last three years. The

results show that, at the majority of HEIs, funding has either increased or remained stable for all activities.

Considering that the majority of respondents identified the institutional budget as the main source of funds for internationalization, it means that external financial resources, while important and possibly limiting to the development of internationalization are not essential. Said in other words, institutions are also investing their own resources in internationalization activities.

### **Conclusion**

The results of the 5<sup>th</sup> IAU Global Survey indicate that the answer to the question “is internationalization all about the money?” is no, but at the same time, they indicate that the economic aspect of internationalization is important and affects the way in which internationalization is implemented. At regional level, North America is the only region where an economic rationale for internationalization (revenue generation through international students) seems to be important. Internationalization is a process with an aim, which is not necessarily only economic in nature. It is clear that many internationalization activities, like for instance student mobility or international research, need funds to be implemented and, at the same time, can be sources of revenues for institutions. However, it would be wrong to conclude that internationalization is only about the money. Other important rationales are at play and not all internationalization activities are expensive. For instance, internationalization of the curriculum/internationalization at home, which according to the respondents of the 5<sup>th</sup> IAU Global Survey is an important aspect of internationalization and which contributes to achieve important objectives such as providing students with international and intercultural perspectives, does not require huge financial resources.

## **GET INVOLVED**

### **🔗 Need help to advance internationalization of higher education? ISAS (2.0) is there for you!**

In the year 2019, three IAU Member institutions undertook one of the ISAS (2.0) services.

**Toyo University** in Japan undertook an “*Assessing Strategy and Monitoring Achievements*” service in order to have an external assessment of its internationalization strategy, activities and monitoring framework in place. The outcomes of the project (including the self-assessment report and the expert panel’s report) are available on Toyo University’s website at: <https://www.toyo.ac.jp/en/international-exchange/tgd/sgu/isas/>

**RUDN University** in Russia and the **University of Bologna** in Italy, undertook “*Achieving Comprehensive Internationalization*”, the ISAS (2.0) service which assess to what extent HEIs are achieving Comprehensive Internationalization.

Other services available to higher education institutions under the ISAS (2.0) programme are:

- “Planning and Strategy”, which supports HEIs at an early development stage of internationalization and accompanies them in the process of creation of an internationalization strategy.
- “Enhancing a specific area of internationalization”, which allows HEIs to focus on a particular area of internationalization requiring special enhancing and monitoring efforts.

At whatever point in the internationalization journey your institution is, if you need support and advice, there is an ISAS (2.0) service to help you!

**For more information, please contact Giorgio Marinoni at:** [Giorgio Marinoni \(g.marinoni@iau-aiu.net\)](mailto:g.marinoni@iau-aiu.net)



# Higher Education and Research for Sustainable Development

Future well-being of humanity and the planet depends on successful resolution of the interconnected challenges of economic, social, cultural, and environmental sustainability. IAU's actions in support of *Transforming our world: the 2030 Agenda for Sustainable Development* and related Sustainable Development

## FINANCING SUSTAINABLE DEVELOPMENT AT HIGHER EDUCATION INSTITUTIONS

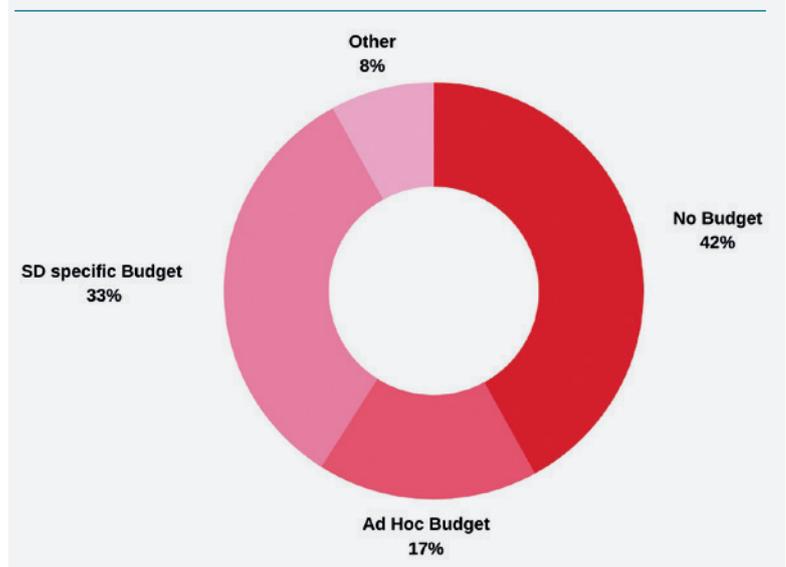
When in 2015 *Transforming our world: the 2030 Agenda for Sustainable Development* and the related 17 *Sustainable Development Goals (SDGs)* were adopted, criticism was plentiful: too broad, too many, and maybe most importantly, too expensive (Economist, 2015). In 2020, we are off track to achieve the ambitious goals by 2030, not least due to the fact that financing for sustainable development is increasing too slowly with the expected broad commitment from companies and philanthropy organisations only to pick up now. The UN System is starting to look at different kinds of financing, with UNESCO hosting the first Partners' Forum – Structured Financing Dialogue in 2018. The *UN High Level Political Forum (HLPF)* in 2019 had for the first time a special event on Philanthropy and the SDGs, which is another sign that financing structures are about to change.

Financing of sustainable development initiatives at universities and other higher education institutions (HEIs) is a complex topic as there is not just one kind of university and not just one kind of sustainability initiative. There is no one-size-fits-all approach. Nevertheless, it is possible to pinpoint some general developments in the sector and to highlight funding possibilities that might be applied to different initiatives.

According to the *2<sup>nd</sup> IAU Global Survey on Higher Education for Sustainable Development (HESD)*, which was conducted in 2019 and received 536 responses, budget allocation for sustainable development has increased at 42% of institutions, compared to only 9% where the budget decreased during the last five years. Some institutions saw an increase of 100% in their sustainability budget. Yet, this is only true for the 50% of respondents who indicated that there was a budget available for sustainable development at their institution, no matter if *ad hoc* or allocated in the



Figure 1. Financial support for sustainable development



overall budget. Those budgets range from 0.7% to 10% of the overall annual budget, with some universities spending over 5 million € annually on sustainability initiatives. Still 42% of HEIs indicated that there was no specific budget available for

sustainable development (Mallow, Toman, van't Land, 2020) (see Figure 1).

Overall, the 2<sup>nd</sup> IAU Global Survey on HESD found that the adoption of the 2030 Agenda for Sustainable Development in 2015 led to an increased interest in sustainable development at HEIs, which is possibly also the reason for the large amount of universities that saw their sustainability budget increase.

Nevertheless, the adoption of the ***Transforming our world: the 2030 Agenda for Sustainable Development*** and the related 17 ***Sustainable Development Goals (SDGs)*** is not a panacea when it comes to financing. While it is true that more money is available for projects related to the sustainable development, the SDGs are still heavily underfunded. To address this issue, the Secretary General of the United Nations, António Guterrez, proposed a *Roadmap for Financing the 2030 Agenda for Sustainable Development*. Education is part of the roadmap, with the UN vouching to support Member States in their efforts. This means that the main part of funding for higher education will still have to come from countries, foundations and the private sector.

Therefore, funding available for HEIs is highly depended on their location, and on the kind of initiative planned. Some suggestions in the comments of the second IAU Global Survey on HESD on financing sustainability initiatives include to establish a revolving fund. This means that the university invests money in a fund, that is then used to support different kinds of projects. Money made through a project is then reinvested, one example of a university that has done this successfully is the University of Saskatchewan in Canada. Other universities have included sustainable development into their overall budget, putting aside a specific amount for sustainability. For some, sustainable development is funded on project basis, with funding coming from sources of the institution as well as external funding.

Yet, despite an increase in funding sources, almost all respondents of the 2<sup>nd</sup> Global Survey on HESD indicated that they do not have enough funding, in particular for non-research projects. In fact, funding was stated as the biggest obstacle in the survey when it comes to implementing sustainable development projects at HEIs.



This does not mean that there are no great projects – even with little to almost no funding. Some of the most impactful projects that IAU is aware of have been realized with few resources, mostly thanks to the commitment of volunteers and the creative use of already available resources. For a list of initiatives developed to foster and sustainable development at HE and through HE, please go to the **IAU Global Portal on HESD**: [www.iau-hesd.net](http://www.iau-hesd.net). Please do also share new examples that will inspire colleagues from around the world.

In conclusion, financing sustainable development at HEIs continues to be a problem, although thanks to the 2030 UN Agenda more resources are available. In many cases, universities themselves are required to set aside a portion of the budget for sustainable development, since third party funding is difficult to acquire and since initial funding is required in order to apply for grants. Nevertheless, higher education is becoming more oriented towards sustainable development, also thanks to the SDGs, and as the United Nations is searching for ways to fund the SDGs in general, more funding will also become available for higher education.

## GET INVOLVED

🔗 **Contribute to the IAU Global Portal on HESD and share your initiatives with us!**  
[www.iau-hesd.net](http://www.iau-hesd.net)

🔗 **Interested in attending the High Level Political Forum in New York 2020?**

Contact us to see if there is a possibility to come as part of the IAU Delegation.



# Technology in Higher Education

ICTs and their impact are ubiquitous in all aspects of higher education worldwide. Yet, for various reasons the inclusion of and the reflection on how best to use ICTs in all functions of higher education is uneven from region to region, from country to country, and among institutions. The aim of IAU’s action in this area is to promote the opportunities and discuss the challenges and, through collaboration and exchange, to pursue that the potential is unlocked for all.

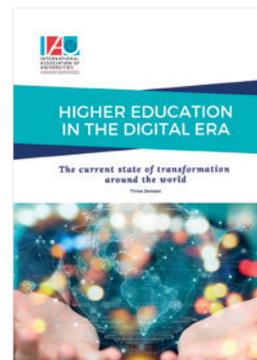
IAU STRATEGIC PRIORITIES

## FINANCING THE DIGITAL TRANSFORMATION – BETWEEN POTENTIAL AND REALITY

On one hand, technological developments are exciting and inspiring as they come with an untapped potential for exploring new opportunities for tackling challenges facing societies, and opportunities in terms of teaching, learning and research. Yet, at the same time, the opportunities for exploring and leveraging the potential of technology are very different from one country to another and within countries, which means there is a great risk of exacerbating divides and inequalities. It means that the mission is twofold: there is a need to consider and explore the opportunities while analysing and mitigating the risks, negatives consequences such as inequalities, biases and breaches of rights.

The In focus section of this magazine zooms in on higher education financing and how it affects the development of the sector. IAU recently carried out an open consultation on technology in higher and this gives the opportunity to look at the data placing focus on outcomes related to financing. The consultation received 1,039 replies from 127 countries around the world. The full set of results of this consultation and information about the sample are available in the report: *‘Higher Education in the digital era: the current state of*

*transformation around the world’* on the IAU website ([www.iau-aiu.net/technology](http://www.iau-aiu.net/technology)).

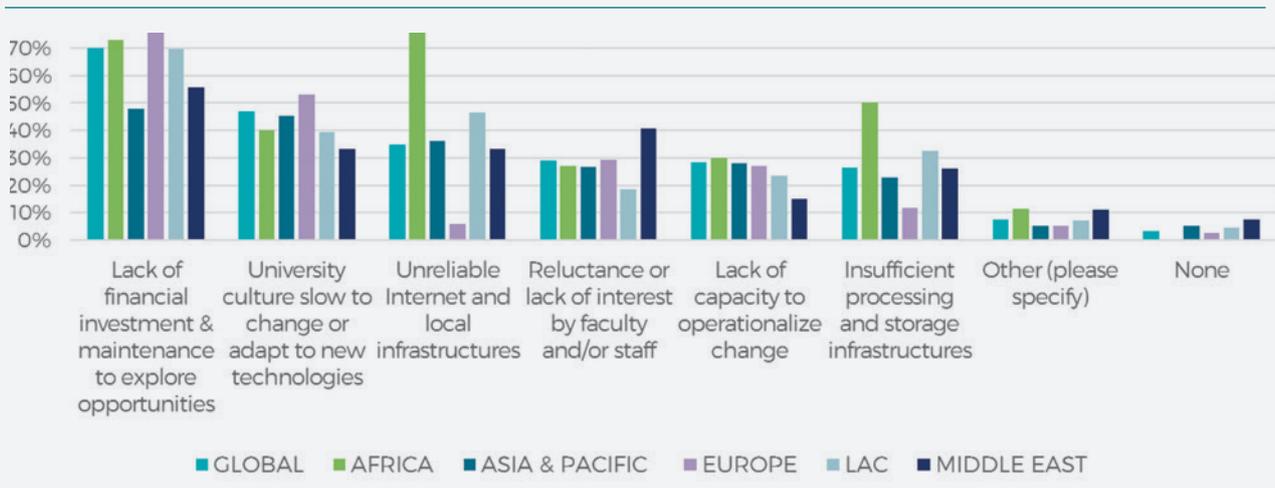


### Are national higher education policies conducive to digital transformation?

The first part of the consultation examined to what extent the external context of the higher education institutions (HEIs) is conducive to digital transformation, by assessing national policies and higher education regulations.

The results were very divided among the respondents and this was the case in all regions. The respondents could choose from a scale of 4 options whether policies and regulations were ‘highly supportive’ (16%), ‘somewhat supportive’ (32%), ‘variably supportive and constraining’ (36%) and ‘mostly unsupportive’ (17%). The same question was asked focusing on national financial frameworks and, in this case, there was a move towards a more critical assessment with 43% of the respondents indicating ‘variably support and constraining’ and 24% ‘mostly unsupportive’ leaving only 7% in the ‘mostly support’ and 26% ‘somewhat supportive’. Although there were some differences as to what

**Figure 1. Major Challenges to Digital Transformation (C1)**



extent national frameworks, policies and regulations were considered conducive to transformation, the 'national financial frameworks' were considered as the most important constraint in all regions. However, in Asia and the Pacific, the national higher education policies, regulations and systems were considered more conducive to transformation and in Europe less so when compared to the other regions. So while policies and regulations are somewhat conducive to digital transformation of higher education, the financial investments are considered insufficient, particularly in Europe.

### **Barriers to digital transformation at the institutional level**

The second part of the consultation aimed to assess levels of digital transformation at the institutional level from governance, education to research. It also assessed the key achievements as well as the main obstacles to digital transformation. With regards to the challenges as showed in **Figure 1**, the lack of 'financial investments to explore opportunities' is the most important barrier to digital transformation (70%) and Europe (83%) and Africa (73%) are above the global average. However, Africa is the only region identifying another challenge as more important which is 'unreliable internet and local infrastructure' (80%). In contrast, in this category only 6% in Europe indicate this as a challenge. It is therefore interesting to note that Europe – one of the regions in the world with the highest internet penetration – is also the region with the highest percentage of replies indicating the lack of financial investment as the key obstacle to pursuing digital transformation. This shows that it is not simply a matter of having the basic infrastructure in place and then being able to leverage the potential. Rather, the trend is that the more access you have to the basic infrastructure, the more investment is required to further develop the potential of technology. If this trend holds true, it is a worrisome prospect for countries and regions that are still struggling to get the basic infrastructure in place.

### **Perceptions about the future – in between the potential and reality**

The final part of the consultation focused on the perception of a series of statements about digital transformation. For some statements, there were agreements among respondents, and for others the views were more divergent. For the statement: "digital transformation and new technologies are essential to improving higher education" 79% of all respondent 'fully agreed', however when considering only the replies from Africa

97% agree. Another question we asked the respondents was whether they believe that "digital transformation and new technologies will lower the cost of higher education?" To this question, the global average is 39% that strongly agrees with the statement, however, Africa is beyond the global average (58%). On the other side of the scale, disagreeing with the statement, Europe is the only region above the global average. When combining the results of 'somewhat disagree and 'strongly disagree' the global average is 23%, for Africa it is 15% and for Europe 39%.

Overall, the results of the consultation showed, that there is a gap between the potential that technology brings about to transform higher education and the pace in which higher education institutions are transforming. It also showed that Africa is the region that reports the most important challenge in terms of access to basic internet and infrastructure that allows to explore digital opportunities, but it is also the continent where the expectations are the highest in terms of solutions that technological developments will bring about. On the other hand, Europe, one of the regions with the most advanced infrastructure and internet penetration, is at the same time the region which is the most cautious about the cost and the financial investment that are required in order to leverage the potential.

Returning to the tensions between the opportunities and the risks, it is important to aspire for utopia; we need visionary leaders to advance and innovate, but it is likewise important to acknowledge that leveraging the potential of technology in higher education is far from simple and it most certainly comes with a price. While new technological developments hold a lot of untapped potential and promises, a crucial question remains how to make it a global responsibility to ensure equal access, to facilitate knowledge transfer, exchange of experiences in order to build bridges rather than divides. This is what the IAU is striving for through collaboration among Members.

The open consultation was carried out to take stock of the current state of transformations around the world and to inform a new IAU Policy Statement: *Transforming higher education in a digital world for the common global good*, which will be presented to the IAU 16<sup>th</sup> General Conference, hosted by University College Dublin (UCD), from 26 to 29 October 2021. Ultimately, the purpose of this Statement is to outline guiding principles and values to shape an inclusive, ethical and purpose-based digital transformation.

## GET INVOLVED

👉 Join the discussions on how to move from the principles of the new IAU Policy Statement to action during the General Conference in Dublin, Ireland

# IAU KNOWLEDGE HUB

## New IAU publications

### IAU 2<sup>nd</sup> Global Survey Report on Higher Education and Research for Sustainable Development



The 2<sup>nd</sup> *Global Survey Report on Higher Education and Research for Sustainable Development* shows the importance of Universities and other Higher

Education Institutions (HEIs) in the achievement of the Sustainable Development Goals (SDGs). It stresses the strong commitment of universities and higher education institutions to *Transforming our world: the 2030 Agenda for Sustainable Development*. The report further analyses how universities engage with the SDGs in particular and how they promote sustainable development more broadly speaking. <http://www.iau-hesd.net/>

### Higher Education in the Digital Era: The current state of transformation around the world



The report *Higher Education in the Digital Era: The current state of transformation around the world* presents the results of the Open Consultation

carried out by IAU to take stock of the current state of digital transformation of and in higher education. The consultation was carried out to inform the development of a new policy statement and it therefore also includes a perspectives on the risk of inequalities, the ethical implications and how to jointly leverage the potential of

technological developments for a sustainable future. Freely available at <http://iau-aiu.net/technology>

### The International Handbook of Universities (IHU)



The *International Handbook of Universities* was first published in 1959 in response to the growing demand for authoritative information about

higher education systems and institutions. It has grown considerably over the years in both the quantity and quality of entries, and currently includes more than 18,400 higher education institutions that offer at least a 4-year degree or a 4-year professional diploma in 196 countries and territories. The 29<sup>th</sup> edition is for the first time released in e-format and in print on demand and IAU Members benefit of an advantageous discount. **Contact:** [centre@iau-aiu.net](mailto:centre@iau-aiu.net)

### IAU 5<sup>th</sup> Global Survey report on Internationalization of Higher Education



The 5<sup>th</sup> IAU Global Survey Report on Internationalization of higher education, released 5 years after the previous report, compares the data with previous

findings, monitors change and captures new emerging trends. It provides a holistic description of internationalization around the world based on input from 907 HEIs in 126 different countries. It is the most geographically comprehensive collection

and analysis of primary data on internationalization of higher education ever undertaken covering all aspects of internationalization from policy and activities to research, human resources and staff development, student mobility and the design of curricula. Published by DUZ Academic Publishers, it is available for purchase at: <https://iau-aiu.net/internationalization>

### Higher Education Policy (HEP)



**HEP 32/4**  
**December 2019**

was a special edition entitled *The Governance, Policy and Strategy of Learning Outcomes Assessment*

*in Higher Education*. Papers look at, amongst others, implications of for post-secondary education that arise out of K-12 testing, initiatives to improve learning quality, governance architectures arising from information derived from learning assessment, and assessment of student learning in Chinese higher education.

**HEP 33/1 March 2020** was the first

issue of HEP of the year and includes papers that look at the development of private universities in socialist China, policy reform in Ireland's higher education system, the effects of international student mobility in Luxembourg's higher education system, a report on the findings of a case study about the Canada-Cuba University Partnership (CCUP) and shifts in the structures of Ukrainian higher education and research based on historical institutionalism with a focus on the dynamics of change and stability during critical junctures.

# WORLD HIGHER EDUCATION DATABASE



## IAU has developed a unique identifier for each accredited higher education institution in the world: The Global WHED ID.

