



What Country Policy Reports show: summary of trends & issues

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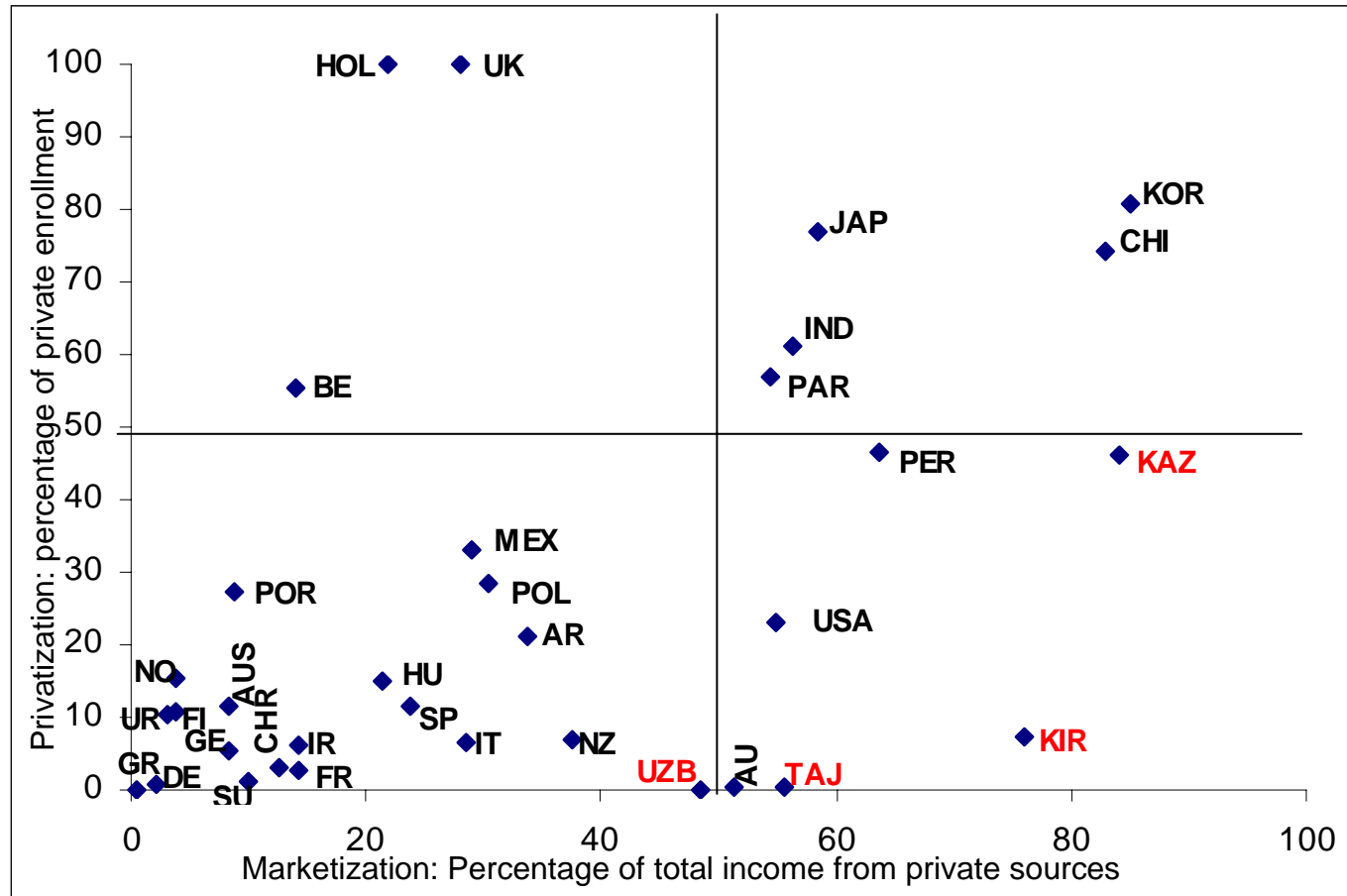
Outline

- Basis for this presentation: 2nd version of country policy reports
- Goal: to identify common trends and issues
- Structure: I will follow the sections as outlined in the framework for the preparation of the national reports
- In the second part you will find some indications for preparing the final version of the national reports