IAU is pleased to share that a unique identifier (Global WHED ID) has been attached as a permanent code to all universities and other higher education institutions (HEIs) listed in the **IAU World Higher Education Database (WHED)**. It is bound to emerge as the global standard for identifying HEIs. This is an important practical contribution towards realizing the objectives of the **UNESCO Global Convention on the Recognition of Higher Education Qualifications**.

The WHED is an online data portal which provides authoritative information on some 19,600 accredited HEIs, as well as on education systems and credentials in 196 countries and territories. It has been developed and is maintained in collaboration with UNESCO.

As only officially accredited HEIs are listed, the WHED is essential for governments, international agencies, grant-awarding authorities, universities, human resource departments, researchers and many more to navigate the global higher education landscape. This is even more the case now that we have launched the Global WHED ID, a unique identifier for each HEI, in the context of the recently adopted Global Convention.

The UNESCO Global Convention aims at facilitating academic and professional mobility and transparency in the ever-expanding field of higher education. What is more, the Convention privileges the individual applicant to have its qualifications checked for the purpose of study or employment; the Convention thus shifts the burden of proof to the national recognizing body of the receiving country.

The WHED, and even more so now with the Global WHED ID, is a crucial resource in this recognition process as it

- ensures easy **access** to and **reliability of information**;
- contributes to **fair** and **transparent procedures** and best practices for recognition and quality assurance globally;
- facilitates **communication** within the global higher education community and government institutions;
- provides greater **administrative certainty**;

- **helps combat fraud** in higher education and safeguards **academic integrity**.

According to the Convention, each signatory shall “provide access to authoritative and accurate information on its higher-education systems, qualifications, quality assurance, and qualification frameworks” and facilitate dissemination of their own and that of other States Parties’ higher education systems (40 C/31, Art.VIII, 5a+b).

**The WHED is a crucial partner** in this process as it lists all the requested information highlighted by the Convention. It is therefore in the interest of all parties to work together for its further development and maintenance. Firstly, because IAU recognizes that higher education, both private and public, is a public good and a public responsibility; and secondly, because it is in the common interest to overcome the practical challenges that arise in consequence of the Global Convention.

The IAU Global WHED ID is to be used by a wide variety of stakeholders within the higher education community. IAU invites all universities to start using its Global WHED ID in all its communications and on its websites. Every IAU Member also benefits from a designated permalink, which can be used in your communications to link directly to your profile in the WHED. Each identifier is made up of six digits and is presented as e.g. IAU-012345.

➔ For more information contact:  
**Andreas Corcoran** ([a.corcoran@iau-aiu.net](mailto:a.corcoran@iau-aiu.net))

### CHECK OUT THE PROFILE OF YOUR INSTITUTION ON WHED

Make sure you have received the unique WHED ID.

To update your profile and for further information, please contact: [whed@iau-aiu.net](mailto:whed@iau-aiu.net)

WHED, the world of higher education at your fingertips  
**[www.whed.net](http://www.whed.net)**



# IAU Membership News

## NEW MEMBER INSTITUTIONS

### BOTSWANA

Botswana International University of Science and Technology – <https://www.biust.ac.bw/>



### SYRIA

Al-Sham Private University  
[www.aspu.edu.sy](http://www.aspu.edu.sy)



### ITALY

University of Rome Unitelma Sapienza  
[www.unitelmasapienza.it](http://www.unitelmasapienza.it)



### UGANDA

Kampala International University  
[www.kiu.ac.ug](http://www.kiu.ac.ug)



### INDIA

O.P. Jindal Global University  
[www.jgu.edu.in](http://www.jgu.edu.in)



### UNITED ARAB EMIRATES

Hamdan Bin Mohammed Smart University Dubai  
[www.hbmsu.ac.ae](http://www.hbmsu.ac.ae)



### DIT University

[www.dituniversity.edu.in](http://www.dituniversity.edu.in)



### UNITED STATES OF AMERICA

Fairmont state University  
<https://www.fairmontstate.edu/>



### JAPAN

Tokai University  
[www.u-tokai.ac.jp](http://www.u-tokai.ac.jp)



## NEW MEMBER ORGANIZATIONS

### LEBANON

American University of Beirut  
[www.aub.edu.lb](http://www.aub.edu.lb)



Conference of Rectors of Roman Pontifical Universities and Institutions  
[www.cruipro.net](http://www.cruipro.net)



Lebanese International University  
[www.liu.edu.lb](http://www.liu.edu.lb)



## NEW AFFILIATES

### MALDIVES

Mandhu College  
[www.mandhucollege.edu.mv](http://www.mandhucollege.edu.mv)



Association Columbus  
[www.columbus-web.org](http://www.columbus-web.org)



### DEMOCRATIC REPUBLIC OF THE CONGO

Institut Supérieur d'Informatique et de Gestion  
[www.isig.ac.cd](http://www.isig.ac.cd)



Académie de recherche et d'enseignement supérieur – [www.ares-ac.be](http://www.ares-ac.be)



### ROMANIA

University of Agronomic Sciences and Veterinary Medicine of Bucharest  
[www.usamv.ro](http://www.usamv.ro)



International Higher Education Teaching and Learning Association  
<https://www.hetl.org/>



### SAN MARINO

University of the Republic of San Marino  
[www.unirmsm](http://www.unirmsm)



### SRI LANKA

Sri Lanka International Buddhist Academy  
<https://www.siba.edu.lk/>



## NOT YET A MEMBER?

Join the growing global higher education community now!

More information on <https://iau-aiu.net/Join-IAU>

Contact: [j.becker@iau-aiu.net](mailto:j.becker@iau-aiu.net)



# IN FOCUS

## How are financing models influencing the future of higher education?

The common ambition of continuously advancing higher education and its responses to the global challenges of our time are often what brings Members together at the International Association of Universities (IAU). Yet, transformation, new initiatives and opportunities, the pursuit of quality and excellence as well as restructuring of priorities are often linked to questions of cost and financing of higher education. This 'In Focus' section is therefore devoted to higher education financing and to discuss *how funding models are influencing the future of higher education*.

When we decided on this topic in December 2019 and invited authors to contribute during the month of January 2020, we were unaware of Covid-19's future spread and of how this pandemic was about to disrupt the world and lockdown societies across the globe. When writing this introduction, countries are still using unprecedented quarantine measures which were unimaginable just a month or two ago. The economic repercussions of this pandemic will be important. Countries are dealing with the emergency response to the pandemic, and it is too soon to tell how it will affect the higher education financing. However, this challenging situation only emphasizes the importance of the topic of this 'In Focus'. This said, please keep in mind that all articles were written and submitted before the global outbreak.

While the discussions and views presented by the authors are developed prior to this current pandemic, it does not make them less relevant, on the contrary. Many of the articles demonstrate the strains regarding higher education financing, the tensions between declining public funding versus an increasing demand of enrolment. Behind the different funding models, there is also an underlying, yet, important discussion about the purpose and mission of higher education and to what extent it is a common global good, an individual commodity or somewhere in between. One can only imagine that the current pressure on higher education systems around the world will increase in the aftermaths of the current pandemic.

Higher education financing is a complex topic that does not come with simple answers nor universal approaches. This series of 26 articles from all continents shows that it is a topic that is high on the agenda in all countries around the world. Funding models are governed by national policies and regulations, which are different from one context to another, and it is therefore not the aim of this 'In Focus' to attempt to demonstrate a solution that fits all, but rather to raise awareness of the different challenges and potential solutions proposed and to provide food for thought, as we prepare to confront the world post Covid-19. We warmly thank the authors for their introductions to some of the pressing issues, current trends in terms of higher education financing and their insightful thoughts about how these will impact the future of higher education.

The first part includes articles presenting a **global perspectives** or inter-regional considerations on higher education financing. This section is followed by a regional outlook for **Africa, Asia & the Pacific, Europe, Middle East, Latin America & the Caribbean** and **North America**. These regional sections include articles outlining trends or regional considerations followed by one or two country examples such as **South Africa, India, China, Switzerland, Jordan, Lebanon, Chile, Brazil** and the **USA**. We hope that you will enjoy reading this rich series of papers and that they will stimulate reflection and mutual understanding among higher education leaders around world.

The higher education sector was already under severe pressure in many countries prior to Covid-19, and it will next be important to debate the potential consequences that the HE systems around the world may experience post Covid-19.



## GLOBAL PERSPECTIVES

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# GLOBAL PERSPECTIVES

## 01 Global trends in higher education funding – the pressures of competition and selectivity



by **Pedro Teixeira**, *CIPES and Faculty of Economics, University of Porto, Portugal*

There is probably no other matter in higher education that attracts so much attention as funding. Although funding is largely regarded as an instrument to

support institutions in pursuing their mission, it has become the most important single issue for institutional leaders and policy-makers (Teixeira, 2009). This has been particularly the case in recent years as higher education institutions face an increasingly complex context with a growth in expenditures and public funding becoming more demanding and competitive (Jongbloed, 2018a). The first part of the article is an analysis of the main patterns in higher education's funding worldwide. In the second part, the impact of two of the main tendencies that have been observed in funding systems will be discussed, namely the pressures for efficiency and performance, the diversification of funding, and the concentration of resources.

### Global Trends in Higher Education Funding

The funding of higher education is a complex issue for many **African countries**, as systems have to deal with significant pressures for expansion. Moreover, there is a significant awareness of the poor quality of educational provision and very limited attention to research activities, besides major issues with inadequate infrastructure (Wangenge-Ouma, 2018). The limitations in public funding have led to revenue diversification and the promotion of cost-sharing, namely through the introduction of tuition fees (Johnstone and Marcucci, 2010). Regarding the mechanisms of public funding, several African systems have introduced funding formulas (e.g. Senegal, South Africa), to promote certain policy objectives such as expanding access, greater student success or the improvement of research productivity (Wangenge-Ouma, 2018). However, this is still rather an exception, since in most African HE systems the predominance regarding funding systems still have an ad hoc funding approach or are funding according to historical levels.

In the case of **Asia**, the major challenge has been to fund the massive expansion of their HE systems. This places significant pressure on public sources and has led many

systems to introduce cost-sharing mechanisms (Johnstone and Marcucci, 2010). Public mechanisms of HE funding have also been changing in Asia, namely by moving away ad-hoc and negotiated budgets to an increasing adoption of funding formulas, which have moved from less emphasis on a so-called input-orientation (e.g., enrolment) and a growing emphasis on outputs (e.g., graduates, publications) (Shin 2015). Another development that has been particularly visible in Asian higher education was the so-called excellence initiatives (Hou *et al.*, 2012), visible in the higher education systems of China, Hong Kong, Japan, Singapore, South Korea, and Taiwan (Yang, 2018). Several of these programs were among the earliest examples of that type of program and gained wide international visibility.

In the case of **Europe**, though government sources continue to play a major role, their relevance has been reduced and evolved to more demanding funding mechanisms. Namely, after an initial trend towards the adoption of funding formulas, the criteria have placed a strong emphasis on performance and outcomes (Jongbloed and Vossensteyn, 2016). In the case of European HE, there has been as well a growing emphasis in the revenue diversification, either through some examples of tuition fees or through other private sources (Teixeira and Koryakina, 2013). The growing competition and contractualization of funding in European HE has been reinforced in recent years (Jongbloed, 2018b), namely through the so-called excellence schemes in countries such as Austria, France, Germany, Hungary, Norway, Poland, and Spain.

In the case of **Latin America**, the majority of public HEIs depend heavily on public revenues to fund teaching and research activities (de Fanelli, 2017). Although public higher education is often free of tuition, its access is often very competitive and skewed towards students coming from families with higher socioeconomic status. Regarding the mechanisms of funding in Latin America, the allocation of public funds to universities is still largely based on negotiated budgeting via unconditional block grants, which are based on historic values and conditioned by the macroeconomic context. Although some countries use input and output formulas, these mechanisms refer to a small share of the total funding and formula funding has had a limited impact in Latin America.

The degree of marketization and competition has been particularly significant in the **US**. This is visible in the case of Performance-Based Funding (PBF), which is now widespread across a large number of states (Dougherty, 2018), though some states have tried to incorporate metrics to balance HEIs' behaviour with efforts in improving equity (Umbricht *et al.*, 2017). The degree of marketization in US higher education has also been visible in the degree of cost-sharing, with rising levels of tuition fees in both public and private institutions (McPherson and Schapiro, 2006). This trend accelerated in recent years, becoming a major issue of debate due to its multiple implications regarding equity and access as well as the rising levels of student debt (Looney and Yannelis, 2018).



## The Global Outlook for Higher Education's Funding

Looking at the funding of higher education from an international perspective, we can observe a shift from direct funding to competitive funding. This is particularly illustrated by the development of PBF and contractual funding, a pressure for diversification of revenues, and a concentration of resources leading to the growing selectivity of funding. Although the relative strength of each of these trends can vary across countries and over time, they are likely to dominate the global landscape in the funding of higher education.

A likely future scenario may be one of reinforcement of current trends, namely through more competition and selectivity in funding. This may contribute to greater international competition and presence in international rankings. Especially in the case of large systems that have been underrepresented and where there is financial capacity to fund large programs targeting a few elite institutions. This is also likely to enhance the responsiveness of HEIs to external incentives, especially as they increasingly internalize competition and selectivity in their internal management. Nonetheless, this scenario is likely to foster increasing stratification in higher education systems, which should not be understood as diversification since all HEIs may be prone to emulate successful strategies. This scenario is also likely to promote greater inequalities among students and staff, which may be carried over time. Graduates will reflect this difference and academics will face very different career prospects, with a professional elite enjoying the kind of conditions that will not be accessible to most academics.

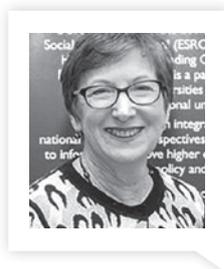
A contrasting scenario is one in which there is some reversal of these trends. This may either be due to external societal and ideological changes associated with concerns about inequality, or the cause of the impacts of competition and selectivity and the stratification and elitism they are fostering. In this scenario, public funding may mitigate the emphasis on competition and efficiency, notably by considering other contributions and concerns, such as compensating institutions located in more deprived regions or dealing with less favourable educational contexts. Although this scenario may sound less realistic, given the trends presented above, it may reflect the fact that higher education is embedded in a wider socio-political context that is giving increasing attention to concerns about inequality. Moreover, the strategy of creating or consolidating an elite sector within the higher education system may be under increasing attack by a majority of institutions and stakeholders that are excluded from those investments.

Between these contrasting scenarios, there are a variety of situations that are already illustrated by the diverse landscape of higher education. Although some parts of the world have embraced PBF, other systems have not shown clear progress either due to a specific political context or to organizational challenges. In the case of the excellence schemes, the

adoption seems to be modulated by financial capacity and by a willingness to promote (or even impose) a differentiated approach to funding. The former may explain why these initiatives are less likely to prosper in smaller countries or those with lower levels of per capita income. The limited capacity to impose this type of approach may be associated as well with countries with more decentralized systems. Countries that have maintained a culture of strong central regulation may be more congenial to these approaches.

Although competition and selection tend to reinforce and promote greater inequality and differentiation, each of them may be exacerbated in slightly different regulatory contexts. Whereas competitive funding tends to be promoted in countries with significant de-regulation due to market forces and/or institutional autonomy; the promotion of excellence schemes and selectivity in funding has been far more visible in systems where the state keeps a capacity to introduce strong regulatory instruments and to pursue them with visible impact in shaping institutional responses.

## 02 Reframing the social contract between higher education and society



by **Ellen Hazelkorn**, *Managing Partner, BH Associates education consultants and Professor Emerita, Technological University Dublin, Ireland*

### Is higher education serving the public good?

Higher education is usually seen as serving the public good. Not only do graduates enjoy better health but they are likely to be more interested in public affairs, participate more actively in civil society, and be more trusting and supportive of other people. In addition, the benefits of higher education extend across society. Good outcomes for individuals have positive impacts and benefits for family life, health, crime prevention, citizenship, civic engagement, social justice, and public discourse.

Yet, as more people participate in higher education more questions are being asked. Issues vary across the world. Broadly, questions are being asked about: costs, affordability and debt; employability and graduate attributes; social and economic impact and benefit; and value-for-money and return-(public) investment. At the same time, rising urbanisation, the 4<sup>th</sup> industrial revolution, and changes to work are widening disparities between urban and rural communities concerning wealth and opportunities that can no longer be ignored.

Traditionally, defining and asserting the value and quality of higher education has been a function overseen by universities and colleges. But today that is no longer sufficient. There is less public tolerance of academic privilege and self-promotion; Almost everywhere there has been a decline in public trust. The public is often saying “we have a university in our city and region but what is it doing for us?”

### What is the role of higher education?

These issues have provoked a wide-ranging discussion about the role of higher education. Articulating the responsibility of the university to society is not new, but it has taken on greater significance as the student cohort has diversified and the challenges facing society have heightened in intensity.

There has been a noticeable shift to measuring teaching and learning outcomes to allow the public to judge whether graduates have the threshold qualities expected. Universities, and individual scholars, are asked to demonstrate their contribution or the impact or value of their research. The open science movement is predicated on the notion that publicly-funded research should be made available to the public – available to inform public discourse and policy rather than simply bolster academic prestige. Regardless of how much these discussions vary, it is clear that determining quality no longer rests solely with academics and higher education providers or (even) with quality assurance agencies or accreditors.

Higher education is not an innocent victim. The push for global status and reputation has meant that many universities have turned their backs on the communities, which fund and host them. Governments are also to blame for subjugating strategic decision-making to global rankings – a commercial product which valorises “picking winners” while elevating elitism and inequality. In reality, a “world-class” universities strategy benefits a tiny percentage of students in any society.

### Reframing the social contract

Over recent decades, there was a shift towards market-led and competitive mechanisms as the preferred way to regulate higher education. As the role that higher education plays within the national innovation eco-system has become a prominent element of public policy, there has been a noticeable move in favour of greater co-ordination. These changes reflect wider discussion around the limits to the role of the market in many other domains, such as banking and financial services. In response, governments have stepped up their role, endeavouring to steer, (re)regulate and (re)structure higher education in ways which, while supportive of institutional autonomy, use various mechanisms to ensure a closer alignment between higher education and national objectives.

Governments in many countries have developed national strategies for their education/higher education system or

particular aspects of the system, such as equity and widening access, quality, internationalisation, teaching and learning, research and innovation or skills. A national strategy for higher education is common but not universal.

Having a national strategy can help identify the overall vision for the country and its higher education system – what it is trying to achieve –, and facilitate policymaking to implement and evaluate those objectives. It can form the basis of a public conversation and shift discussion away from “how much money is spent” to “how the money is spent and what outcomes are being achieved”. It can form the basis for a new “social contract” between higher education and the society.

Performance-based funding or performance agreements – variously called compacts or contracts – are different ways in which the social contract model is being implemented. The former usually employs a simple top-down formula while the latter often involves a discussion or “negotiation” between the funder (the ministry or its agency) and the institution around a set of objectives and performance targets. Funding may be used to both steer and/or reward behaviour.

### Re-engaging with the public good

Today, there are a growing and wider range of different interests and challenges to which higher education must respond. But this requires a new approach – thinking about universities and colleges as part of a coherent system, working closely with other educational providers, business and civic society, rather than as atomised institutions. This can provide a more effective way to maximise universities civic mission and strengthen public trust in a way that acknowledges, supports and balances institutional autonomy with national objectives. It shows that different goals need not be mutually exclusive, and that being responsive to society can give higher education’s own goals greater legitimacy in challenging times.

## 03 Global financial trends in higher education



by **W. James Jacob**, Vice President of Innovation and International, Collaborative Brain Trust, Fulbright Specialist, World Learning and U.S. Department of State, & **Veyssel Gokbel**, Program Coordinator, University of Pittsburgh Institute for International Studies in Education



In this paper, we examine nine prominent financial trends at the heart of many global higher education (HE) shifts. These trends include enrolment patterns, competition, government funding shifts, public support, curriculum revisions, increased personal and institutional debt, inequality among many HE stakeholder groups, technology, and interdisciplinarity. We recognize many other issues could be examined, but we consider these financial trends as among the most important facing HE stakeholders today.

## PROMINENT GLOBAL HE FINANCIAL TRENDS

### 1. Enrolment Patterns

Global HE enrolment trends continue to evolve towards more affordable, high-quality, and flexible delivery options; including innovative delivery models, online/distance courses, multi-national/institutional programs, and recruiting inter-state and international students. Although there are several contributing factors for these shifts, the financial considerations are substantial. Among the most important financial push and pull factors include growing public financial cuts, increased costs associated with attending HE, health and environmental shifts (including the current COVID-19 pandemic), and increased operational costs. Often these enrolment trends are exacerbated when it comes to the impact they have on international students. These enrolment shifts have led both students and HE staff to change their emphasis priorities and response strategies (Jaquette and Curs, 2015; Sutin and Jacob, 2016).

### 2. Competition

The variation in the quality, cost, and prestige of HE programs has changed the nature of the competition among students. Due to the growing competition, extracurricular experiences in addition to classroom activities are seen more favourably by students and employers (Irwin, Nordmann and Simms, 2019). As part of increased enrolment and the demand for high skilled activities in the workforce, competition has grown and led to higher standards in admissions, competency-based curricula, and employability (Musselin, 2018). Graduate employability, technological un(der)employment, practical skills gap, skills mismatch, and the global achievement gap are growing at an alarming level and are often compounded by increased tuition costs. These concerns remain fundamental for financially disadvantaged students, as they have limited access to financial sources, quality programs, and prestigious institutions and lag behind the competition.

### 3. Government Funding Shifts

Governments worldwide continue to diversify their HE financing models, which leads to dramatic decreases in public financial

support toward HE with increasing accountability and efficiency expectations. Public HE budget cuts are often associated with economic and political conditions and characteristics other than demographics or HE-related strategic priorities (Peters, 2017). This shift from being a heavy subsidizer of HE to becoming a cost-sharing model has caught underprepared HE systems with institutional financial crisis. As government HE financing roles increasingly move from being the sole financial source to more of a regulatory role, HEIs are increasingly pressured to find new revenue streams and to become more entrepreneurial.

### 4. Public Support

The declining general public support of HE is another disturbing trend, often linked to financial issues of affordability, perceived value, and increased operational costs. The perceived and actual lack of preparing graduates to meet workforce needs and growing corruption in HE has contributed to this decline in public support. The public is essentially demanding greater accountability and performance-based outcomes from HE providers (Heyneman, 2015).

### 5. Curriculum Revisions

Maintaining relevance with rapidly changing local and global economies has been a major concern for higher education institutions (HEIs) with traditional and outdated curricula and programs. Technology shifts and innovations in the workforce emphasize the need for HEIs to remain current with their curricula and based on the competencies required by employers (Aoun, 2017). Students are willing to pay for a HE curriculum that is relevant, and this often includes delivery options that are flexible, stackable, online, and/or hybrid. Bridging the gaps between what is taught, what students learn, and what employers want remains critical in the global knowledge economy.

### 6. Increased Personal and Institutional Debt

Student debt is growing at an alarming level in many countries, and it continues to affect access to HE and career choices. There is a negative relationship between tuition fees and enrolment rates in most cases. The cost of HE remains high, even for countries where HE is heavily subsidized by governments. At the same time, growing public financial cuts and increased costs of HE have placed added burdens on HEIs, which ultimately affects student and institutional outcomes (Mitchell *et al.*, 2017).

### 7. Inequalities among Many HE Stakeholder Groups

The negative aspects related to changing financial dynamics (e.g., increased cost of HE, student debt) often tend to exacerbate inequalities that exist between HE stakeholder groups across nations, student groups, and HEIs. Geographically rural and remote locations—including those that exist

within many parts of Brazil, China, Indonesia, Nepal, and Zambia—generally suffer the most from such growing inequalities. Disadvantaged students who have limited access to financial sources, have high cost of living, speak a non-majority language, and come from ethnic minority groups are generally at a greater risk for increased HE financial burden. The unavailability of, or limited access to, financial resources remains a chronic problem, often creating a vicious cycle of greater inequality among the most disadvantaged HE stakeholder groups (Jacob and Gokbel, 2018).

### 8. Technology

The prominent role technology plays in HE cannot be underestimated from a financial standpoint. But the challenge remains that technology continues to evolve at a faster pace than HE institutions can adapt to (Gartner, 2020; Hershock *et al.*, 2007). HEIs that incorporate optimal content management systems (CMS), software as a service (SaaS), and course delivery platforms can realize efficiencies only offered through leveraging such technologies. Increasingly, HE CMS and SaaS are outsourced, which further frees up additional resources. Laggard HEIs often pay the price with greater overhead and operational costs than those that have remained current with these areas. Among the most prominent HE technology trends include AI and cybersecurity, which are also becoming increasingly prominent and in-demand in the workforce.

### 9. Interdisciplinary Trends

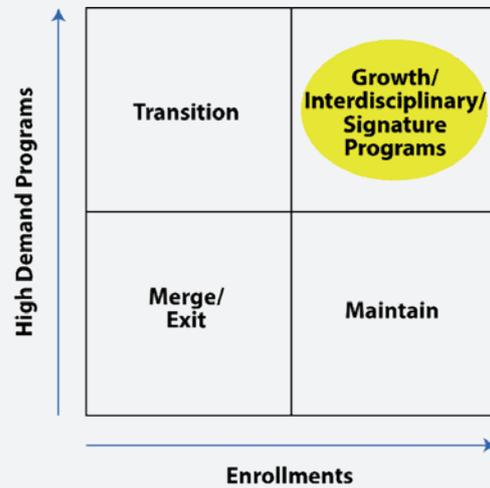
Workforce demands often require a wide scope of various skills from HE graduates (Frey and Osborne, 2013). Increasingly, this requires more of an interdisciplinary approach toward meeting the dynamic needs of HE students. In addition to the foundational STEM areas, some of the most transdisciplinary skills include leadership, finance, and technology (Jacob 2015). The financial benefits abound when HEIs can pool limited resources into strategic areas (e.g., academic programs, research units, etc.). At the same time, being able to identify which programs are underperforming enables HE administrators to make the hard decisions on which areas to cut off financial support. Fig. 1 is a model used to help identify which academic programs to continue to support financially.

Creating high-performing interdisciplinary programs is an opportunity to innovate, streamline, and consolidate programs that will lead to high enrolment and job placement.

### CONCLUSION

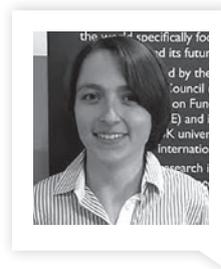
Costs associated with HE continue to grow globally. Global trends in HE financing are in many ways unsustainable under traditional financing and delivery models. While not exhaustive, the nine financial trends highlighted in this article identify several key areas HEIs face today. Clayton Christensen and others have advocated that traditional HE financing and delivery models are insufficient to meet the increasing costs and

**Figure 1. Model for Selecting Growth, Interdisciplinary, and Signature Programs.** Source: Created by the authors; adapted from Sutin and Jacob (2016).



dynamic changes of the future (Christensen and Eyring, 2011; Jacob and Sutin, 2018). Disruptive changes in the environment like the current COVID-19 global pandemic, innovations, and improvements in technology, delivery, services, and quality will help enable HEIs to deal with these dynamic challenges.

## 04 Targeted Free-Tuition: a novelty in higher education funding



by **Ariane de Gayardon de Fenoyl**,  
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Higher education financing has long been governed by tuition fees and free tuition divide. Since the Second World War, the global trend has seen a loss of free tuition in many countries, with the rising implementation of and increases in tuition fees providing respite for governments that failed to sustain higher education financing in an age of massification. However, in recent years, free tuition has been back on the policy agenda and new free tuition policies were established around the globe. Yet, the cost and financial sustainability of free tuition for all remains a key issue. One solution has emerged in the form of *targeted free tuition (TFT)*.

Although this policy existed in England between 1998 and 2005, it has become more prevalent following its “accidental”



implementation in Chile. In 2016, Chile introduced a free tuition policy following Michelle Bachelet's presidential promise to make higher education free for all. Because of budgetary issues, it was decided that the policy would be first implemented for students from the 50 percent poorest households. This effectively created a TFT regime. Similar policies have since been established in New Brunswick (Canada), the state of New York, Italy, South Africa, and Japan. In all these cases, free-tuition is provided using household income as the main individual-level criteria for eligibility. TFT thus speaks directly to the main demand of free-tuition advocates: making higher education financially accessible to all. TFT programs specifically allocate scarce governmental resources to those who need it most, while reconciling messages of free higher education and equity. TFT programs also protect incoming tuition fees for higher education institutions by continuing payments for financially-advantaged students.

While TFT programs seem more promising, as well as more affordable and sustainable, than free tuition for all, their designs have already raised criticism. In many countries, the income cut-off is hard, meaning that strong inequalities exist for a dollar difference in household income. Some programs, in New Brunswick and Italy for instance, have set a better example by using a gradual withdrawal of benefits for students above the threshold.

Furthermore, restrictions to eligibility for TFT have raised concerns. Many countries limited the number of higher education institutions where the TFT program applies, mostly limited to the public sector, and sometimes to universities. In practice, this means that institutions, private and vocational, that may be enrolling many low-income students are not free. This is problematic because it might divert students to institutions that are less well-equipped to welcome them, or that are not good fits for them, leading to increased drop-out. Besides, TFT programs are often time-limited, using expected or average time-to-completion. However, students from low-income backgrounds are often less well-academically prepared and take more time to complete their degrees. Similarly, the New York TFT has been criticized for its academic requirements, including several credits per year as well as a minimum grade point average. Generally, any eligibility restriction beyond income has the potential to restrict the reach of the program and limit its effectiveness.

Importantly, TFT programs ignore the reality of the total cost of higher education for students. Cost of living, including room, board, and educational costs, are significant expenses for students. Of the countries discussed above, only South Africa plans to cover the cost of living for the poorest students in addition to tuition fees. While TFT is certainly a financial relief for low-income students, it should not replace the financial aid scheme that can help with the cost of living.

Finally, all these programs are income-targeted, while disadvantaged populations in higher education are very diverse.

First-generation students, student from ethnic minorities, aboriginal students, and students with disabilities are also all at risk of neither enrolling nor completing higher education. For all disadvantaged populations, barriers to entry and completion of higher education are not only financial. The equity issue in higher education cannot, therefore, rest entirely on TFT programs, but they can certainly be part of it.

To conclude, TFT programs provide a sustainable and targeted financial solution to foster equity in higher education while protecting an institution's tuition-fees income. However, the features and requirements of these programs have raised issues, providing room for improvement. As we can see, the novelty of these programs means that they have not yet been properly evaluated. Whether they are successful in raising equity and fostering access and success for low-income students remains to be seen.

## AFRICA

### 05 The conundrum of financing higher education in Africa



by **Goolam Mohamedbhai**, IAU Honorary President and former Secretary General of the Association of African Universities (AAU), Mauritius

In the higher education sector in Africa, the financing of public institutions has been, and remains, one of the thorniest challenges. Mainly because it is inextricably linked to economic, social and political issues; and it has a direct impact on the quality and employability of graduates, which in turn influences economic and social development.

There has been a dramatic increase in student enrolment in tertiary education in sub-Saharan Africa over the past few decades. Yet, the student enrolment ratio, on average, is of the order of 10%, lower than any other region in the world.

#### Public Universities

Unfortunately, government funding to public universities has not matched the huge student intake. This is resulting in overcrowded campuses, poor infrastructure, and insufficient qualified faculty. African governments have created new public

universities to cope with the demand, but the staffing and funding challenges persist.

To top-up government funding, most public universities started charging modest student tuition fees representing a fraction of the economic cost. Yet, many students from poor backgrounds cannot afford to pay them, thus creating inequity. Student loan schemes have not been successful as their management is costly and loan-recovery is usually ineffective. Various income-generating measures are being tried, from setting up a Funeral Home by Kenyatta University in Kenya to running a shopping complex by the National University of Lesotho, but the net income from such ventures has been relatively meagre.

Makerere University in Uganda adopted a more successful income-generation strategy. It introduced what is now known as 'parallel programmes' for students who, being less qualified, are not admitted under the government-sponsored quota but who are ready to pay full tuition fees. These students follow the same programmes on the same premises and taught by the same faculty, but usually attend lectures in evenings and weekends. The Makerere model proved to be so successful that it is being replicated in universities in Kenya, Tanzania, Ghana, and Mauritius. At Makerere, the number of students under parallel programmes soon exceeded the government-sponsored ones and reached about 90% total enrolment.

The generated funds from the above sources are never enough to cover the huge cost of developing the physical infrastructure of public universities. Such capital expenditure funding must come, to a large extent, from government. Some countries have used innovative approaches. In Ghana, for example, the Ghana Education Trust Fund, funded by a proportion of the national Value Added Tax, is being used for educational capital projects. Nigeria introduced an education tax of 2% of pre-tax earnings for all companies with more than 100 employees, 50% of the collected fund is distributed to higher education institutions for infrastructural development.

### Private Institutions

As public universities struggle to cope with the increasing demand, private higher education institutions have come to fill the gap. In most African countries the number of private institutions far exceeds the number of public ones although their student enrolment is smaller. However, this is rapidly changing. Already in 2012, the share of total enrolment in private institutions in Rwanda, Burundi, and Cote d'Ivoire was between 55%-80%.

Private institutions can be for-profit or not-for-profit, the difference being that in the former case the profits accrue to the shareholders whereas in the latter case they return as investments to the institutions. What is common to them is that their primary source of finance is tuition fees at economic cost from students, although some of them may also receive grants from private endowments or foundations.

Private institutions in Africa are often described as being of poor quality, but this cannot be generalised. Most of the not-for-profit institutions are faith-based universities and several of them are as good as, if not better, than public universities. Their governance structure is also similar to what prevails in public universities. The for-profit institutions, on the other hand, tend to be run as commercial enterprises, with no proper academic structure, running programmes often of poor quality and relying heavily on faculty from public universities to teach after working hours. They need to be properly regulated.

### The Future

It is extremely difficult to forecast the future of financing higher education in sub-Saharan Africa. The latter comprises 46 countries, and not all of them have the same economic, political, and social environments. Nevertheless, some general trends have emerged.

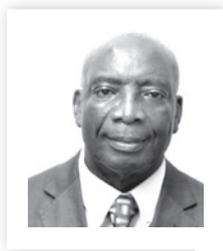
First, the demand for tertiary education will continue to increase, partly because of demography and partly because of the increasing output from the secondary school sector. In 2015, the youth population (15-24 years) in Africa numbered 226 million; by 2030 that number will increase to about 320 million. Governments must develop strategies to meet this demand.

Second, the private higher education sector will continue to expand, both in terms of number of institutions and student enrolment. One can foresee the sector overtaking the public one. Although private institutions do help to alleviate the demand, their high tuition fees lead to inequity in access. Also, the private sector needs to be properly regulated to ensure quality, which can be difficult as the regulatory framework in most countries is not robust at present.

Third, it appears unlikely that public institutions can flourish without them charging some proportion of tuition fees. The situation has become complicated by the recent move towards free tuition in South Africa, followed by Mauritius. Other countries might follow. If sufficient public funds are not eventually forthcoming, this could have an impact on quality and it could even lead to a downsizing of the public sector in favour of the private one. At this stage of Africa's development, this is not desirable. That is the dilemma.

Perhaps consideration could be given to introducing a 'graduate tax', where instead of students paying tuition fees upfront, they contribute towards the cost of their studies through tax once employed after graduation. This would circumvent paying tuition fees and having a student loan scheme.

## 06 Financing models impacting the future of higher education in Sub-Saharan Africa



by **Etienne Ehile**, *Secretary General, Association of African Universities (AAU)*

Declining government expenditure on higher education has instigated various financing models in many African countries. Increasing private

sector engagements, alumni relations, philanthropy and interuniversity collaboration, among others, have tended to provide infrastructural support, research grants, training and internships offers and scholarships. The Uganda-based Regional Universities Forum for Capacity Building in Agriculture (RUFORUM) is implementing an exemplary cost-effective system of scaling up the production of more post-graduates through the RUFORUM Graduate Teaching Assistantship Programme – an inter-university collaboration for staff exchange and training of Master and PhD students within its member institutions.

In Kenya, the Act of Parliament (Universities Act, 2012) setting up the Universities Fund, requires its administrators to provide co-ordination to public universities and give conditional grants and loans to private ones. The Fund draws income from Kenya's Parliament, donations to the trustees, income generated by investments made by the trustees, and endowments, grants and gifts from sources designated for the Fund.

The funding for South African Universities managed by the Department of Higher Education and Training (DHET) through a block grant based on the system of full-time student equivalents (FTEs) and student fees. The South African government supports more than two thirds of universities' unrestricted revenue. The student fees account for 30-40% of university budgets.

Unlike previous funding regimes based on annual incremental budgetary requirements, Ghana distributes about 20 trust funds to higher education institutions to support base funding, institutional factor grants, earmarked grants, performance-funding and research grants. Its new funding framework draws income from Government grants, the Ghana Education Trust Fund (GETFund) which is supported through the contributions of two-and-one-half percent of the Value Added Tax rate, development partners, internally generated funds and contributions from students and private sector. Ghana focuses on full-time equivalent number of students and not head counts to determine the base grants for instruction and administration.

Supplementary funding for Nigerian tertiary institutions to 'bridge the gap between the provision in the national budget and what is needed by the Ministry, Department or Agency

(MDA)' is from the Tertiary Education Trust Fund (TET Fund) whose main source of income is the two percent education tax from gross profits of Nigerian registered companies, Petroleum Technology Development Fund (PTDF), and Petroleum Equalisation Fund (PEF).

These novel education trust funds in Ghana and Nigeria have demonstrated evidence of success in infrastructural development and capacity development and, together with other new financing streams, often linking funding to a set of performance based-indicators.

Some of the performance-based targets meriting extra funding are 'course completion, credit attainment, and degree completion, equity and gender considerations.' In Kenya, the annual performance contracts of public universities are used by the Government to monitor the performance of public universities against the goals each university sets for itself in its strategic plan and annual performance contract. The performance-funding framework in Ghana 'compensates institutions for demonstrating certain results deemed critical for the development of the higher education sector'.

Research outputs (publication units, researched masters and doctoral graduates, etc.) are also used to allocate research grant is in line with international practices. England, Australia and South African higher education institutions have strong output-based schemes that allocate the distribution of research grants.

Dependence on higher education financing through tuition fees remains a dicey issue as it often degenerates into students' agitations and disruption of the academic calendar. But significantly, about half of Kenya's student population are private fee-paying or self-sponsored students not necessarily in private universities but also in public universities which offer programmes that attract higher tuition fees. The overconcentration on high revenue-yielding programmes is shifting university teaching staff to 'focus on teaching-related income generating activities and not research. This means that there is limited focus on knowledge generation and the knowledge economy'.

As a concession to private students, Kenya's Universities Fund is mandated to give conditional grants or loans, bursaries and scholarships to both students in private universities and privately or self-sponsored students in public universities. Similarly, in Nigeria, whereas TET Fund supports public tertiary institutions, a strong case for equity has been made for private providers because the Fund's source of income is a contribution from the private sector, and more so because 'both public and private higher education institutions provide graduates to bolster the Nigerian economy.' It is estimated that about 65% of undergraduates in Nigerian universities are potentially on one form of bursary/scholarship or another. Student loan schemes have not been as successful as bursaries in Nigeria because

the inability of beneficiaries to pay back and the difficulty of tracking them has run the system aground.

Challenges to the various funding models exist and need to be redressed for maximum impact. Nigeria identifies low capacity in utilisation of available funds for capital development mainly due to the slow pace from project conception and implementation. Nigerian universities have also been accused of not maximally exploring their potential for internal generation of revenue.

Weak management structures, corruption, inadequacy of data or inability to generate data and work with them are some of the other challenges. Finally, few institutions explore endowments, alumni relations and institutional linkages with the academic diaspora as alternative sources of raising sustainable funding.

## 07 Higher education financing trends in Africa



by **W. James Jacob**, Vice President of Innovation and International, Collaborative Brain Trust, Fulbright Specialist, World Learning and U.S. Department of State, and **Weiyan Xiong**, Research Assistant Professor, School of Graduate Studies, Lingnan University, Hong Kong



African higher education (HE) faces unique financial opportunities and challenges. Government corruption, high unemployment, and limited infrastructure all limit the potential HE has in many areas throughout the continent. But there are areas of progress, especially as technology expands access to rural and remote regions that were once unthinkable for HE providers to reach. In this article, we examine seven financial trends currently shaping the HE landscape throughout Africa.

### 1. Enrolment Trends

There is a significant disparity between HE enrolment in Sub-Saharan Africa (SSA) and Northern Africa. The gross enrolment ratio (GER) of tertiary education in SSA has increased from 4.4% in 2000 to 9.4% in 2018. Northern Africa had a higher GER

in tertiary education, which has grown from 20.2% to 34.9% in the same period. However, the figures of both regions in 2018 were below the world average of 38% (UNESCO, 2020). The potential enrolment growth of the HE sector in Africa is promising. Where many global regions face sustained population declines due to aging populations, Africa's demographics are much younger, with projected growth for many decades to come.