Policy context: economic transition

- Gradual adoption of policy & legal framework for reorganizing HE in terms of market economy demands
- Policy principles and objectives
 - HE is defined as a national priority (human capital, knowledge production, access for all groups)
 - Need to adapt HE to new context; in particular, labor market demands and international standards
- Legal arrangements
 - Decentralization (increased autonomy for HEIs, competitive provision, content liberalization)
 - Quality assurance
 - Funding mechanisms

Privatization & Marketization in HE



Source: OECD (2005) and OECD (2005a); Central Asian countries: Country Policy Reports, 2nd version, 2006

HE system development

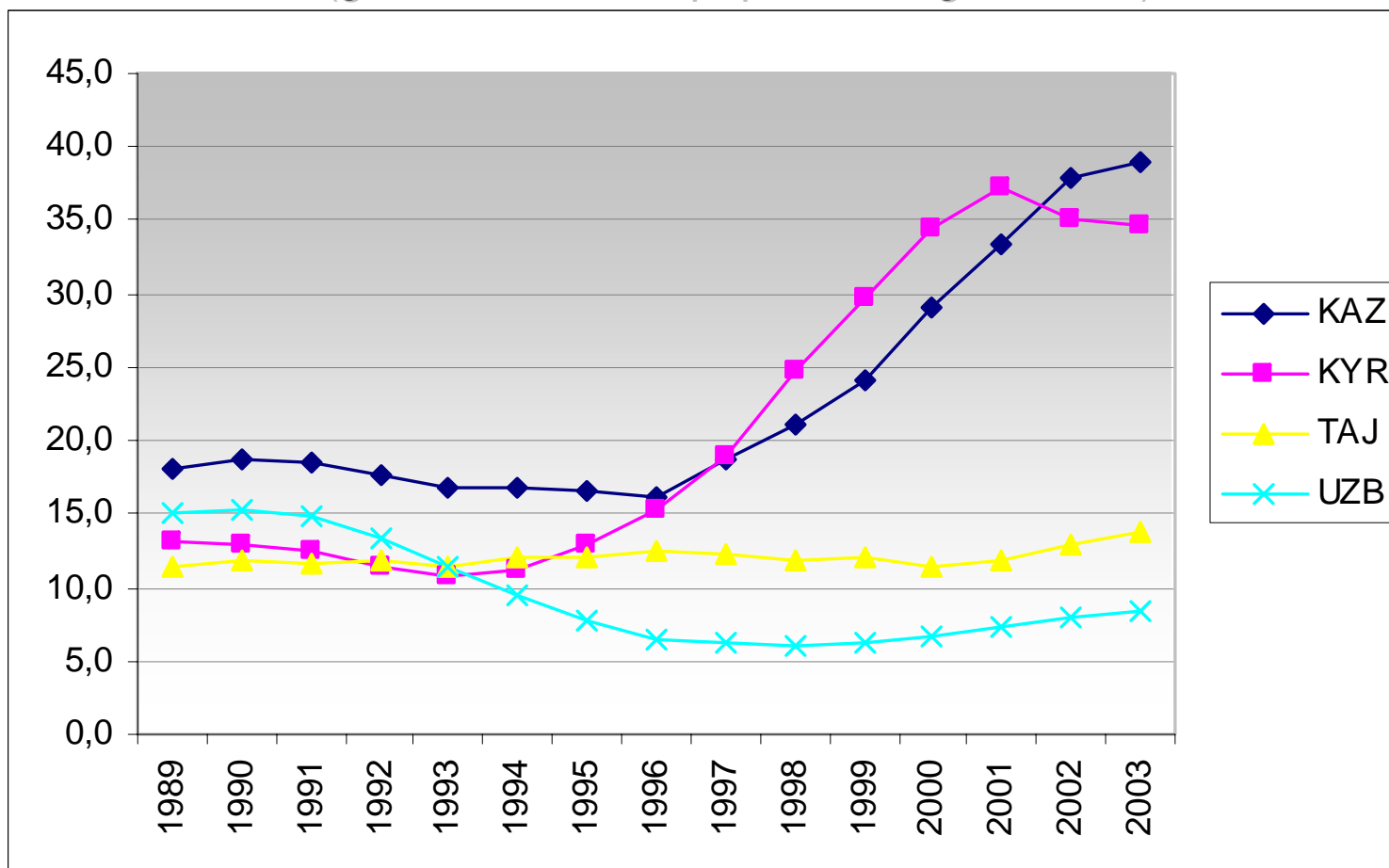
- System differentiation:
 - Increasing number of State/private institutions; universities, academies, institutes; national, regional and local (branches)
 - Program diversification: BA / specialists / MA
 - Weak development of HE vocational programs (ISCED 5B)
- Enrollment growth:
 - Mostly through fee paying students
 - KAZ 86%; KYR 88%; TAJ 58%; UZB 49%