### 2. Competency-based Education Alignment with Workforce Demands

The tendency from the public good to the private domain in African HE has brought much attention to the provision of employability to college graduates, which should meet the demands of the job market (Cardoso, 2019). This trend has also brought challenges to the relevance of HE to African societies, as well as the multiple HE delivery models, such as online education and weekend schools, to establish stronger linkages between higher education institutions (HEIs) and the job market (Dei, Osei-Bonsu, and Amponsah, 2019). Increasing graduate skills competencies in alignment with workforce demands is a major investment area most African HEIs need to focus on in the future (Zezeza, 2019).

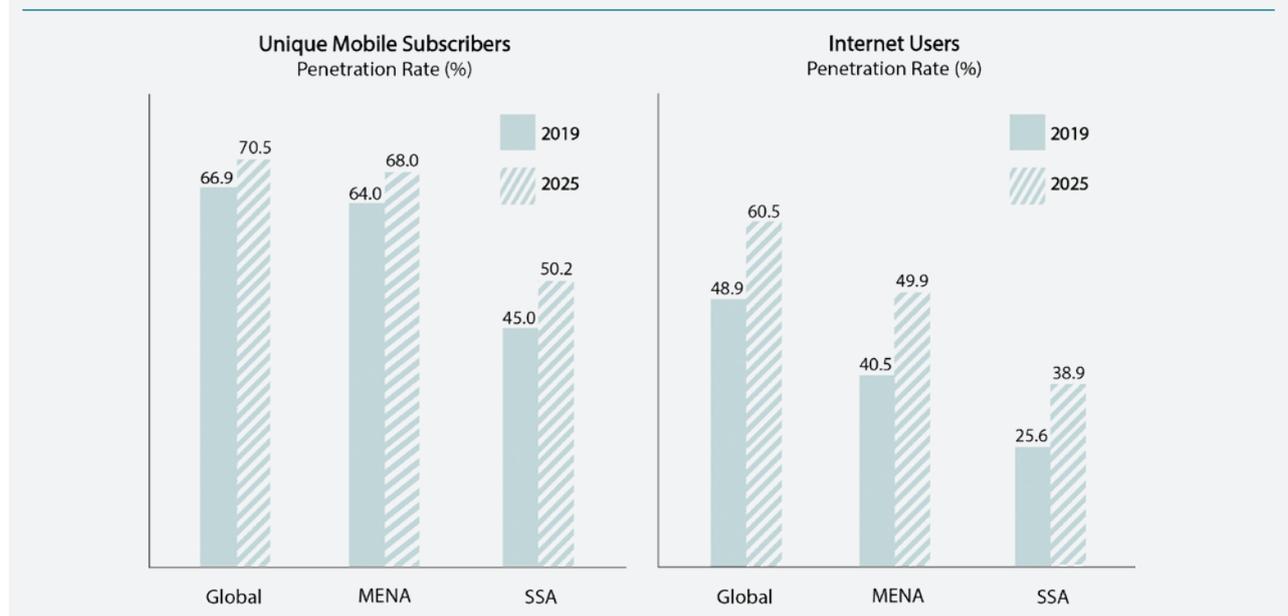
### 3. ICT Trends

The development of the knowledge-based economy has promoted the integration of information and communications technology (ICT) as a primary driver in African HE. Governments and flagship universities have the potential to help drive the Fourth Industrial Revolution in Africa, by providing local ICT capacity building and professional development training for the workforce. But the results are varied on how successful African HEIs have been in realizing this potential (Zezeza, 2019). The African Association of Universities (AAU) and international organizations like the World Bank have made efforts, such as the ICT Broadband Infrastructure Network and African Virtual University, to promote ICT development in African HE (Collins, 2013; Teferra, 2008). However, the effectiveness of these efforts has been questioned due to the lack of sustained funding, equipment, and competent personnel. In comparison to other global regions, SSA remains underdeveloped in many technological realms; including with IoT connections, mobile subscribers, and internet users (see Fig. 1).

But the potential IT growth by 2025 and beyond is promising. HEIs that can leverage technology for non-traditional delivery mediums will be among the most able to help capture the largely untapped student base that exists in SSA and North Africa. Smart phone IoT connectivity has transformed the way students will access HE in Africa, especially in the most rural and remote regions of the continent (GSMA, 2020). While many courses and programs are now offered to students online or in hybrid formats, even the largest distance HE providers in SSA (e.g., UNISA) still rely on traditional delivery mediums for many students across SSA.

**Figure 1. Penetration Rates of Unique Mobile Subscribers and Internet Users in Africa.**

Source: Created by the authors with GSMA (2020) data; artwork by Anise Jacob.



#### 4. Personnel Staffing Trends

The lack of qualified faculty, administrators, and support staff has been and will continue to be a significant challenge for African HE. African HE salaries remain a key factor in preventing HEIs from being able to recruit and retain some of the best local talent, let alone in attracting and retaining top international talent. The private sector can often pay qualified personnel multiple times what they can earn in the HE sector. These factors contribute to some of the most qualified personnel choosing other career paths, or seeking HE employment outside of Africa (e.g., in Europe, North America, and Asia). Meanwhile, faculty members are often overloaded in their positions, which impacts their teaching quality and research outputs (Mushemeza, 2016). In addition to their formal HE positions, many HE personnel have to maintain two or more jobs in order to earn enough to provide for their families. This multi-job phenomenon further strains the quality of instruction and services provided by many African HEIs.

#### 5. Public/Government and Private Finance Model Trends

Public funds are the dominant financial sources for HE in many African countries. From 1991 to 2006, HE expenditure took 0.78% on average of African countries' GDP and approximately 20% of the total public expenditure on education (World Bank, 2010, p. 1). Since the 1980s, public HE funding in many African countries has decreased because of recurring political and economic crises, as well as the shifted priorities from HE to primary and secondary education, which were recognized as more effective in poverty reduction (Teferra, 2013; Wangenge-Ouma, 2018).

Given the overall trend toward decreasing public funds toward HE, coupled with increased costs of HE in general, cost-sharing mechanisms were introduced to the HE sector in many African countries using various approaches, among which the main measures include grant/loan schemes and dual-track tuition fee policies (Teferra, 2013; Wangenge-Ouma, 2018). Meanwhile, private HEIs have also expanded while the number increased from 35 HEIs in 1969 to 972 HEIs in 2015 (Dei *et al.*, 2019). Most private HEIs are faith-based organizations, but an increasing number are also for-profit institutions. Many African countries are still using the ad hoc funding approach to allocate financial resources to HEIs (Wangenge-Ouma, 2018), which often exacerbates the financial problems realized in African HE (Pillay, 2019).

#### 6. Interdisciplinary Trends

There is a growing need for increased interdisciplinary academic programs, research, and industry partnerships in Africa. In many ways, African HE has realized some benefits that interdisciplinary research can play in serving development needs, solving social issues, and facilitating university-industry partnerships (Dei *et al.*, 2019). However, research collaborations across disciplines face many barriers because many African governments constantly ignore the research aspect of HE, and transfer the research funding responsibilities to the international communities, such as foundations and ODA providers (Cardoso, 2019). Workforce demands increasingly require multi-disciplinary skillsets, and are eager to hire HE graduates who are able to continuously learn throughout their careers as well as perform with the necessary soft skills that include teamwork, collaboration, and innovative thinking (Jacob, 2015).

## 7. Accreditation Trends

National and international accreditation standards are at the forefront of many African HE curriculum reform efforts and marketing initiatives, especially at African flagship universities. Where these accreditation standards were at one time optional, they are becoming increasingly required as national and regional accrediting agencies have emerged throughout Africa. Being able to offer quality programs that meet national and international standards enables African HEIs the ability to compete with flagship universities throughout the continent and also internationally. In 2009, AAU launched the African Quality Assurance Network (AfriQAN) to enhance the quality of HE in Africa. Individual African countries have also established national quality assurance agencies in recent years. Meeting national and international accreditation standards requires a strategic and concentrated commitment of resources, which will continue to be a financial trend for African HEIs well into the future (Simukanga and Jacob, 2017).

### Conclusion

African HE is at a turning point. The seven financial trends outlined above in many ways will determine how HEIs will respond to societal, technological, and economic disruptions for many years to come. The potential growth in terms of enrolment and expanding access through technology and other areas is promising.

## 08 Rethinking financing of the higher education system in South Africa



by **Adam Habib**, *Vice-Chancellor, University of the Witwatersrand, South Africa*

Universities are national assets and important catalysts for addressing inequality and enabling inclusivity in our society. To achieve these goals, access to quality higher education needs to be addressed. The challenge is two-fold; enabling access whilst maintaining quality in terms of teaching, learning, and research. To do this, we have to find a suitable (and sustainable) financial model.

The #FeesMustFall protests in 2015 and 2016 brought student financial needs into international public discourse and in some ways affected positive change on funding access to higher education for the poorest in South Africa. However, former President Jacob Zuma's proclamation of comprehensive free higher education for all students in universities and TVET colleges with a family income of less than R350 000 per annum

only covers about 40% of the system. This is predominantly at Historically Black Universities (HBUs). The concession by the South African government does not address financial assistance for what has come to be known as the 'missing middle'. This is a significant group of students who are too rich for government funding, but too poor to afford access to the sector. It remains a challenge across the higher education system.

The vast majority of students who get access to higher education are from the richest 10% of the population. Although it is worth noting that because of South Africa's skewed distribution of income, this largely represents the middle class. The vast majority of the poor are concentrated in historically black universities, with only approximately 20% of the student body at the top urban universities in the country falling within the National Student Financial Aid Scheme (NSFAS). The net effect of this demographic configuration in higher education is that we are reinforcing the very inequalities that were inherited by the post-apartheid state. Any agenda addressing inequality in South Africa must consider refinancing universities so that they can educate the children of marginalised communities, and thereby enabling class mobility. This is especially true of a society like South Africa, where university education has the highest return for individuals in comparison to any other part of the world. Given both this need to use universities to address the challenge of inequality and affordability, we have to explore the probability of establishing a multi-year or even a multi-decade programme that gradually shifts us to enabling need-blind admission to higher education.

But how do we fund this? #FeesMustFall resulted in numerous solutions being put forward but, to date, the challenge continues. Students called for higher education to be free which, with South Africa's current economic morass, is just not feasible. Under different financial circumstances, I would support this position. The two other major options proposed include a graduate tax and an income contingent loan scheme.

The common criticism against the graduate tax is that its payment in perpetuity means that graduates ultimately pay far more than the real costs of their programme of study. In the South African context, this would be an added burden to students who are already having to support their poorer family members. The fiscal criticism is that the arithmetic of the graduate tax model simply does not add up. Based on a 1% tax on all graduates earning an income higher than R75 000, the National Treasury estimated that the total tax revenues received would be in the region of R2.2 billion which would not even cover 10% of the total cost of free university education in South Africa.

The other recommended option is an income-contingent loan scheme. This is a deferred payment loan scheme structured to one's income and allows increased access to higher education. While it could work as a medium-term solution, it could deepen the very inequalities that it is supposed to address in the long-term. The debt burden in countries where this has been



implemented has become onerous for many and reinforced inequality within those societies. These are very real challenges that could manifest in South Africa given our history and deep inequalities. It is therefore not hard to imagine that these problems could become an even greater source of tension within South African society, especially if they were to take a racial form, given our historical trajectory. However, the income contingent loan scheme could serve as a first step to the current challenges we confront. This would mean that South Africa could have both grant and loan financing models.

In the long term, it may be prudent to demand the mix between grant and loan funding is regularly reviewed and shifted in favour of the former becoming the primary component of university fees financing. This could be tied to economic growth rates through dedicating a portion of growth rates to enabling the shift from loans to grants. In this way, we would have put into motion an evolving agenda of structural reforms where there is a slow systemic creep in favour of comprehensive free education. It is also worth noting that where free higher education has happened, this has had an enormous equalising effect within society and has simultaneously enabled the emergence of competitive economies. This is particularly relevant in the current South African context because we are in the midst of perhaps the most fundamental economic transformation in the last two to three generations. Such a bold initiative could then have the effect of propelling us into the forefront of the new digitised era, and enable us to not only address the disparities of our past, but also create a more socially inclusive future.

## ASIA & THE PACIFIC

### 09 Higher education financial trends in Oceania and South East Asia



by **Deane Neubauer**, *Professor Emeritus Political Science, University of Hawai'i, Mānoa, Adjunct Senior Scholar, East-West*

*Center, and W. James Jacob, Vice President of Innovation and International, Collaborative Brain Trust, Fulbright Specialist, World Learning and U.S. Department of State*



Higher education in the geographical area of Oceania and South East Asia is considerably varied. This geographical area covers roughly half the earth's surface (see Fig. 1) and extends throughout the island states of Oceania including the Central and South Pacific to Australia and New Zealand, and into Southeast Asia proper, including Indonesia, the Philippines, East Timor, Brunei, Singapore, Malaysia, Cambodia, Thailand, Burma, Laos, and Vietnam. Overall, the population of these collective entities approximates 700 million. In this paper we include sections on regional flagship universities, sub-regional-specific trends, and general trends across the region.

### 1. FLAGSHIP UNIVERSITIES IN OCEANIA AND SOUTHEAST ASIA

While not all flagship universities listed in Fig. 1 are included in global higher education (HE) ranking systems (e.g., Academic Ranking of World Universities, *Times Higher Education*, and QS), these national and regional flagship universities play a key role within Oceania and Southeast Asia. The noted flagship universities are important economic drivers within their respective contexts, and play lead roles in workforce development, research, innovation, and public-private partnerships (Hou and Jacob, 2018).

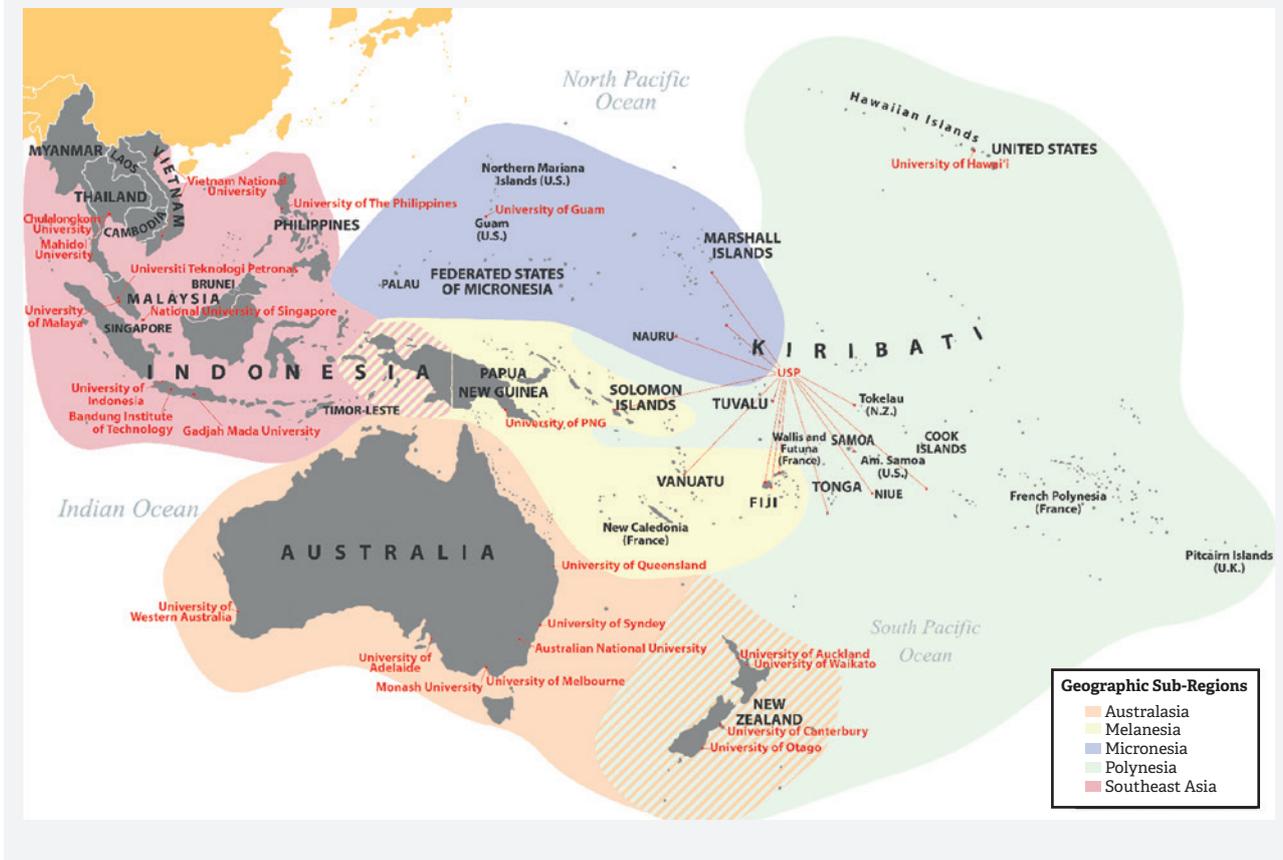
### 2. SUB-REGIONAL TREND HIGHLIGHTS

#### 2.1 Australia/New Zealand

Australia and New Zealand maintain a significant impact on HE in SE Asia and throughout Oceania. They are among the most financially stable in the region, with the ability to recruit and retain regional and global experts by offering employees internationally competitive salaries and benefits packages. Both countries are moving to gain a larger segment of incoming international students while also continuing investment in their HE sectors as sources of intellectual capital for their domestic economies. In 2017, Australia hosted 381,202 students from other countries (compared to only sending abroad only 13,495 students; New Zealand had a similar international mobility ratio where it hosted 52,678 HE students compared to sending only 4,767 abroad (UNESCO, 2020). In comparative terms scholarship opportunities for external students are not extensive as the economies of both countries seek to utilize student fees, and especially those of external students as a "financial floor" for their HE system.

**Figure 1. Select Flagship Universities in Oceania and SE Asia.**

Source: Created by the authors; artwork by Joshua R. Jacob.



Australia simultaneously welcomes the continued development of non-governmental higher education institutions (HEIs) (Australian Government, 2020).

## 2.2 Singapore

HE spending in Singapore continues on a steadily increasing rate, following on from a pattern initiated in 2005 and consistent with the government's commitment to continued investment in the city-state's status as a science and technology center in Asia (Hirshman, 2019).

## 2.3 Philippines

The HE system is roughly 75% private and is characterized by significant underfunding, and held to be out of financial reach for the majority of the population. A small number of institutions primarily in the greater Manila area are held to be of highest quality, in both public and private sectors. In 2017 tuition fees at all state universities and colleges was abolished, but central government spending on tertiary education (at 12.2% of the sector budget) remains below international standards of 15-20% (Carillo, 2017).

## 2.4 The Pacific Islands

The Pacific Islands are often sub-divided into three, fluid cultural regions, namely Melanesia, Micronesia, and Polynesia (see Fig. 1). The regional flagship university system in the Pacific Islands is the University of the South Pacific, which receives sustained financial support from 12 sponsoring island countries within Oceania. USP has a unique financial model that includes comparable contributions from the University's 12-member countries, tuition, and donor contributions. The University's commercial operations also contribute to the USP financial model, but this varies depending on the 14 campus locations and the number of students each government sends to USP each year. USP remains a leader in the region in several areas that impact local island and regional economies, including in research, innovation, technology, and workforce development. Five other universities operate in the 12-member countries where USP has its primary and branch campuses: one private (University of Fiji) and four public (Fiji National University, National University of Samoa, Solomon Islands National University, and the University of Papua New Guinea).

In terms of spending as a percentage of GDP, Micronesia ranks among the highest in the world, in part a reflection



of its limited GDP per capita and the role that HE plays as a companion attribute to a continued high level of Micronesian migration, especially to Australia, New Zealand, and Hawaii (Knoema, 2020).

## 2.5 South East Asia

HE expenditure as a feature of national budgets continues in Laos among the lowest in the world (rank 154), with Malaysia and Thailand ranking in the general tier behind most “middle-developed” countries. Malaysia within the past ten years has been significantly active in developing itself as a “higher education hub” (*ASEAN Up*, 2018). With one of the most robust economies in the region, Vietnam’s HE system has expanded over the past two decades. The government has also allowed latitude for foreign governments and HE institutional partners interested in expanding into Vietnam. Three examples include the Vietnamese-German University (near Ho Chi Minh City), Vietnam France University (near Hanoi), and a consortium of U.S.-HE institutional partners (near Da Nang).

Supporting the most populous country in the region, the Indonesian HE sector continues to grow, expanding roughly 25% from 2013-2018 (UNESCO, 2020). This growth is fuelled by SE Asia’s largest economy, which has experienced a roughly 5% GDP growth over the past 15 years (World Bank, 2020). While many of the most prominent Indonesian HEIs are public, the majority (91.5%) of the 4,445 HEIs are private (GBG Indonesia, 2020).