Student access

- Enrollment expansion (Gross tertiary enrollment rates: KAZ 44,7; KYR 42,2%; TAJ 16,4%; UZB 15,7%)
- National (or institutional) entrance examinations
- State student grants assigned on a competitive basis (highest scores) and some positive discrimination
- But most students pay (some also “buy” private tutoring to improve their entrance chances) and probably those coming from low income families are being left out (e.g., students coming from technical-vocational secondary schools, rural areas, etc.)

Enrollment expansion, 1989-2003

(gross rates, % of population aged 19-24)



Source: UNICEF-ICDC, http://www.unicef-icdc.org/resources/transmonee/Country_profiles.xls

Teaching performance

- In general, negative assessment of teaching quality:
 - Insufficient number of qualified faculty
 - Ageing of faculty
 - Brain drain from the University to the private sector due to low salaries
 - Poor quality of teaching infrastructure (equipment, libraries, IT)
- Curriculum: excessive content, supply-side driven design (low involvement of stakeholders)
- No indication of internal efficiency (% of graduates from corresponding age cohort)

Management, planning & regulation

System level

- Increased institutional autonomy but persistence of centralized management and top down regulations
- Manpower planning through “state order” (and student quotas) increasingly with lower effect (reduced percentage and HEIs’ need to accept more fee-paying students)
- Teaching is regulated through education standards and “classifier” of specializations
- In general, lack of necessary information for system steering and management

Quality assurance

- Involvement of various government agencies and use of a set of diverse procedures: self-evaluation, licensing, attesting, accreditation (plus: interim examinations, final certification, ISO certification for management, government audits, international evaluations)
- No comprehensive approach, lack of relevant information, poor participation of stakeholders, mostly quantitative-administrative types of procedures
- Doubts about real impact of QA procedures on actual quality of institutions and programs