## 3. GENERAL TRENDS

With the exception of Australia, Hawaii, New Zealand, and Singapore, one of the greatest financial challenges facing most HE systems in this region is the ability to pay fulltime staff (faculty members, administrators, and support staff) at competitive international levels. This is especially the case in recruitment and retention efforts. It often creates a scenario where some of the most recognized and senior scholars leave the region for better paid positions in universities in foreign locations. The brain drain phenomenon realized in many Pacific Island and SE Asian countries is conversely a benefit for the regional HE powerhouse countries, which are able to offer competitive salary and benefits packages to retain some of the top scholars and administrators in the region.

Innovative information, communication, and technology developments in the region have helped governments expand HE opportunities to many rural and remote areas, which helps keep professional development and delivery costs down. In Indonesia, some of the most advanced HE institutions provide regular professional development training to HE faculty members in many different island locations. This approach has helped the government train faculty members and administrators through peer, train-the-trainer techniques. It also facilitates network partnerships between the more established and reputable universities with those

in more remote locations spread across the world’s largest archipelago. Many HEIs in Oceania and SE Asia use open-source instructional delivery SaaS platforms, such as Moodle. This enables instructors to share their coursework with traditional and non-traditional students in synchronous and non-synchronous settings.

## 10 Sustaining higher education financing



by **Shiro Armstrong**, director, Australia-Japan Research Centre and the Asian Bureau of Economic Research, and **Bruce Chapman**, Professor of Economics, Research School of Economics, Sir Roland Wilson Chair of Economics, Australian National University, Australia.

Higher education and human capital accumulation have always been key to improved living standards for individuals and societies. ‘Productivity isn’t everything, but, in the long run, it is almost everything’, Nobel Laureate Paul Krugman has argued. ‘A country’s ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker.’

Developing countries need to expand their higher education sectors and gradually lift its quality as their populations enter the middle class. That’s especially so in Asia where the middle class is projected to grow to 3.5 billion by 2030, more than double the number today, and two-thirds of the global middle class.

Advanced industrial countries need to be investing in improving the quality of higher education and research to maintain growth in living standards. Productivity growth has slowed and the technological frontier can only be expanded with more human capital development. But how to finance that higher education and human capital development? The long-standing approach to student debt in the US and many other countries is not the answer. Nor is the regressive system still found in some countries of providing ‘free’ higher education with tuition covered by the government. Nothing is free and tuition for those lucky enough to attend university – usually from the upper middle class – is paid for by the taxpayer. Such a policy increases inequality in society because graduates earn substantially more over their lifetimes because of the education they acquire. Human capital is also becoming more mobile

across borders and there is very little justification for the taxpayer to foot the bill.

A more sustainable and fairer way to finance higher education – to improve quality, expand the sector and to minimise the fiscal burden – can be found in now around 8 countries, led by Australia. In 1989 the Australian government instituted higher education tuition charges and implemented a new form of student loans, known as “income-contingent” to facilitate the entry of all. So-called free higher education had become too expensive and was inhibiting much-needed expansion of the sector.

Most countries have student loans that work like any other loan: regular repayments that continue no matter the circumstances of the loan holder. Usually the government has to guarantee these loans because prospective university students don’t have collateral. Therefore, if someone with a student loan cannot get a well-paying job, or any job at all, or has to take time out of the workforce for any reason, they are likely to face significant difficulty in repaying the loan, and in many cases may default on their debt. Graduating with student loan debt during an economic downturn will cause long term hardship.

With an income contingent loan, the debt-holder repays the loan when, and only if, their income reaches a particular threshold (currently about US \$40,000 a year). Thus, debt is repaid when it is able to be repaid. There is a cap on the repayment rate (8 per cent of annual revenue) so that the repayment burden is low. This all operates through employer-withholding from salaries, and can work in just about all countries; even in developing countries that don’t have effective and established tax offices.

There have been permanent movements to income-contingent loans in Australia, the United Kingdom and New Zealand. More than a few countries have started the legislative process to similarly reform their higher education systems, including Brazil, Colombia and Malaysia. These reforms are no surprise; income-contingent loans are fairer and more financially sustainable for individuals, government and society.

The important point is that with an income-contingent loan, if a student loan holder’s income is too low or they are out of the workforce, they don’t repay their debt until they start earning enough. But with an historically normal time-based repayment loan, loan holders can experience repayment hardships and default, and this is a very poor outcome for the individuals and the government.

In an era of low productivity growth in the advanced economies and the need for rapid expansion of higher education in developing countries, there are few tried and tested reforms that will deliver as large an impact as moving to an income-contingent loan system. It’s not a universal fix to financing higher education but it should be the centrepiece of higher

education reform for countries without it. It is simple, it is fair, and it works.

## 11 The influence of financing on leading Chinese universities: a perspective of common good(s)



by **Lin Tian & Nian Cai Liu**, Graduate School of Education, Shanghai Jiao Tong University, China



Based on our previous research (Tian & Liu, 2019), the financing scheme of Chinese higher education (HE) has undergone three major changes in the past decades, catalyzing a shift of Chinese HE from a pure public good to a common good.

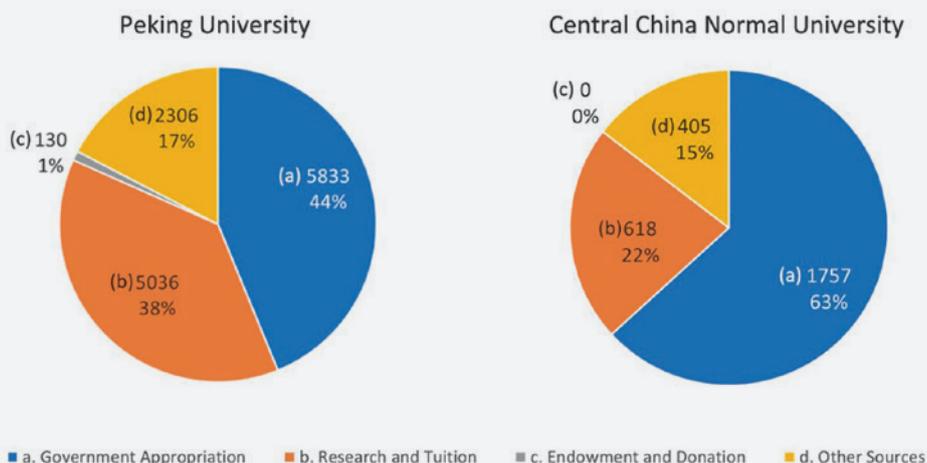
From 1949 to 1978, the era of the planned economy in China, HE was integrated closely with the government. Fully funded without tuition fees, it was considered a pure public good. From the 1980s onwards China built a socialist market economy. A dual-track fee system based on the government’s financial support was established. Following China’s accession to the WTO in 2001, the view of HE as a service commodity gained ground. Privately-funded colleges open to student choice expanded; all institutions, public and private, charged some tuition fees; and there was fierce competition among students for the best places. This period also emphasized the complementary role of other funding sources to government funding, which consequently prepared the ground for a financing model with diversified sources.

Evidently, though it is still shaped, guided, and largely financed by the government, HE in China is no longer a purely public good. It is selective and fee-charging, standing at odds with the non-rivalry and non-excludability of public goods. However, it retains a public nature, that is, producing social/public benefits and benefiting simultaneously the individuals and the whole of society. In this sense, common good(s) can be a more comprehensible and reasonable concept to describe Chinese HE, since it is seen as a collective endeavour and is common to all people, irrespective of any public or private origin.

As a common good, HE in China is largely government-funded and led, and its contributions to people, society and the whole

**Figure 1. Examples of funding sources of Chinese universities (2019).**

Source: Universities' websites.

**Unit: million RMB**

**Note:** Peking University is a top-tier university in China, being listed in the top 100 in the Academic Ranking of World Universities (ARWU) and the 2<sup>nd</sup> in the Best Chinese Universities Ranking (2019); Central China Normal University is a research university, being listed in the 501-600 in ARWU and the 99<sup>th</sup> in the Best Chinese Universities Ranking (2019).

nation receive wide attention. Thus, discussion on Chinese HE's contributions to the common good (it refers to the benefits for all) emerges in recent years. However, due to the fact that around 50% of funding in Chinese higher education institutions (HEIs) is coming from the government (both the central government and local governments), more attention has been paid to HEIs' contributions to the national common good, which is a top priority for most Chinese HEIs, especially for the leading research universities.

Chinese leading research universities, which aim to become world-class universities or have world-class disciplines, receive the most substantial amount of government funding when compared with other universities (see examples in Figure 1). Although leading research universities have diversified their funding sources in recent years, government funding occupies the largest proportion.

The providers of funding constitute the stakeholders of leading research universities and "stakeholder expectations" affect the functions of leading research universities to a large extent. Thus, in China, there is no doubt that Chinese leading research universities (all of them are public universities) must first meet the national and social expectations and serve the national interests, that is, the national common good, which also reflects the *Chinese characteristics* in HE. Specifically, Chinese leading research universities' contributions to the national common good can be observed in four areas: (1) talents who will serve the development of the country; (2) research outputs which address challenging problems facing the country; (3) service activities that include public engagement and policy

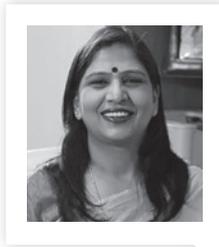
suggestions; (4) cultural communication that disseminates the long-cherished Chinese culture globally through international exchanges.

Actually, it's not just China that has seen government funding play a crucial role in the development of HE and leading research universities; countries in East Asia share the same experience. Nearly all leading research universities in East Asia are directly established, managed and funded by the national government, on the basis of learning from and imitating western universities, such as Peking University in China, Tokyo University in Japan, and the National University of Singapore. From the very beginning, these universities were committed to promoting the advancement of the country and society, training administrative talents and social elites, with a strong public mission to serve the national common good. Accordingly, in terms of policy-making and resource allocation, the government support for these universities in East Asian countries is much stronger than universities in other countries (e.g., the USA).

To a large extent, the financing model with massive government input determines that serving the national common good is a priority for Chinese leading research universities. Of note, it is also because of the strong government's financial support that the public nature of Chinese HE can be preserved. This is especially important for large countries like China which lists boosting social equity and social mobility as national goals. However, this does not mean that leading Chinese universities ignore their global mission as serving the global common good, instead, it illustrates that the national common good

is highlighted particularly in the Chinese context; therefore, a global-local nexus of Chinese HE is structured based on this condition.

## 12 Financing higher education in India: an innovative approach



by **Pankaj Mittal**, Secretary General, Association of Indian Universities (AIU), India

It is said that if you want to invest for a year, invest in corn, if you want to invest for 20 years, invest in trees,

and if you want to invest for lifetime, invest in education. This is true as the benefits of education accrue not only to those who receive them, but to the entire society. The investment in education in terms of 'Return on Investment' (ROI) can be calculated not only in terms of increased earnings by an individual who is educated but also in terms of better health, increased life expectancy, the technological boost to economic activity, societal development, innovation, production of knowledge, greater participation of women in work etc. Therefore, there is a strong case for investment in education even if we view it with the narrow lens of economic return. It is hard to find a better investment.

However, in India, the expenditure on education has not kept pace with the requirements of the larger education system of the country. The total Government expenditure on education is 3% of the GDP. This is below the goal of spending 6% of the GDP on education as advocated by Kothari Commission as early as 1964. On the contrary, countries across the world make substantially higher public investment in education e.g. in terms of percentage of GDP spent on education South Africa, Zimbabwe and Sweden stands at 7.7%, Bhutan and Finland at about 7%, Brazil at about 6%, U.K. and Netherlands at about 5.5% and South Korea and USA at about 5%. The entire allocation for higher education in the year 2018 was less than what China spent on just two of its universities, namely Tsinghua University and Peking University.

As we can see, there is a strong case for India to make substantial investments to improve its educational outcomes. The Draft National Education Policy of 2019 advocated for a significant increase in public investment in education. It has projected that the public expenditure on education should increase from the present 10% of overall public expenditure to 20% over 10 years. The strategies for realizing this goal include overcoming operational problems, plugging the leakages in funding, developing human capacity, developing the capacity for optimum utilization of funds, encouraging philanthropic

funding from non-public sources to the institutions of higher education, encouraging not for profit, public-spirited private funding in education, etc.

A systematic enhancement of philanthropic support for education from multiple sources is required. Despite having a long list of individual donors of small scale, India has a tiny handful of large-scale philanthropic initiatives, unlike universities in the western world and the United States. In the World Giving Index, India stands at 82<sup>nd</sup> position in a list of 128 countries which is embarrassing, keeping in mind the past practise in India where a large number of the institutions were established solely through philanthropic activities. This calls for a proactive approach as no one can deny the value of philanthropy for long-term value creation, particularly in societies with limited state capacity to deliver on social causes. With the rising numbers of billionaire Indians, and increasing concentration of wealth amongst them, the claim and expectations of philanthropy are strong in our country.

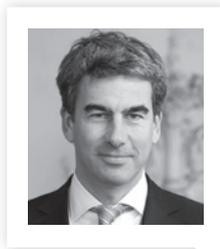
India has taken positive steps in the recent past to channel funding to the higher education sector. The focus has been shifted from the capital expenditure funding of Centrally funded higher education institutions to the Higher Education Funding Agency (HEFA), under which, the funding is made to the institutions in terms of project-based loans repayable fully or partially in various proportions. With the Government bearing the remaining liability, depending upon the type and age of the institution. HEFA has become an efficient mode for ensuring better utilisation of scarce resources, since loans are project-based and funds are released directly to the vendor on verification of the bills by the institution without any bulk parking of funds. This prevents cost and time over runs since institutions cannot avail funds until they are ready for execution. This also ensures timely completion of the project as the repayment meter starts running and the institutions need to mobilize resources from the assets created.

To improve research, the National Research Foundation is envisaged to catalyse and consolidate research and innovation across the country with a special focus on improving research at higher education institutions by creating a conducive eco-system for research, through competitive peer reviewed funding, mentoring and facilitation.

All these innovative approaches including increased public expenditure on education and research, fee fixation at realistic levels, and systematic encouragement for philanthropic support from multiple sources are expected to address the issues relating to the financing of higher education in India, to a great extent.

# EUROPE

## 13 Ten trends in university funding in Europe and their impact on higher education



by **Thomas Estermann**, Director for Governance, Funding and Public Policy Development, European University Association (EUA)



Universities are expected to assume various roles in addition to teaching and research to address changing labour market needs, social inclusion or sustainability challenges. Funding shapes the universities' capacity to deliver on their amplifying responsibilities. Some of the key trends in the last decade are discussed below.

### 1. Public funding for universities has recently improved in many systems, but Europe is still facing an investment gap.

The EUA Public Funding Observatory 2019/20 shows that although more higher education systems invested in universities in 2019 compared to 2008, the sector is still under pressure in many countries in Europe. The overall recovery remains slow as public authorities have shown limited efforts despite increased economic growth. Only a few countries, including Norway, Sweden, and Switzerland invest in line with their student numbers growth. Countries like Denmark, Germany, or France fail to align their funding to the expanding student cohorts, so institutions struggle to ensure the quality of operations. Several countries in Central and Eastern Europe continue to experience funding cuts.

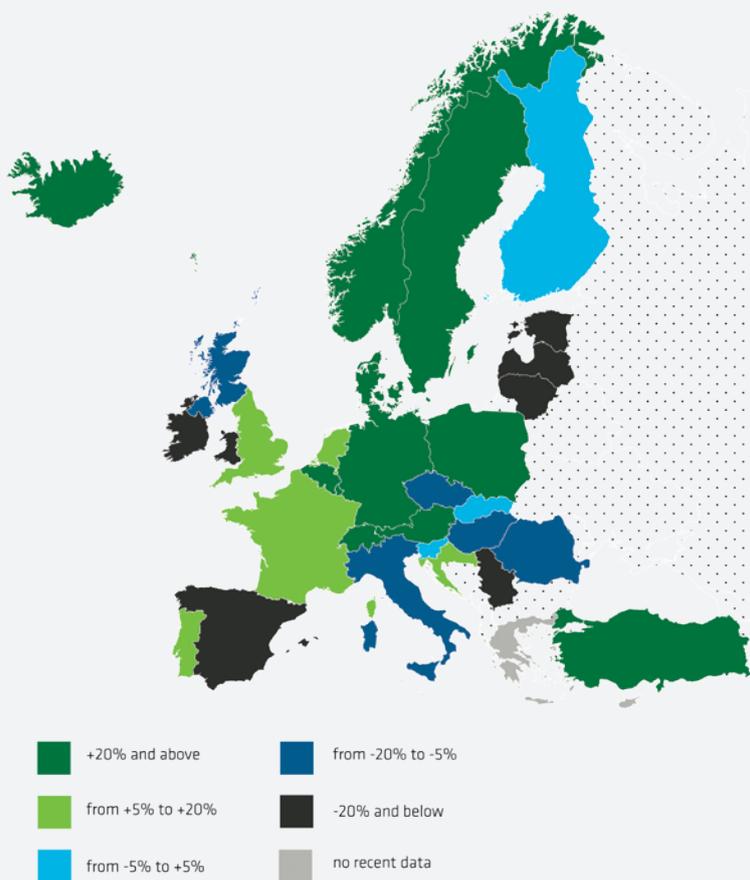
### 2. While universities try to diversify their income sources, most of their funding comes from the state.

Universities in Europe generate income from different public and private sources. Direct public funding, allocated by public authorities through block grants, remains the key source of income. In some countries, tuition fees provide a significant part of income. Additional revenue sources include contracts with business and industry, philanthropic as well as EU funding (the Framework Programme for Research and Innovation, Erasmus+, European Structural and Investment Funds).

### 3. The share of competitive funding is growing, often at the expense of core public funding.

Universities in Europe typically receive basic public funding for core activities through a block grant for teaching, research,

Figure 1. Evolution of public funding for universities between 2008 and 2018.



and operational costs. Yet, the share of competitive funding has gradually risen over the last decade. Public funding is more often tied to projects awarded competitively, particularly for research (e.g. Estonia). Various competitive funding streams also support the development of wider institutional strategies (e.g. excellence initiatives in Germany and France).

### 4. Input indicators are key for calculating block grants, but output-oriented criteria linked to research and teaching are getting more weight in funding formulae.

Formula funding comes with great diversity, both regarding the amounts distributed and the formula composition. Where formulae are used to calculate the amount of a block grant, the role of output indicators is growing. Output criteria linked to research (e.g. doctoral degrees, external funding) and teaching (e.g. number of Bachelor and Master's degrees, ECTS points) are particularly important.

### 5. Performance contracts are more commonly used for steering higher education.

Unlike performance-based elements in funding formulae, performance contracts set goals for the future. Countries like

Austria, Ireland, Italy, The Netherlands and Latvia use this mechanism for steering while linking contracts to funding. Individually negotiated performance contracts support strategic profiling of universities.

#### **6. Tuition fee trends differ throughout Europe, but common approaches for international students emerge.**

Current tuition fee policies support further segmentation of the student population. Several countries (e.g. France and Italy) have recently granted more autonomy to their universities in differentiating between domestic/EU and international students while charging tuition fees. Fees for international students were introduced in Denmark, Finland and Sweden. Loans are used both for tuition (e.g. UK) and support for domestic/EU students (e.g. The Netherlands). However, the level of repayment of publicly subsidised loans can vary significantly, which raises new questions about the cost-sharing model of university funding.

#### **7. Efficiency and effectiveness are part of the funding agenda.**

Efficiency and effectiveness evolved as key topics for national debate in several countries (e.g. Austria, Czech Republic, Ireland, UK). Many universities seek to foster their operations both in management and academic practice to adapt to enhanced competition and changing funding modalities. Good practice examples include cost-cutting collaborations through joint procurement, asset sharing or shared services, as well as optimising the academic offer, joint study programmes and research partnerships.

#### **8. Participation to European funding programmes is more important, but also more complex and expensive for universities.**

Universities actively participate in EU funding programmes, despite their rather complex and costly participation modalities. To fully capitalise on university's socioeconomic assets, it is important to better align education, research and innovation policies and develop simpler rules for participation.

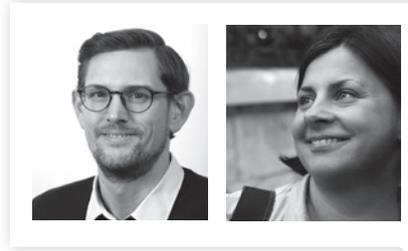
#### **9. Despite increased competition, collaboration in different forms is on the rise.**

While competition between universities and other providers for funds and talent has increased, institutions also more actively engage in collaborations, networks, alliances and mergers to secure competitive advantage.

#### **10. Funding trends affect institutional governance and management.**

Funding has become a top-level responsibility, requiring leaders to act strategically for stronger institutional profiling. Many universities revise their governance and management practices and develop strategic recruitment and human resources development policies.

## **14 Marketization of higher education: diversity of markets and the consequences**



by **Jens Jungblut**, *Department of Political Science, University of Oslo* & **Martina Vukasovic**, *Department of Administration and Organization Theory, University of Bergen, Norway*



**UiO : University of Oslo**

There has been an increasing reliance on market mechanisms in higher education governance across the world, comprising deregulation, increased private and decreased public funding as well as expansion of private provision. These developments are the focus of much contestation between various stakeholders, who tend to see all marketization as either inherently good or inherently bad. However, if one wants to properly grasp the breadth of these developments, it is necessary to go beyond such simplified views and consider the diversity of marketization reforms, both with regards to the instruments employed and the implications of such reforms for various stakeholders.

Marketization of higher education can be seen as one aspect of more general reforms seeking to first introduce and then intensify market steering in the public sector. As such, conceptual approaches employed for recent analysis of these more general trends provide an excellent basis for discussing marketization of higher education, here seen as one of the public services (similar to e.g. healthcare) (2).

One of these approaches, developed by Jane Gingrich (3), focuses on two dimensions of marketization – 1) production and 2) allocation. The production dimension is used to elucidate the extent to which three main actors – the state, the users and the providers of the services – have most control over delivery of services. In the case of higher education, the key users are students and the key providers are higher education institutions. These actors have different interests. By marketizing higher education, the state seeks to make higher education more efficient and cost-effective. Students, in this context, are primarily interested in the quality of education they receive, specifically in relation to labour market outcomes,

1. Based on Jungblut, J., & Vukasovic, M. (2018). Not all markets are created equal: re-conceptualizing market elements in higher education. *Higher Education*, 75(5), 855-870.



while higher education institutions are pushed towards being interested primarily in profit, similar to producers operating in the private sector. Marketization of higher education that comprises introduction of contractual funding (or performance agreements) with higher education institutions leaves the state still in the position of highest power. However, if marketization stresses the choice of users, e.g. through the introduction of voucher funding, it puts students in the “highest power” position. There are also systems in which marketization of higher education includes a significant deregulation of provision, putting the rights of students in the background, thus empowering higher education institutions. The allocation dimension relates specifically to how higher education is funded and who can access it. Many marketization reforms have comprised a shift towards increasing private contributions – often dubbed “cost-sharing”. In some cases, this shift has been accompanied by introduction of various student selection mechanisms, such as entrance exams.

Combined, the two dimensions lead to six distinct types of arrangements, or rather six distinct paths towards marketization of higher education. They also highlight that the answer to the question who are the winners and losers of the process of marketization can vary. Some market reforms actually lead to decreased professional autonomy in higher education or decreased possibility for some students (e.g. those from lower socio-economic backgrounds) to choose what kind of higher education they want. Other market reforms may privilege a handful of private higher education institutions, by giving them the right and the funding necessary to provide education in strategically important areas (e.g. medicine, law, civic engineering etc.).

This goes to show that marketization reforms are rarely inherently good or evil for the sector. Instead and depending on which instruments are employed, marketization of higher education may lead to rather distinct outcomes concerning which of the three main actors (or subsets thereof) profit from the new arrangement. After all, there is not one form of market-based steering with similar implications across all contexts but rather a wide set of reforms that can empower different stakeholders to a varying extent. Subsequently, also the assumption that market-based reforms will lead to increased efficiency in the sector has to be questioned in the light of the plethora of possible reform trajectories. To properly grasp the implications and outcomes of marketization in higher education, we have to move beyond a dichotomous understanding of these reforms and analyse them in greater detail to fully assess their effects on different stakeholder groups as well as the efficiency of the sector as a whole.

## 15 Private funding and its dangers to academia: an experience in Switzerland



by **Manuela Hugentobler**, MLaw, Ph.D student, assistant in teaching and research at the Institute for Public Law, **Markus Müller**, Professor for constitutional, administrative and procedural law & **Franz Andres Morrissey**, Senior Lecturer for Modern English Linguistics, University of Bern, Switzerland

Academic freedom, a deep-rooted right in the Swiss Constitution, is in danger. Private sponsorship agreements, covertly negotiated between university administrations and big companies, are becoming increasingly vital for the finances of Swiss universities. Federal and cantonal governments foster this development by imposing austerity measures on the one hand, and by rewarding growth in private third-party funding with additional federal subsidies.

### Concerns regarding private funding of Swiss universities

The typical Swiss university obtains stable core funding from one or several cantons of the Federation (1), charges low tuition fees and values research and teaching equally. Generally, private non-profit and for-profit higher education institutions are not widespread in Switzerland. Nevertheless, Swiss politics and administration promote the development of the “entrepreneurial university” (cf. Mautner 2005) and seeking private funds for higher education. There seems to be a shift from an understanding of higher education as a public good to an understanding where higher education institutions are perceived as market players.

Closer ties between science and the economy have been developed recently. Journalists found a considerable number of contracts, which were previously withheld from the public (2). In 2012, an agreement between the University of Zurich (UZH) and the Union Bank of Switzerland (UBS) came to the public’s attention. On the occasion of the bank’s 150-year anniversary, UBS decided to invest 150 million Swiss Francs (about 125 million Euro at the time) in education. However, both UBS and UZH refused to disclose the details of their agreement (Hänggi, 2013, 10ff; see also Bradley, 2013). Whereas there had been discussions about private sponsoring in Switzerland (for examples, see Hänggi, 2013, 169ff), before the news of

this arrangement became known, mainly among academics, the deal between university and bank created a modicum of public interest in the subject.

Nevertheless, the Federation and the cantons continue to promote private funding of research and the transfer of its results into marketable products: more collaborative projects between industry and academia are created, more deals between them made (Cf. Müller, 2014, 382f.). However, it is only now becoming apparent that all private contributions, trifling, as they may seem, may pave the ground for extensive sponsoring agreements (Cf. Slaughter, 2004, 9).

### Independence and the appearance of bias

Fortunately, the Swiss constitution does not leave academics entirely to the tender mercies of the times; under the heading 'Academic Freedom', it unequivocally states: 'Freedom of research and teaching is guaranteed' (4). Legislators, administration and judges are therefore called upon to protect and defend academic freedom against illegitimate interference (Schwander, 2002, 134; Müller, 2014, 384ff.). Freedom and independence, like transparency, are thus pivotal elements in academic research and teaching. Yet, the fact that a researcher is actually able to conduct research free from external influences does not in itself satisfactorily meet the constitutional requirements, nor does it fulfil the expectations of society. It is of utmost importance for research and teaching not only actually to be independent, but also to ensure that this freedom of science, of independent universities and autonomous academics is perceived as such in society. The mere *appearance of bias* as a result of outside pressure must not be ignored (Müller, 2014, 387).

Private sponsoring may well result in a fundamental, possibly subliminal, flawed perception of research outside its field. Even if there is no tangible evidence of direct influence on the part of the sponsor, privately-funded projects will arouse suspicion: the subtle psychological effects on academics collaborating with industry are widely known and proven (Adam, 2013, 407ff). The possibility of sponsors influencing research agendas can never be ruled out completely (Cf. AAUP, 2014, 99f). In other words, in such a situation the appearance of a conflict of interest remains, even if academics are not bound to and have no intention of acting in favour of their sponsors (Hänggi, 2013, 70f).

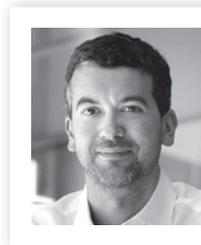
### The implementation of a constitutional right and obligation to protect

The first responsibility of governments therefore is to avoid financial dependence of its universities. The state has to provide regulations and financial support which prevent universities from having to depend on unreliable, short-term funding, which may even be contingent on externally imposed conditions, but to enable them to strategically identify the partnerships that would actually benefit their *research*.

Furthermore, in Switzerland a lot of research is already carried out by private companies in entrepreneurial settings and with business funding, motivated and shaped by and limited to market requirements. It then lies within the responsibility of the public universities to cover a large variety of research fields and to address, not least, research issues with limited commercial appeal (addressing, for instance, medical needs in developing countries) (Hugentobler *et al* 2017), as opposed to those meeting mainly the research desiderata of the business world (Müller, J.-P., 2008).

Even if academia were to open itself to an increase in private funding, the community should make a decision only after a rigorous discussion of current developments and their results. Academics need to take a stand in the public debate to insist on scientific research independent of commercial considerations because 'there is nothing better than good science to help us to see further and it is therefore too important to allow it to become just another human exercise in chasing targets instead of truths. [...] We need to save scientific research from the business it's become.' (Jha, 2016)

## 16 Time is money: disentangling higher education cost-sharing and commodification through deferred graduate retirement<sup>2</sup>



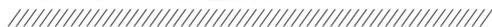
by **Bilal Barakat**, Senior Policy Analyst, UNESCO Global Education Monitoring Report<sup>3</sup>

To date, policy proposals for raising the share of private funding centred on a relatively small number of alternatives, namely full public funding, tuition fees, either up-front or delayed and income-contingent, or a surtax on graduate incomes. However, the tools currently available have proven too limited to create a broad consensus among the different stakeholders and political camps. Progress could be made by disentangling the question of economic burdens and incentives at the individual level from questions of commodification and marketization at the institutional level.

One way to achieve this would be to increase the statutory retirement age for higher education graduates relative to non-graduates. In principle, the resulting decrease in future public

2. A longer version of this article was published as: Barakat, B. 2018. "Time Is Money: Disentangling Higher Education Cost-Sharing and Commodification Through Deferred Graduate Retirement." *Higher Education Policy*, 31 (3): 289–307.

3. This article reflects the personal views of the author, not necessarily those of UNESCO or the Global Education Monitoring Report.



pension liabilities can be converted into increased funds for present spending on higher education.

Deferred retirement for graduates sidesteps some important objections against other forms of private contributions. This includes both the challenge of not discouraging less advantaged students and fundamental concerns regarding the compatibility of students-as-customers with the core values of higher education.

Both for potential entrants into higher education and policy-makers, it matters how issues are framed. Policies that are equivalent in accounting terms can interact quite differently with perceptions, attitudes, and actual participation decisions.

The phenomenon of ‘mental accounting’, for example, suggests students will not frame deferred retirement in terms of a financial loss, but as ‘working longer’. Deferred graduate retirement allows ‘borrowing’ money to invest in higher education, but without manifesting itself as tangible, personal debt with a monetary ‘sticker price’. Students maintain the freedom to base their choice of degree on criteria other than income generation.

In contrast to income-contingent fees, whose repayment overlaps with the ‘rush hour of life’ when mortgages and family formation place additional strain on the finances of young adults, deferred graduate retirement shifts the burden to a time when, towards the end of their career, financial independence is at a peak.

Under the scheme, the core effect of cost-sharing is achieved without implying or requiring commodification or marketization. The only tangible change is that future public liabilities per graduate have diminished. A significant share of the resource burden of higher education is thus shifted from the public onto the private shoulders of beneficiaries, but without directly affecting the higher education sector or educational dynamics in any way.

Later retirement for graduates is likely to appear almost self-evidently fair to the general public; after all, graduates also enter the labour market later. Arguably, serious study constitutes unpaid, but nevertheless economically productive, work. Graduates may not spend much less time at work if they suffer less and shorter unemployment. But such caveats are unlikely to be able to dent the persuasiveness of the simple formula ‘enter later, exit later’.

In sum, the scheme promises to be more acceptable to a majority of affected individuals than tuition fees or a graduate tax, both as current prospective students and as future retirees, at the same time as being more equitable. Not least, the private contribution under Deferred Graduate Retirement cannot be borne by privileged students’ parents on their behalf.

A key question is how the net present value of the future public savings under the scheme compares to the value of

tuition fees. This determines both to what extent the relative private and public shares of costs have been shifted and the additional resources that could potentially be mobilized for current funding.

In a middle-of-the-road scenario using standard discount rates and levels of fees and pension typical in European countries, deferring graduate retirement by 2–3 years would be broadly comparable to high fees. For moderate fees, this remains true even under pessimistic assumptions. Conversely, even full-cost fees could be approximated under assumptions that are more optimistic but still well within the realm of what is possible.

Continental European ones provide the most fertile ground for deferred graduate retirement with their relatively generous publicly funded pensions, and limited existing reliance on tuition fees (and large resistance to them).

In that context at least, the idea promises a number of economically and politically desirable properties compared to established alternatives and deserves more serious investigation. By forcing the debate outside the settled groove, such investigations may benefit our understanding of the policy trade-offs involved even if deferred graduate retirement itself is ultimately rejected as a mere thought experiment.

## 17 High quality online universities: an opportunity for higher education systems



by **Antoni Cahner**, *General Manager* & **Inés Teresa Palacio**, *Deputy General Manager Universitat Oberta de Catalunya (UOC), Spain*

The demand for tertiary education is increasing globally. According to the OECD, there will be 400 million university students in 2030 interested in a range of education opportunities, from degree-level education to doctoral studies and lifelong learning. Meeting such demand would require creating two new universities per day, each of them for 20,000 students -an unlikely and expensive scenario.

This growing demand (above two percentage points globally) is attracting more and more investors who are seeking an opportunity in the higher education sector. Aside from the

debate about the pros and cons of the marketisation of higher education, additional funding for universities is usually good news as it can facilitate the acceleration of knowledge and research production, drive higher quality in teaching resources and improve the student experience. In short, it can increase institutions' competitiveness and, as a result, act as an incentive for the rest of the system. However, private investment in higher education also entails risks that must be considered, especially given the decisive role that universities play for the future of our societies. Additional investment from the private sector should not seek just to improve profitability as this can damage the prestige and quality of higher education. We must all remember the relevant role that universities play in transforming societies and ensure all investment has that mission as its ultimate goal, rather than simply fulfilling economic interests.

In parallel, the internet and new technologies are radically transforming the higher education sector and offering opportunities to students to study anywhere, anytime. Online education opens doors to students who otherwise might not be able to pursue university education, either because there is not another institution nearby or because their circumstances do not facilitate attending traditional face-to-face education. Furthermore, the investment that online universities need to make for each student place is significantly lower (\$3,780 in the case of the Open University of Catalonia) than the \$15,556 quoted by the OECD as the average annual cost for a tertiary education student.

This is possible due to the flexibility and scalability of the online education model, which allows for greater geographical distribution of academic staff and limited expenses on physical resources such as campus facilities. Such an efficient university model allows for constant re-investment of financial margin to improve online methodologies and resources, consequently improving the student experience and graduate outcomes. This has attracted interest from private investors that see online education as a particularly profitable option within the higher education sector.

To guarantee that the education offering provided by online universities meets the same quality requirements as traditional providers it is paramount that adequate official regulation and accreditation mechanisms are put in place, adapted to the specific peculiarities of the online model. Online universities can and should continue to provide high quality options for those students around the world who wish to pursue university education and for one reason or another opt for the online option. They play a key role in meeting social demands and individual expectations that otherwise would remain unfilled. At the same time, governments have the responsibility to ensure that quality agencies exist and operate to ensure the quality of all online providers.

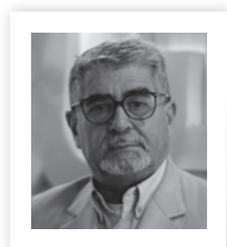
In Latin America, the Open University of Catalonia (UOC) is advising national quality agencies such as COPAES (Consejo

para la Acreditación de la Educación Superior) in Mexico, CNA (Comisión Nacional de Acreditación) in Chile and CACES (Quality Assurance of HE Agency) in Ecuador on the criteria and methodology to evaluate online education providers. It was also present at the foundation of the Ibero-American System for Quality Assurance of Higher Education and is proactively forming online educators in the latest e-learning methodologies and pedagogy worldwide.

In sum, online universities are complementary to the more traditional face-to-face institutions and as such need to collaborate with local governments, quality agencies and global networks. Regardless of who the operator is and where the funding comes from, students need to be able to choose with sufficient security and information what they can study and where they can study, as it is their future and that of our societies, which is at stake. For this to happen, it is essential to clarify what is official and recognised training and what is not, who has the necessary accreditations and who does not, when a programme responds to qualitative minimum standards and when it does not. Crucially, because the short-term profitability of investing in higher education should never endanger the opportunities that universities can and should provide to the future generations.

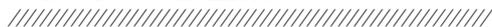
## LATIN AMERICA & THE CARRIBEAN

### 18 How are financing models influencing the future of higher education? Some examples from Latin America



by **Roberto Escalante**, *Secretary General, Association of Universities of Latin America and the Caribbean and IAU Administrative Board member*

Financing has always been a crucial factor, particularly in the case of public higher education where universities depend on public funding. In Latin America and the Caribbean, until the nineteen seventies (1), financing modelled higher education in a public fashion. Private universities were few in numbers and they had little influence. From the seventies and onwards, governments practically abandoned the financing of new universities,



opening new space and opportunities for private universities. In the absence of increasing public funding to respond to the increasing demand for higher education, private institutions addressed this demand. The policies adopted to finance higher education in this period reflect this shift as they were based on a model that increasingly relied on private institutions to educate the young population and cater to an increasing demand for higher education. This is the case for countries such as Chile, Colombia, Paraguay, Brazil, and Mexico, where large percentages of the students attending university are educated in private institutions.

This trend frames the type of education that students receive. Although there are very important exceptions, like Jesuit universities, private universities train their students in a fashion predominantly focusing on employability and the demands of the market. In many cases, private universities are the 'factory' of employees and CEOs of large and multinational universities. Their aim is to give their students the competencies to reproduce a type of economic system and a particular view of society and ideology. The market-economy is their paradigm. For instance, all those leaders of the public domain who implemented the neoliberal transformation of societies in the eighties and nineties were educated, by and large, in private universities and the policies to promote private education in Latin America and the Caribbean are connected to that phenomenon.

Employability of students is certainly an important issue and obligation to all higher education institutions. However, the realities of the world nowadays demand a much wider and complex process and responsibility. HE institutions and universities should be places where citizens with a critical capacity to examine the reality are educated and trained. But even more, to be able to transform them. Inequalities are a key issue in Latin America and the Caribbean and universities and HE institutions must address this important regional challenge by educating students capable of addressing societal issues and challenges and developing new solutions.

On top of these epistemological issues relating to financing higher education, new realities must also be considered. The digitalization of practically all areas of our lives reverberates unavoidably in universities. Taking this to an extreme, universities and HE institutions must transform. The emergence of artificial intelligence, blockchain, the internet, and big data cannot be avoided as powerful technological tools, which influence the main activity of universities, namely, the creation of new knowledge. Technological change is mainly a cultural and a social phenomenon, which leads to new ways of doing things. Knowledge creation and education will change. Teachers, lecturers, and researchers will require new competencies and create new pedagogies. Infrastructure will also have to be modified and this will lead to important institutional changes alongside the expansion of new educational alternatives. In sum, a new vision of financing higher education will have to be put in place.

Taking into consideration everything said above, financing higher education is not only a matter of money. There are the strategies behind the policies that land in budgets and affect the allocation of resources to institutions. In Latin America and the Caribbean, it is urgent to retake control of the financing of higher education, in particular in respect of those vulnerable sectors of society which go to public universities and need high quality higher education. At the same time, financing has to be considered to finance the novelties that technology is bringing about yet without forgetting the main purpose: to educate people with a critical and analytical mind to serve society in the best possible way.

## 19 Multiple challenges facing financing of higher education in Brazil



by **Marcelo Knobel**, *Rector and Full Professor of Physics, University of Campinas (UNICAMP), Brazil*

Brazil has around 210 million inhabitants and is the world's 8<sup>th</sup> largest economy. Its peculiar higher education system has witnessed unprecedented growth, with enrolment almost doubling over the last ten years. Today, more than 8.4 million undergraduate students are enrolled in post-secondary education. However, this figure represents only 22% of the 18-24 years old age cohort. Three-quarters of these students are registered in private institutions, half of these in for-profit institution (FPI). The country has only 107 public research universities but more than 2000 private teaching institutions.

The Brazilian federal government has a strong impact on the development of higher education (HE), science, technology and innovation owing to its crucial role in providing funding as well as establishing policy and regulations. Since the 1970s, policymakers have relied on the private sector to meet the escalating demand for higher education, facilitating institutional authorization and offering attractive fiscal incentives. The federal government further strengthened policy-favouring privatization during the 1990s with the authorization of FPIs. Their expansion was fuelled by several factors after 2005, including the growth of the country's student loan program, the use of the stock market to raise investment capital, and the introduction of a federal program of tax exemptions to private institutions that provided scholarships to poor students.

FPIs tend to be ranked below other higher education institutions on official student learning assessments and suffer

from problems related to infrastructure, faculty qualifications, and financial sustainability. Most of the students in FPIs are enrolled in low-cost programs that favour larger classrooms, low faculty salaries, reduced academic expectations, and that lack policies to support student retention.