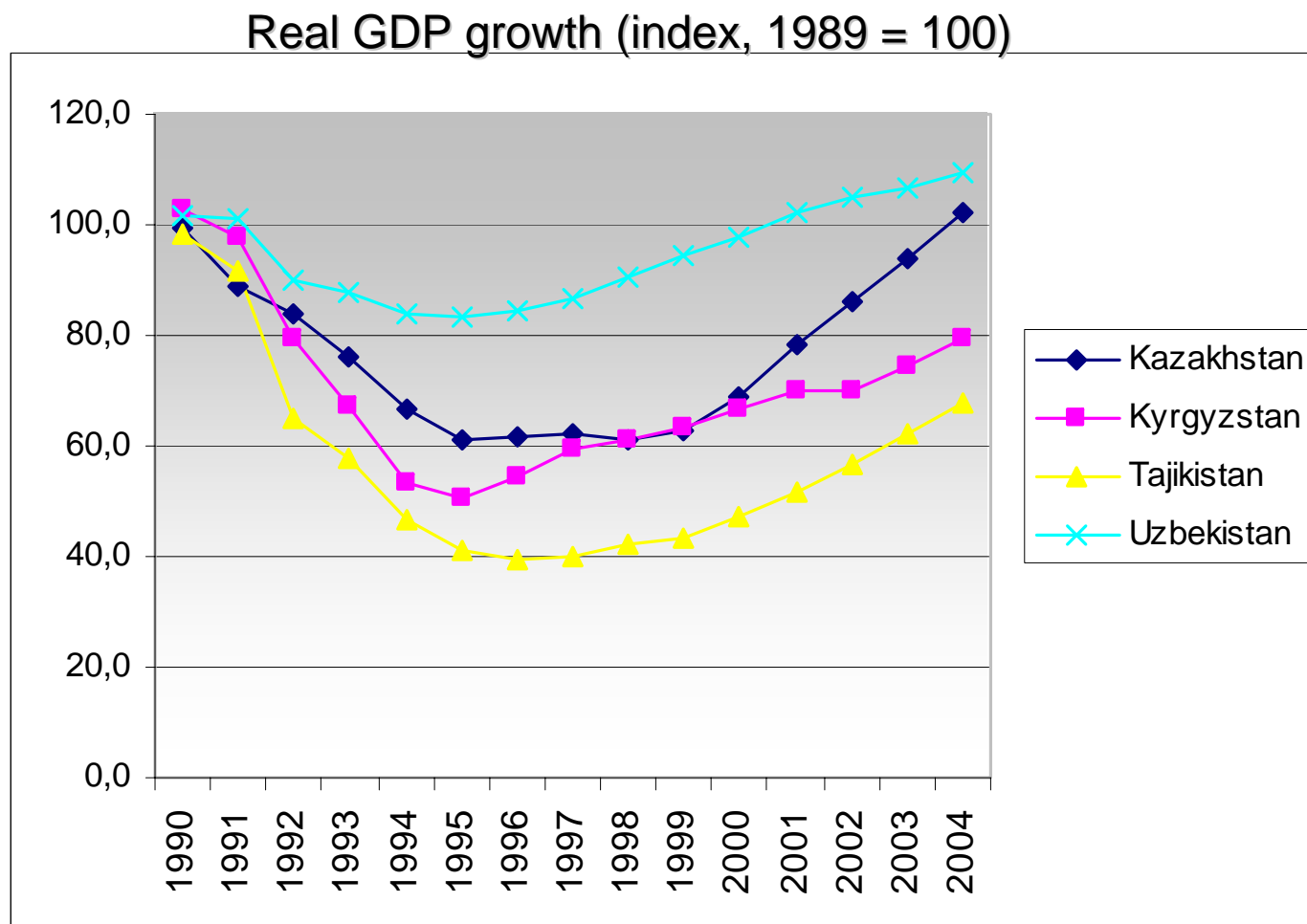
Labor market outcomes

- Lack of reliable information about graduates:
 - HEIs do not follow their graduates; governments do not produce information about graduates' labor market insertion (time to get first job, private rate of returns on HE investment, employer satisfaction, etc.)
- General sense of poor fit between supply and demand of graduates
 - Oversupply in some areas & shortages in others, graduates working in areas different from their specialization, employers must (re)train graduates

HE funding

- Relatively low public expenditure on HEIs (as % of GDP or per student)
- In all cases, tuition fees are the dominant funding source
- Allocation of public funds is mostly input driven, rigid (line-item budgeting) and not linked to performance or outcomes
- Although governments favor diversification of funding sources, there is still little entrepreneurship on the part of HEIs
- Use of loan schemes is limited (with the exception of KAZ).

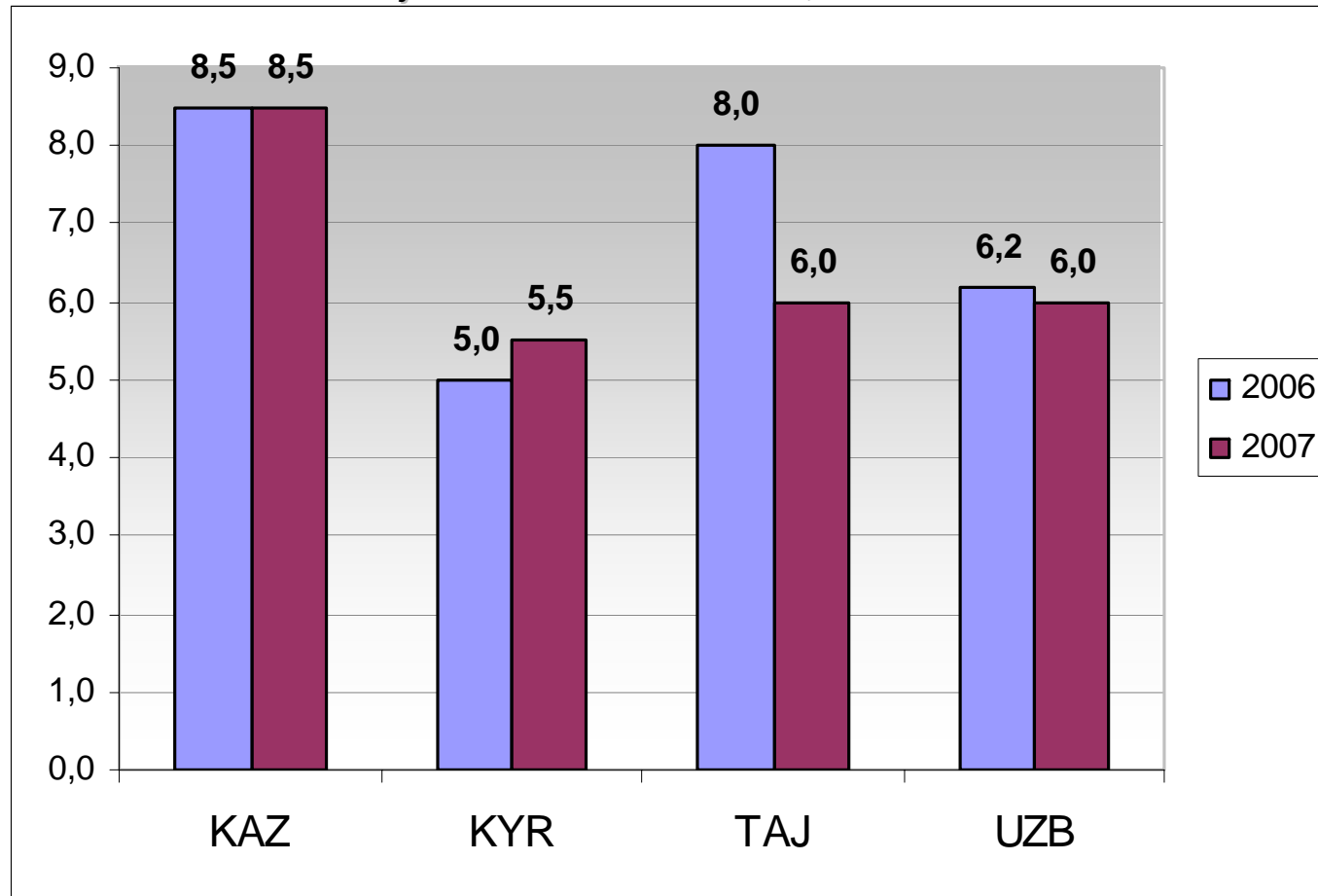
Adverse economic conditions



Source: UNICEF-ICDC , <http://www.unicef-icdc.org/resources/transmonee/TransMonee%202005.xls>