The HE context is further complicated by a long period of economic crisis. For private institutions, this has led to the reduction in the number of students able and willing to pay fees, a situation made worse by a substantial reduction in the availability of federally subsidized student loans since 2015. As a result, many FPIs have suffered a significant financial hit, leading to mergers that are reshaping the private HE landscape with the formation of huge, very lucrative organizations. These new giants unbalance the sector, creating big companies that concentrate most of the government's subsidies. Despite the FPIs claims that financial goals will never be given priority over social commitments, the appetite for short-term financial gain will probably eclipse long-term educational objectives.

On the other hand, the public sector has its own funding challenges. Public universities are research-oriented and tuition-free. The expansion of this sector has been severely limited by a combination of high costs and limited governmental resources. In 2007 the federal government introduced a program of support for the restructuring and expansion of federal universities (called Reuni) with the aim of doubling enrolment in seven years. From 2003 to 2011, 14 new universities and over 100 campuses were created (the number of cities covered by at least one campus grew from 114 to 237). Reuni provided new funds to drive that process, but while it was successful in increasing enrolment, many campuses continue to suffer from infrastructure problems.

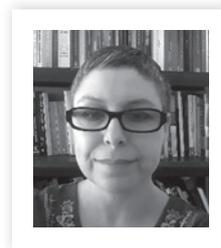
The new government inaugurated in 2019 has been aggressively attacking public universities, making absurd ideological claims while implementing severe budget cuts to universities, institutes and funding agencies. Although the allegations made by the president and his minister of education along with their austerity measures have been widely criticized, the situation has triggered a debate over public funding for science and technology, the tuition-free model of the public system, as well as the university model itself. Debate and improvements are always welcome but the dramatic disruption of the flow of resources to HE prevents the country from addressing many of its social and economic challenges. Strategic sectors of the country, such as health, agriculture, and energy will be severely affected if these cuts are not reconsidered.

Both private and public institutions are confronting high dropout rates, caused not only by the financial pressures student experience but also by the weakness in previous educational levels. High dropout rates resulting from economic pressures are a problem even where tuition is free since the cost of study is more than tuition. Students often struggle to balance the academic demands of a good university with a job

to pay for their cost of living. Those who work struggle with the lack of flexible hours and course requirements that are only amplified for students who reach the post-secondary level with gaps in their previous education, especially in mathematics, reading and writing skills.

The current HE financial model is not sustainable in Brazil and radical changes are necessary to keep expanding with quality improvement. A new HE system needs to be designed and must be integrated, decentralized, flexible and diversified. The private sector must be a major player in this arrangement and should focus on current world trends for delivering quality education, such as novel teaching approaches as well as long-term learning. In turn, the public sector should diversify its institutions, creating high-quality teaching-oriented universities, and modernizing curricula to include more general education. In any scenario, the financial funding from the government is vital to sustain science, technology, and innovation, engines for a future with social justice along with the notion of education as a public good.

## 20 Valuing higher education: the case of Chile



by **Carolina Guzmán-Valenzuela**,  
*Associate professor, Institute of  
Education, University of Chile*

Between 2011-2014, Chilean higher education witnessed a significant rise in protests. Most of them contested the privatization and the marketization of the higher education system and the promotion of growing social inequalities.

Broadly, the Chilean higher education system is characterised by a predominant number of private universities (around 42 including old and new private universities), fewer state universities (18), a hybrid scheme of funding (public and private), and a rather lax quality regulating system that started in 2006 and has been compulsory since 2020. A combination of all these features has been shaping the higher education system and universities' missions for the last 4 decades.

### The Chilean higher education landscape

Until 1981, there were few universities in Chile (with around 150,000 students in the system) and all were financed primarily by the state. However, during the dictatorship (1973-1990), non-selective new private universities were permitted. This considerably increased the number of universities. Consequently, Chile has been witnessing a significant uptake in its higher education participation rates,



with a skew towards its private sector. Currently, 4 out of 5 students are enrolled in private universities (either old or new private universities), with more than 1 million students enrolled in total.

Since the dictatorship period, the university funding system has been essentially fee-based. Until 2016, most students and their families had to seek private bank loans with high rates. After massive protests led by university students in 2011, a free tuition scheme was initiated in 2016 that benefitted the 50 percent poorest university students. Free tuition fees have been progressively extended to the 60 percent poorest students in state and private universities, professional institutes, and centres for technical formation (most of them, private institutions). In some universities, however, the free tuition fee scheme does not cover the total cost of the degree but only a percentage of it (the fee depends on the price for each degree in each university). There is sometimes a difference between the contribution from the state and the price set by universities and the difference has to be covered by the universities concerned and so those universities have been financially affected.

Until the 1980s, all universities in Chile were relatively similar and their missions mainly revolved around professional education. With the rise of competition for prestige and the scarcity of public funding (a trend that has been experienced not only in Chile, but around the world), the landscape of universities has changed. Two factors have had particular weight in differentiating and stratifying universities. On the one hand, a student selection process via a national entrance test the results of which show a performance gap in favour of students enrolled in private and semi-private schools over students in public secondary schools. On the other hand, research has become more important across higher education institutions with few universities turning to research and, in turn, becoming especially prestigious.

The most selective universities in Chile are usually research-oriented and their students tend to come from the richest families. Some public universities and some old and new private universities are part of a group of highly selective universities. In contrast, non-selective universities (both public and private) tend to be teaching-oriented and their students are from the lower social classes. Being a highly selective university with a research focus is key in obtaining public funding.

### Debates about free tuition fees and the public good

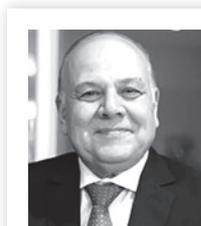
In a country where higher education institutions are highly dependent on student fees, there have been heated debates about whether or not it is right to offer free tuition fees. Detractors of this policy in Chile have argued that global trends in higher education indicate that, due to the limitation in public funding and the desire to provide high quality education, student fees are necessary. Some also consider that because

students receive a private return on completing a degree, they should meet the cost of their own education.

If higher education is considered a social right that produces public goods for the community and its collective benefit, a wider debate around financing higher education is needed. The discussion should include not only monetary costs and who should pay for higher education but also social, historical, political, and institutional considerations. Such a debate would be particularly timely in a country like Chile where higher education has been treated as a commodity traded in the market and whose quality depends on its price and social class. In such a debate, the government, the universities and the civil society have a key role. When universities and governments focus only on narratives of finance, prestige, competition, and selectivity, the nature of universities and their public dimensions are impoverished.

## MIDDLE EAST

### 21 How are financing models influencing the future of higher education?



by **Amr Ezzat Salama**, *Secretary General, Association of Arab Universities (AAU)*

Higher education (HE) is one of the key drivers of growth performance, prosperity, and competitiveness.

Globally, higher education appears to be experiencing an increase in demand, with more students attending colleges and universities while government support continues to decline.

HE institutes (HEI) are further expected to innovate within their curriculum and co-curriculum by providing new pedagogies, delivery models, high-impact learning experiences, and technologies to meet the requirements of the Fourth Industrial Revolution. Meanwhile, steadily climbing prices of higher education frequently hinder potential applicants from pursuing and completing degree programs.

### Higher Education in Arab countries

Higher Education in Arab countries is made up of universities, polytechnics, and colleges of education. There are about 1220 higher education institutions (about 5% of the world's

HEI), both public and private in the Arab countries. Student enrolment in higher education institutions is increasing from year to year, reaching over 12 million in 2018 (about 5.8% of the world's students) due to the exponentially growing population and the increased recognition of the economic and social values of HE. While there has been a huge growth in the number of students, the expansion of HE in almost all Arab countries has caused the quality of education to decline as resources are increasingly kept to a minimum. The ratio of student-to-faculty is about 28:1, while in the Gulf States it is about 19:1. However, the global ideal is 15:1. The number of undergraduate students represents 90% of the total student's number, the remaining 10% are graduate students.

The cost of a university student in the Arab world ranges from \$600 to \$2,700 per year in some countries. In the Gulf countries, the cost ranges from 15,000 to 50,000 dollars. The expenditure on university education in the Arab world is about 1.3% of the total national income.

Arab universities allocate less than 1% of the GDP for research and development (world average 2.303%, 2017). The number of Arab international students is about 526,091 which represents 9.6% of total international students.

Higher education (HE) systems worldwide have seen huge changes in the pattern of financing in the past twenty years, with a predominant shift of higher education costs from the government to private sources: financial markets, philanthropy, and households. In most Arab countries, funding for university education is the responsibility of governments and is almost the main source of funding for university education, which amounts to 90% of funding sources. The rest of university education funding is covered by student fees and some internal and external assistance provided by countries, organizations, international bodies, and consultative services offered by the university to the society.

Recently several Arab countries, namely Jordan, Egypt, and lately Iraq and Syria have developed a parallel system of education by channelling private funds to public institutions whereby students have the choice to enrol at public educational institutions for tuition fees. The pressure on higher education could be lessened by a vocational school system, which however seems to be less appealing among students and families than the university path. The Open University system could work to the same effect. The economy in the Arab countries could benefit greatly from the availability of a variety of different study opportunities, especially while unemployment is common among university graduates.

Due to the inability of the public sector to satisfy the growing social demand for higher education many Arab states have opened the door to establish private universities (for example, Lebanon, Palestine, United Arab Emirates, Bahrain, Qatar), which have become a dominant feature of the development of HE in these countries in the past decade.

## Conclusion

Reducing funds for higher education limits and even prevents necessary reforms especially in the areas of quality and knowledge production. Arab higher education is undergoing drastic changes and transformations due to the forces of globalization and the economic dynamics of the twenty-first century. This trend affects not only funding patterns but also every aspect of Arab higher education. To cope with societal patterns and demands, HEIs must adapt their traditional higher education systems not only in terms of funding patterns, but also in almost every aspect of the education system. Perhaps the most urgent area besides funding is the quality of higher education (HE).

## 22 The changing role of higher education in Lebanese society from a funding perspective



by **Salim Daccache** *s.j.*, Rector,  
University of St Joseph Beirut, Lebanon

Universities are facing a challenging financial context. The complicated political, economic, and financial situation contributed namely to a decrease in institutional income from tuition fees and a shift toward income diversification. The need for diversification has been one of many outcomes of a global economy where multiculturalism, corporatization of education and technology prevail.

Society also looks at universities as key players in bridging cultural, religious and political borders, inventing new paradigms and engaging in visionary actions. As a result, universities reinforced their income diversification strategies through the development of new programs and international cooperation to reinforce research excellence and social intervention.

### University strategy transformation

This new context requires universities to rethink their mission and strategy. Income diversification has affected universities' three missions: teaching, research, and social intervention.

- New educational offerings are thought considering the marketization and exportation of the programs. This includes short courses in-situ or online, international campuses, and targeted programs per industry. These programs require a strengthened effort in communication and reinforcing the institutional prestige through international accreditation, ranking, and marketing.



- Research attracts international funds through international inter-institutional cooperation. Universities developed international researchers' network towards cost sharing and reinforcement of their presence as international excellence research centres to develop innovations that would answer to national and global challenges. Universities commercialize this research as spin-offs or services to the industry.
- Social intervention strategies are thought in the light of sustainability, considering funding and cooperation with local and international organizations. This kind of activity requires funding for capacity building: human resources training, physical resources, and coaching or shadowing.

In this context, the university's mission is affected by the diversification of funding and the international cooperation that could carry such change.

### Income diversification in Lebanese universities

Universities in Lebanon follow either the American or the European model. Universities following the American model have more developed funding mechanisms and ties with the United States whilst universities following the European model have closer cooperation mostly with France.

Yet, both models have restraints in a market that is not used to universities selling services or fundraising, given the fact that most universities in Lebanon were established by religious orders that are perceived as wealthy, on the one hand, and focused on education, on the other.

Taking into consideration these restraints, Universities in Lebanon are looking for new sources of funding that affect their three missions: development of life-long learning programs, participation in international excellence research networks and collaboration with international organizations for social intervention.

We looked into the case of five Lebanese universities, accredited by international agencies and ranked internationally, to understand their income diversification plans: two received their accreditation from European agencies and the other three from American agencies.

We noticed that income diversification became of increased importance for the five universities under study:

- All selected and supported a guiding team for each income diversification project.
- Most of them developed and communicated to their community an appealing strategic plan that carries the funding program and its justification.
- All enabled people to work toward these new strategies through training, support structures (e.g. grant writing units, fundraising offices) and cooperation.
- All increased their cooperation with official bodies and international organizations such as the European Union, Agence universitaire de la Francophonie (AUF) and USAID to increase their impact and services to the most needed population in Lebanon and look for ways to fund social interventions and researches pertinent to the Lebanese crisis. These collaborations also entitled capacity building for the participating universities.
- All developed life-long learning programs and courses targeting a specific population (e.g., emigrants, elderly, special needs...). Most of them put in place international programs or MOOC for a target market in the Middle East and Africa.

Universities are also facing challenges to their funding diversification plans. Academic staff is used to a certain autonomy and career advancement plan that focuses on publication and teaching mostly. The socio-economic situation in Lebanon makes it difficult for universities to consider long-term development plans. Our study also showed a significant variation among universities in their income diversification maturity and agility in responding to the changing environment.

## 23 Rethinking financing models of higher education in Jordan



by **Zeidan A. Kafafi**, *President, Yarmouk University, Jordan*



There are two streams of higher education in Jordan, public and

private. At present, the number of public universities reaches 10, whereas the number of private Universities is 19, distributed geographically all over Jordan. According to the statistics of higher education for the year (2018-2019), there are around 282,403 students (54% females), among which there are 42,000 non-Jordanian students from 105 countries. Moreover, there are 10,812 teaching faculty and 1,168 study programs.

In September 2017, the Ministry of Higher Education and Scientific Research established a new directorate to promote Jordan as an educational destination, having the goal to attract 70,000 international students to Jordanian universities by the year 2020.

In terms of financing Higher Education in Jordan, the Jordanian Universities Law No. (18) of 2018 identifies the sources of the income available for universities whether public or private, in which it is displayed that the financial resources of a university include study fees, revenues from its movable and immovable properties, the income from the educational, advisory and research activities of the faculties, institutes, centres and from any productive projects and university facilities, besides grants, donations, and wills after the approval of the Cabinet if from a non-Jordanian source and any other income. In addition to this, there are the allocations from the Country's Public Budget that shall be added to the financial resources of the public university, which have an internal monitoring and audit unit.

Around 50% of students are enrolled outside of the regular competitive admissions stream either through exceptions or through a parallel admissions programme. Statistics from the Ministry of Higher Education and Scientific Research indicate that the students of the martyrs, the deceased and the injured affiliated with the armed forces, who study free of charge in all stages of education, cost annually around 8 million Jordanian Dinar (JD), noting that the universities bear these costs. Due to constraints facing universities, the total designated amount by government was raised up from 72 million JD in 2019 to 90 million JD in 2020. This is distributed upon certain criteria, bearing in mind that public universities' financial deficits have reached 118 million JD in 2019.

Public universities usually depend on internal rather than external resources. Public funding covers only 10%-15% of expenditures (Beyond this, the Government also provides scholarships for students).

For that reason, public universities have other resources, some of which are:

- Tuition fees: fees vary for regular programs and for the parallel or international programs. The latter are much higher.
- Internal and external Donations and Grants, either cash or in-kind.
- Moveable and Immovable assets; such as student dorm rentals, conference halls, staff residents, etc.
- Consultancies and life-long learning programs.
- Conducting investment projects; such as markets, shops, restaurants, parking facilities, etc.
- Engagement in externally funded projects.

Recently, some public and private universities started investing in renewable energy, thus securing long-term cost savings.

Private universities have their own budgets, where the main financial resources are the tuition fees. The fees of private universities are generally much higher than those of public universities. Bearing in mind all the current challenges, priorities should emerge and new actions to reform policies and laws should be taken to ensure the sustainability of universities in light of the National Strategy for Human Resources Development for the 2016-2025. Several measures are to be taken to provide "fair and affordable" quality higher education through developing universities, their independence and governance, admission policies, classifications, accreditation criteria, and capacities.

Universities should start looking for additional substitutes to generate revenues. While universities in Jordan started witnessing some innovation performance, a comprehensive innovation ecosystem policy is still needed. Universities should start promoting the value of entrepreneurship and innovation and have active involvement in partnerships with incubators, science parks, stakeholders and other transfer-knowledge activities. This requires strong partnership and involvement with the industry sector.

To conclude, we need a comprehensive strategy with a clear vision at the national level to meet future challenges and achieve sustainable development goals at all levels.

## NORTH AMERICA

### 24 The evolving need to diversify financial models: Impact on higher education and U.S. university presidents

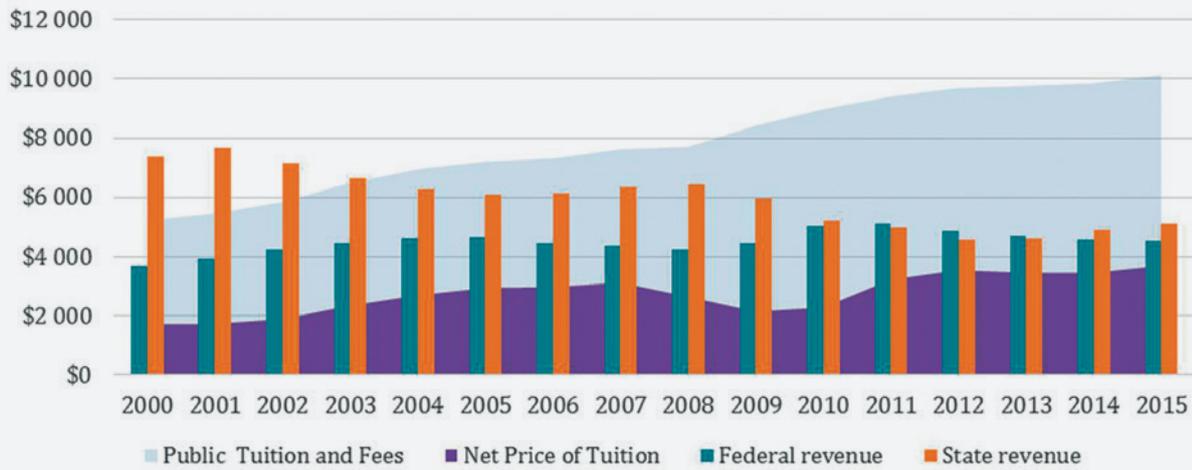


by **Mirta M. Martin**, *President*, & **Jacob Abrams**, *Director of Institutional Research and Effectiveness, Fairmont State University, US*

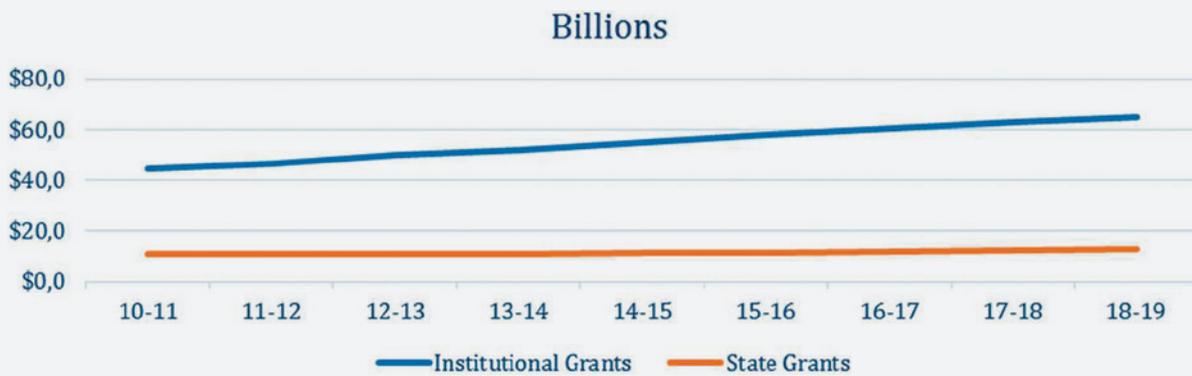
While financing the costs of higher education represents a perennial anxiety for presidents and their institutions, the Great Recession intensified the tenuity of traditional financial



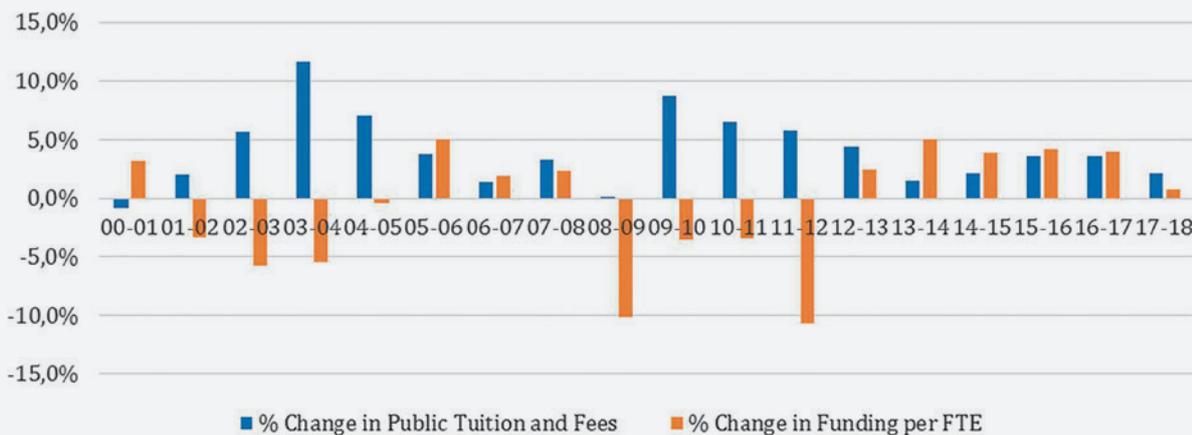
**Figure 1. Revenue and Tuition and Fees per Full-Time Student.**



**Figure 2. Institutional Grant and State Financial Aid Allocations, in Billions.**



**Figure 3. Year to Year % Change in Tuition and State Funding of Higher Education.**



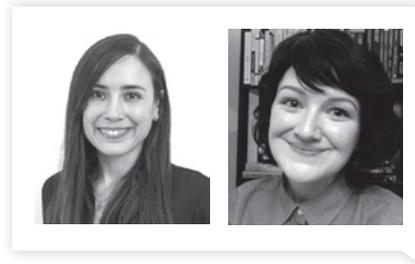
practices at colleges and universities across the United States. Chronic legislative budget deficits (1), personal wage stagnation (2), and increasing costs of essential goods and services (3) that existed prior to the economic crisis were further exacerbated by it, resulting in institutions operating on more limited public funds while simultaneously educating citizens who had even less capital to pay for it. State funding per full-time equivalent student decreased by a massive 16.58% between 2005 and 2015, and by 2011, funding provided to institutions by the federal government – which decreased by 2.98% over the same period – surpassed the monies provided by State legislatures to colleges and universities (4). Institutions turned to tuition and fees to salvage swelling operational costs, resulting in tuition and fees ballooning by 23.99% since 2009 (5). Unsurprisingly, total student loan debt reached the highest levels ever in the third quarter of 2018, at 1.46 trillion dollars, a figure larger than both total credit card and auto-loan debt in the country (6).