Positive outlook

Projected GDP Growth, 2006-2007



Source: ADB, Asian Development Outlook 2006

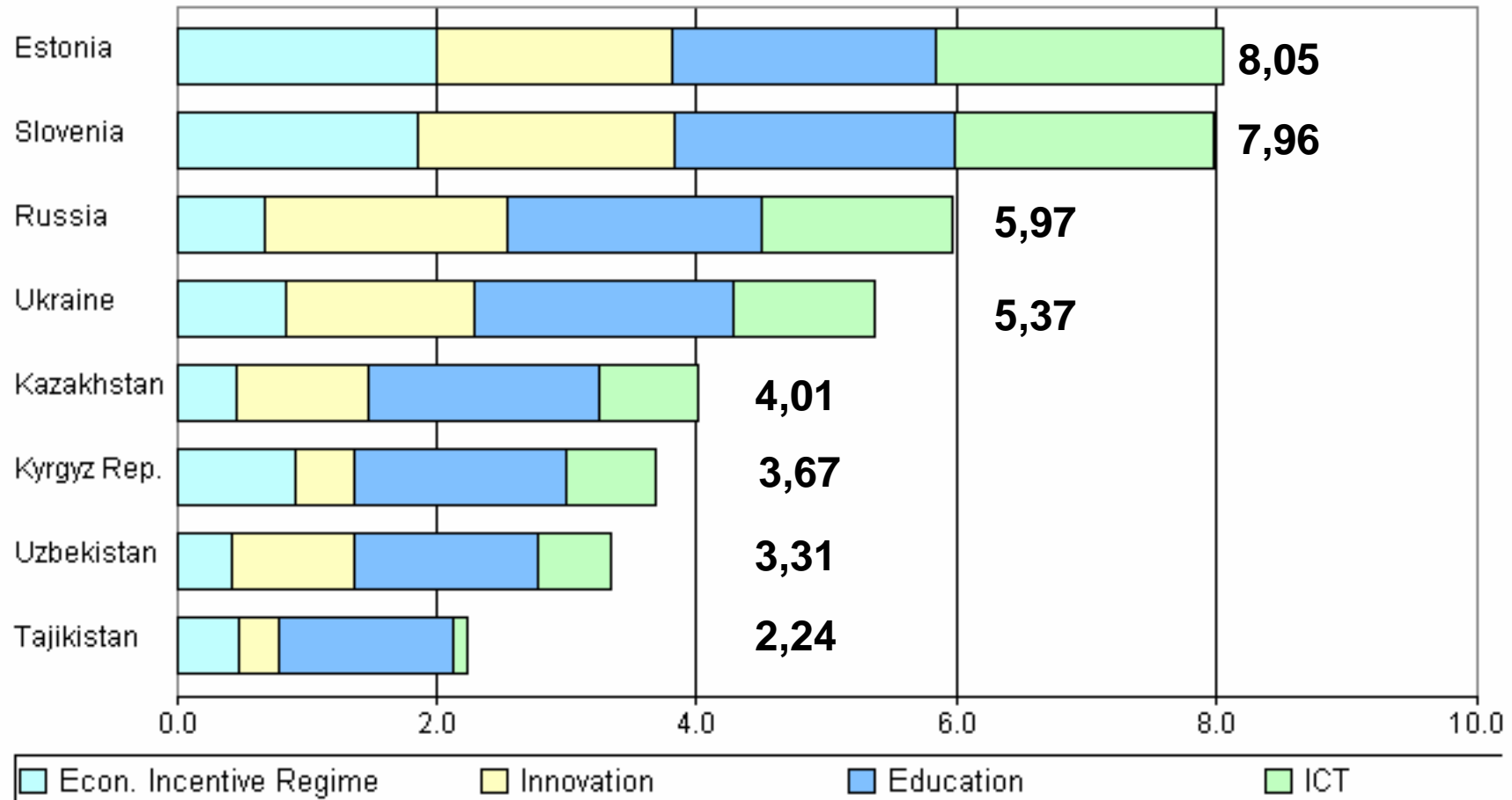
<http://www.adb.org/Documents/Books/ADO/2006/uzb.asp>

Research in HEIs

- National expenditure on R&D is low (less than 0,30% of GDP)
- Most of these scarce funds are allocated to the national science academies
- Weak link (or none) between NSAs and universities
- Research is defined administratively as part of faculty time
- In general, lack of competition for research funds
- No clear research priorities; no balance between basic science, applied research and development
- Weak links between universities and productive sector

Knowledge Economy Index

Each bar shows the aggregate Knowledge Economy Index (KEI) score and the relative weight of different Knowledge Economy pillars to the overall country's knowledge readiness



Source: The World Bank, Knowledge Assessment Methodology, 2006

http://info.worldbank.org/etools/kam/mc_countries.asp?Region_ID=13&Region_Name=Europe%20and%20Central%20Asia



II Part

**Issues for debate:
policy recommendations**

HE / Labor market (LM) outcomes

- LM relevance of HE studies: BA, professional specializations, MA
- What to do with technical-vocational short cycle studies
- Manpower planning in a market context and growing enrollment
- How can policy makers ensure that increasingly autonomous institutions will deliver the government's education and social policy agenda?
- How can they ensure that financial incentives introduced for policy purposes do not cause HEIs to act sub-optimally – reducing diversity and responsibility and perhaps threatening their own financial sustainability?
- How can they ensure that the public interest is adequately represented?

OECD, On the Edge: Securing a Sustainable Future for Higher Education

<http://www.oecd.org/dataoecd/10/63/33642717.pdf>

Quality improvement & assurance

- Policies for improving faculty recruitment and performance
- How to design more effective and simple accreditation procedures
- How is the relationship between the State and institutions changing? Is it clear where the responsibility for risk and investment lies? Are the processes for monitoring and accountability appropriate to this relationship?
- Do HEIs have the autonomy they need to respond to the policy requirements of government and to market pressures?
- Does the system have adequate mechanisms to ensure that the public interest is represented as institutions become more autonomous and driven by their own strategic agendas?

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Research

- How to integrate NAS into university structures
- What can be done to increase research output
- Training of researchers
- What are the sources of income for research by universities and other public research institutions in your country?
- Is there a certain share of funding for which institutions are not accountable or that is not earmarked/pre-allocated for specific purposes?
- Have you recently introduced new funding mechanisms/agencies that increase competition between different research performers?
- Do you use evaluation procedures related to the different funding instruments in order to assess the effectiveness of such instruments?

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“Good practice” initiatives to develop research capacity

Institutional policy	Indicative actions
1. Invest	Investment strategy, and realign budgets to support research and/or to disproportionately support research active staff or internationally competitive research.
2. Establish appropriate organisational structures	Establish organisational structure with designated positions at college/departmental level, including a graduate school, and provide appropriate research facilities.
3. Apply performance indicators	Match internal evaluation processes with external processes to ensure research is meeting international standards and use the results to help shape priorities, funding mechanisms, recruitment, etc.
4. Limited number of research priorities	Develop institutional agenda-setting mechanisms to preferentially support internationally-competitive domain only.
5. Research clusters and centres	Funding and support mechanisms used to encourage the growth of research groups, capable of winning sizeable external funding and recognition.
6. Align funding, recruitment, etc. to research priorities	Ensure that organisational priorities at teaching, funding and support level reflect the priority domain.
7. Strategic alliances with other HEIs or industrial partners	Identify key industrial and civic/government organisations which match research strengths and establish partnerships.
8. Leadership	Endorsement of research strategy by senior management and boards of trustees.
9. “Culture of scholarship”	Proffer wider definition of scholarship which recognises that not everyone needs to be involved in research.

Source: E. Hazelkorn, Developing Research in New Institutions, OECD - 2005

New research funding schemes

Shift to more performance-based and competitive funding programmes	Promotion of co-operation with the private sector	New centres of excellence	New foundations/ funds (established with public money)	New problem-oriented research programmes
Australia	Australia	Australia	Canada	Canada
Austria	Austria	Austria	Denmark	Czech Republic
Canada	Belgium	Canada	Hungary	Denmark
Czech Republic	Canada	Czech Republic	Norway	France
Germany	Denmark	Denmark	Sweden	Germany
Hungary	Finland	Finland		Hungary
Japan	France	Hungary		Iceland
	Hungary	Japan		Italy
	Iceland	Korea		Japan
	Italy	Netherlands		Netherlands
	Japan	Norway		Norway
	Netherlands	Switzerland		Portugal
	Norway			Sweden
	Portugal			Switzerland
	Switzerland			