Another factor further confounds the tuition-dominant, State-dependent culture of public higher education: students and their families are highly sensitized to costs. Researchers have for decades noted the negative relationship between tuition increases and enrolment, particularly among disadvantaged students (7), with one study of enrolment and tuition patterns at 102 liberal arts colleges over an eleven-year period finding that a mere 1% increase in tuition corresponded to a 1% decrease in enrolment yield (8). To mitigate enrolment decline, colleges and universities have turned to tuition discounting in the form of grant-based financial aid. Indeed, institutional grant aid now accounts for almost one-third of all financial aid distributed to students (state grants now account for less than 10%). The subsequent net price of tuition – the actual amount that students typically pay out-of-pocket—was just \$1,730 higher in 2019 at public institutions than in 2009 (9). While a reliance on tuition discounting has been shown to stabilize short-term operating surpluses, increase admission rates, and improve retention, institutions relying more on tuition discounting have less equity, lower liquidity, and depressed asset turnover (10).

For better or worse, divestment in higher education by the States created a financial landscape increasingly contested by alumni giving and endowments. A recent Congressional research study found that 11% of large research universities held over 70% of all endowment funds across all institutions nationwide such that endowment investment strategies tenable at smaller universities were shrinking to the point of instability (11). Moreover, the 10-year average annual rate of return on endowments has been volatile. The rate declined to 4.6% in 2017 and rebound to 8.2% by 2018; according to the NACUBO-Commonfund Study of Endowments, a 7.4% return rate is considered ideal in order to retain buying power in the marketplace (12). The Voluntary Support of Education Survey found that total annual alumni giving increased by almost 5% during the 2017-2018, and giving from non-alumni organizations also improved (13).

To sustain the level of academic excellence necessary to compete in an era of decreasing enrolments, public institutions are turning aggressively to external sources of income, primarily derived from alumni and industry partners. College presidents have become fundraisers, enrolment and budget managers (14). Presidents can no longer be one-dimensional; they are the face of the institution – its greatest advocate in industry and in legislature. Public higher education is changing rapidly; current and future presidents will have to adapt just as quickly to survive and to thrive.

## 25 Income Share Agreements: linking affordability to future earnings



by **Maria Claudia Soler**<sup>4</sup>, *American Council on Education (ACE)* and **Audrey Peek**, *American Institutes for Research (AIR)*



What if students received cash upfront to pay for college in return for a percentage of their future income for a set timeframe? Could this type of financing, known as an *Income Share Agreement*, enhance college affordability?

Concerns about how to pay for college dominate education policy around the world, and Income Share Agreements (ISAs) have been proposed as an efficient financing scheme with the potential to enhance student success. ISAs are income-contingent mechanisms often presented as loan alternatives. They differ from loans in that while in a loan a student must fully repay the loan's principal balance with interest, in an ISA the payment amount is entirely dependent on the student's income.

ISAs have recently grown in popularity. In their private form (privately funded and administered), ISAs were introduced to the Latin American market more than 10 years ago by Lumni, a firm that has financed more than 8,000 students in Chile, Colombia, Mexico, and Peru. In their public form (publicly administered and funded), the idea of ISAs has spread in 24 states, with some states introducing ISAs legislation (Pay It Forward bills) to offer ISAs or to study their feasibility (1). But

4. The opinions expressed in this article are the author's own and do not reflect the view of the American Council on Education or any of its members.



ISAs have also become popular in the U.S. as a growing number of American higher education institutions are experimenting with ISAs, including large institutions such as Purdue University, University of Utah, and the University of Pittsburgh.

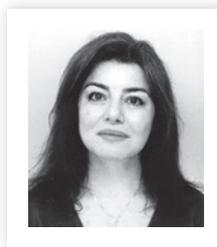
Why are ISAs attractive? First, as an income-contingent innovation that differs from loans, ISAs may expand access to loan averse students and students who lack other sources of financing (2). Second, since under an ISA the risk of investing in college is shared between investors and students, ISAs offer strong downside protections to students. This is particularly important in situations such as unemployment, underemployment, or financial hardship (3). Furthermore, under this model investors have a strong incentive to care about student success (4) and this translates into a variety of mechanisms to support students such as mentoring, tutoring, and networking.

ISAs have also faced criticism. This is partly because ISAs are complex and challenging to implement. It is unclear how to include ISAs in financial aid packages or to report to government oversight bodies (5). Similarly, implementation issues arise when investors and students have different information about students' expected future earnings. For instance, some investors may target students and fields of study that are profitable from a business perspective, which may not always be ideal in terms of college choice, major choice, and equity. Also, ISAs may offer financing terms that some students dislike such as not being able to accelerate payments or predict total payment amounts in advance (6). Likewise, because there is no commitment to pay a principal, ISAs could create incentives for students to exert less effort in school or at finding a job, which would jeopardize the sustainability of the ISA program (7).

ISAs challenge our traditional notion of who should pay for college and whether higher education is a public or a private good. Higher education systems considering ISAs should think carefully about ISA program characteristics and to consider questions such as: Are ISAs targeting specific fields of study in a way that could negatively affect major choice? Is there any risk that ISAs exclude students who underperform or underserved students? How do ISAs impact institutional decisions in terms of funding to cover scholarships?

Although some features of ISA may be appealing, more evidence is needed to understand their impact on student outcomes. Innovation in higher education is important, but as ISAs expand, they raise the important question of whether ISAs can enhance affordability effectively and fairly.

## 26 A comparative review of the European and the US funding and social inclusion in higher education



by **Juliette Torabian**, *Adjunct professor and Senior international adviser in education and development*

The question of funding in higher education goes beyond a simple mechanism of budget allocation. Financing is a governance tool – usually in the hands of the governments – used toward the reinforcement – if we want to avoid the word “punishment”- of certain categories of public and private goals in research and to a lesser degree in learning and teaching outputs. In other words, financing helps regulate access, efficiency, and social inclusion in higher education system through laws, rules, subsidies, taxes, and grants and scholarships. Interestingly, the amount of funding provided is not necessarily and directly correlated to access, equality, and social inclusion- particularly when it comes to the most vulnerable and deprived populations. This is what I will briefly explore by comparing the cases of the US and the European higher education systems.

US higher education funding remains among the highest in the world. The annual expenditure per tertiary student in the US has increased by 7% between 2010 and 2016 standing only second (with USD 30 165) to Luxembourg in OECD countries. Similarly, in 2018, the US average of 25-34 years old in tertiary education reached 49% which is higher than the average 44% in the rest of the OECD countries.

However, average data on funding usually fails to reflect the realities and challenges of equity, success, equality, and inclusion. There are large discrepancies in access and participation in the US higher education particularly as the system burdens its students with 65% – more than double in OECD countries – of its financing obligations that further stratifies and divides states and population. For instance, large access gaps exist between Southern states and towns such as Louisiana (only a 30% college-educated population) and those of the North and Eastern Coast – that also happen to have the strongest labour laws – such as the District of Columbia (with 73% college graduates). Reference can also be made to at least four other underlying facts that can – at least- partially be caused by private funding challenges: 1) following a peak in college enrolment in 2010-11, according to the National Centre for Education Statistics (NCES), the system has been experiencing a sharp decline, which is projected to continue in the next two decades; 2) tertiary education remains limited to short-cycle degrees and Bachelor's and only 11% of American youth- compared to 15% of other OECD countries- pursue higher



tertiary education studies although their return in investment (salaries) can be higher compared to the OECD countries; 3) even at Bachelor's level, progress is delayed – particularly among men – and eventually around 69% ever graduate after a minimum of two years after the theoretical duration of programmes; and finally 4) while all other OECD countries prioritize and allocate more funding to R&D, the US tertiary institutions seem to attach more importance to ancillary services, dorms, sports (14% of total expenditure) compared to R&D that receives 12% – way lower than OECD countries (29%). Such systemic discrepancies reflect the highly stratified US society, lack of overarching Federal rules to address access and success in higher education, and perhaps a general failure of a system to ensure social inclusion.

European higher education, on the contrary, is framed by social inclusion policies and national practices. Starting with the Bologna Declaration of 1999, the quest for widening participation and social inclusion has been pursued across the European Higher Education Area (EHEA) and has been reaffirmed in the Yerevan communiqué (2015), the Paris communiqué (2018), and as part of the key goals of the European Commission (renewed EU agenda for Higher Education). These overarching regional policies have indeed translated into national policies addressing gender inequalities and inequity among all students and specifically underrepresented groups, e.g., those from lower-social levels, refugees, and disabled persons. To this end, the central governance tool in the European systems has been public funding and grants to decrease the financial burden of higher education on students. A study by Orr *et al.* (2014) indicates a rise in public expenditure across EHEA in the last 15 years – partly in response to the massification and increased student population, but also in order to fulfil the social dimensions of equality and inclusion. It is true that despite this common emphasis on social inclusion, inequalities between social classes and genders persist and there is a risk of the further marketisation of the higher education system- to increase effectiveness- in Europe like that of the US and the UK. Nonetheless, higher education is still considered a public institution in many European countries and if the share of fee-paying students has increased in the UK (1998 and 2006), Germany (2006-7), and Austria (2001), it has stayed the same in Finland and Portugal as well as several OECD countries such as Canada and South Korea; and has even decreased in Hungary, Poland, Austria (2009), and Germany (2011-2013).

The US higher education system remains on top of the leagues as it attracts more fee-paying international students and provides its graduates with a 72% higher pay after graduation compared to other OECD countries and European countries. However, while the European higher education is based on principles of equality and social inclusion and the “public first” slogan, the US system mirrors the neoliberal “private first” ideology that guides the US socio-politics and economy. The result is a crippling impact on 89% of the US bachelor's

students whose study loans turns into a nightmarish lifelong repayment schedule and a much higher gender pay gap of 71% between educated women and men compared to many other OECD countries – with a few exceptions including Italy, Israel, Chile, Mexico, and Poland. Globally, the issues of social inclusion, gender equality, equity in access and success in higher education remain a challenge but there seems to be a more solid socio-political basis to build on and to aspire towards in Europe compared to the US higher education.

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## SELECTED ANNOTATED LIST OF PUBLICATIONS RECEIVED AT IAU

### Transforming research excellence: new ideas from the global South

Erika Kraemer-Mbula, Robert Tijssen, Matthew L. Wallace, Robert McLean, Eds. – Cape Town: African Minds, 2020, 287p. ISBN 978-1-928502-07-4



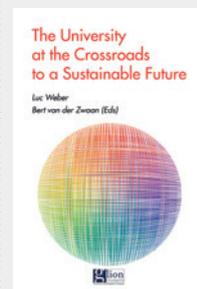
This book takes a critical view of conceptual issues and practical problems that inevitably emerge when 'excellence' takes center stage in research systems

in the Global South. What is 'excellent science'? And how to recognize and assess it? The move towards standardisation is problematic for assessing research produced in the Global South. The book emerges from the capacity-building work of the Science Granting Councils Initiative (SGCI) in sub-Saharan Africa and comprises three main parts. The first section explores theoretical underpinnings for new interpretations and uses of research excellence in the Global South, highlighting new perspectives from the Global South that can lead to more nuanced interpretations of research excellence and evaluation. One chapter discusses the gender disparities and imbalances in research performance, proposing avenues to move towards diversity thinking in research excellence. The second section focuses on first-hand accounts of how universities, think tanks and granting councils currently operationalise the issue of research excellence in Indonesia, Côte d'Ivoire and Uganda. The final part 'Striving for Solutions' focus on tools and approaches that can be utilised to improve, or change, how research excellence or research quality can be operationalised. A call to action concludes the book and the authors propose putting 'sustainability' at

the forefront of research evaluation systems, revisit the notion of research quality, using a flexible and holistic approach to assessing research for development, providing an alternative to 'conventional' views of research excellence. <http://www.africanminds.co.za/wp-content/uploads/2019/12/AMT-Research-Excellence-FINAL-WEB-02012020.pdf>

### The university at the crossroads to a sustainable future

Luc E. Weber, Bert van der Zwaan, Eds. Geneva: Glion Colloquium, 2020, 257p. ISBN 978-1-704-29253-3



This twelfth volume of Glion Colloquium provides a diverse overview of the fast-changing environment of University activities and its consequences for

their role and responsibilities of higher education and research. It is based on the 12<sup>th</sup> meeting of the Glion Colloquium in June 2019. Contributors, Rectors and Presidents of universities in the UK, Switzerland, Canada, Germany, USA, Korea, Australia, Singapore, India and Japan provide global and local context. The book is structured in three main parts. The first focuses on the changing international context of higher education and research and the flow of talents. Papers include an examination of the geopolitics of research and rankings; the global university in the Asian century, and particularly in China; global science and students in the wake of nationalism and populism. The second section brings together contributions showing that higher education should think global but act local. They examine how universities

can work cooperatively towards the "third mission" of higher education societal impact; new forms of public private partnership; student entrepreneurship and startups; the role of universities in lifelong learning; university independence and private universities. The third section 'The Future', develops the key role of higher education institutions in a sustainable future. Papers explore how universities are identifying "grand challenges" which in many cases are locally formulated, such as specific sustainable goals; the rise of new universities and challenges for traditional universities. Contextualising the pace of technological change and the 'fourth industrial revolution', challenges include a critical assessment of the basic skills taught in university curricula to prepare students for technological transformation. The editors conclude that despite huge challenges ahead, universities in addition to training young people for the future, should be places where young people have hope and idealism.

### ASEM Education in a digital world

German Academic Exchange Service [DAAD]. Bonn: DAAD, 2019, 118p.



This report covers the input and results of the conference 'ASEM Education in a Digital World: Bridging continents, connecting people'.

The conference was held in November 2018 in Cologne, Germany. The publication includes an introduction to the ASEM Education Process as well as the selected research papers presented during the conference. The report focuses on the impact of digitalisation



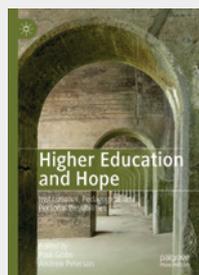
## SELECTED ANNOTATED LIST OF PUBLICATIONS RECEIVED AT IAU

on educational cooperation and emphasizes the opportunities for developing tangible and practical cooperation between Asia and Europe through digital means. The selected papers highlight the challenges and opportunities of digitalisation in light of the four priority areas of the ASEM Education process: quality assurance and recognition; balanced mobility; cooperation of industry and universities and lifelong learning.

[https://imperia.daad.com/medien/eu.daad.de.2016/dokumente/service/medien-und-publicationen/broschueren/asem\\_veranstaltungsreader\\_2018.pdf](https://imperia.daad.com/medien/eu.daad.de.2016/dokumente/service/medien-und-publicationen/broschueren/asem_veranstaltungsreader_2018.pdf)

### Higher Education and Hope Institutional, Pedagogical and Personal Possibilities

Paul Gibbs, Andrew Peterson, Eds. Palgrave Macmillan, 2019, 287p.  
ISBN 978-3-030-13566-9



Around the world, the landscape of Higher Education is increasingly shaped by discourses of employability, rankings, and student satisfaction. Under

these conditions, the role of universities in preparing students for all facets of life, and to contribute to the public good, is reshaped in significant ways: ways which are often negative and pessimistic. This book raises important and pressing questions about the nature

and role of universities as formative educational institutions, drawing together contributors from both Western and non-Western perspectives. While the editors and contributors critique the current situation, the chapters evince a more humane and compassionate framing of the work of and in universities, based on positive and valued relationships and notions of the good. Drawing together a wide range of theoretical and conceptual frameworks to illuminate the issues discussed, this volume changes the debate to one of hopefulness and inspiration about the role of higher education for the public good: ultimately looking towards a potentially exciting and rewarding future through which humanity and the planet can flourish.

### Structural and Institutional Transformations in Doctoral Education Social, Political and Student Expectations

Sónia Cardoso, Orlanda Tavares, Cristina Sin, Teresa Carvalho, Eds. Palgrave Macmillan, 2020, 397p.  
ISBN 978-3-030-38046-5



This book analyses the structural and institutional transformations undergone by doctoral education, and the extent to which these transformations are

in line with social, political and doctoral candidates' expectations. Higher

education has gone through profound changes driven by the massification and diversification of the student body, the rise of neoliberal policies coupled with the reduction in public funding and the emergence of the knowledge society and economy. As a result, higher education has been assigned new and more outward-looking missions, which have subsequently affected doctoral education. The editors and contributors examine these transformations and changes at the macro, meso and micro levels: wider and more structural changes as well as doctoral candidates' experience of the degree itself. This book will be of interest and value to scholars of doctoral education and the transformation of the university more widely.

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The logo for the IAU 2021 16th General Conference is a circular emblem composed of several overlapping, curved segments in shades of blue, green, and yellow. The text 'IAU 2021' is prominently displayed in white and yellow, with '16th GENERAL CONFERENCE' and '26-29 October Dublin, Ireland' in smaller white text below it.

**IAU**  
**2021**  
16<sup>th</sup> GENERAL CONFERENCE  
26-29 October  
Dublin, Ireland

The background of the top half of the poster is a photograph of a white, arched pedestrian bridge spanning a river in Dublin. In the background, there are multi-story brick buildings with many windows under a blue sky with scattered white clouds.

# RELEVANCE AND VALUE OF UNIVERSITIES TO FUTURE SOCIETY

## IAU 16<sup>th</sup> GENERAL CONFERENCE

26-29 OCTOBER 2021 IN DUBLIN, IRELAND

Take part in this exceptional event, hosted by University College Dublin (UCD), where IAU will celebrate 70 years of international collaboration since its founding General Conference in 1950. Several celebrations are foreseen and IAU Members will be invited to take part in the festivities. In addition, the General Conference is the supreme decision-making body of the Association, where Members elect the next IAU President and Administrative Board and approve the next 4-year strategy for 2021-2025.

A large white number '70' is centered in the bottom left. A dark blue horizontal bar is placed across the middle of the '0', containing the white text '1950-2020'. A thin white arc curves over the top of the '70' from the left side.

70  
1950-2020

HOSTED BY UNIVERSITY  
COLLEGE DUBLIN (UCD)