Source: OECD, Governance of Public Research, 2003

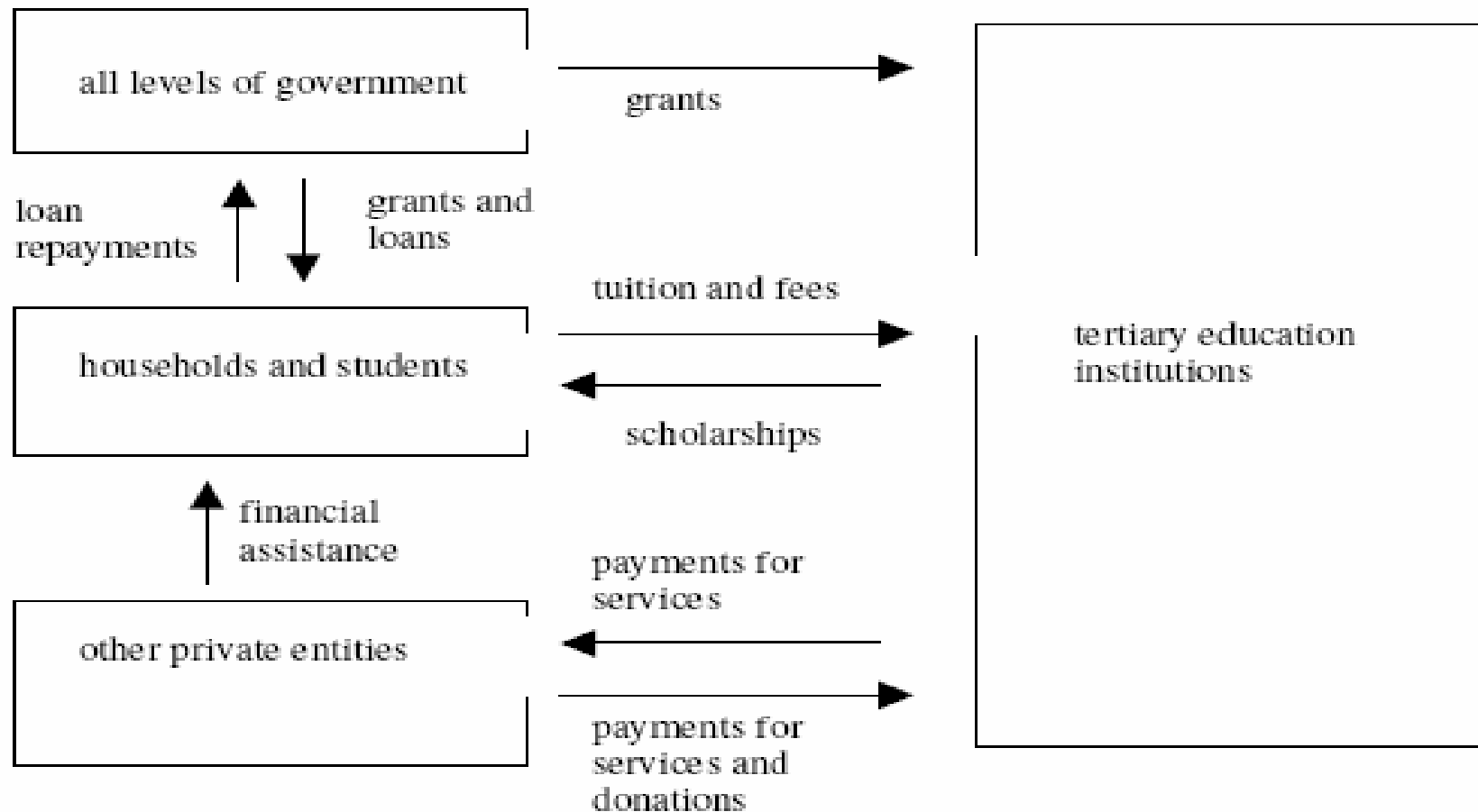
Funding

- Students (loan schemes and scholarships; equality issues)
- Teaching (quality and, internal efficiency),
- Institutional capacity building,
- Research (competitive funds, priority areas)
- Who is ultimately responsible for the sustainability of the higher education base? Is it the State or the HEIs themselves? Is the public funding appropriate to maintain the long-term productive capacity of the HE system?
- How does the government secure the outputs it wants and what incentives does it need to provide to do so? Are the right incentives given to institutions?
- Do the funding mechanisms make it easier or more difficult for institutions to take a responsible long-term view of their investment needs?

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<http://www.oecd.org/dataoecd/10/63/33642717.pdf>

Resource flows from and to HEIs



Source: Ben Jonbloed, 2004

<http://www.utwente.nl/cheps/documenten/engpap04fundinghe.pdf>

Resource diversification matrix

	Government (Taxpayers)	Students and/ or parents	Industries Services	Alumni and other philanthropists	International Cooperation
1. Direct Institutional Contribution	X				
2. Indirect contributions via Financial Assistance and Subsidized Loans	X				
3. Tuition Fees					
3.1 Degree Programs		X			
3.2 Non-Degree Programs		X	X		
4. Student Loans and Graduate Taxes					
4.1. Subsidized	X	X	X		
4.2. Unsubsidized		X			
5. Productive Activities					
5.1 Services					
5.1.1 Consulting	X		X		X
5.1.2 Research	X		X		X
5.1.3 Laboratory Tests	X		X		
5.2 Production of Goods					
5.2.1 Agricultural Products			X		
5.2.2 Industrial Products			X		
5.3 Rental of Land and Facilities			X	X	
6. Donations					
6.1 Direct			X	X	X
6.2 Indirect (lottery)				X	

Source: B. Johnstone, The Financing and Management of Higher Education: A Status Report on Worldwide Reforms http://www.bc.edu/bc_org/avp/soe/cihe/ihec/policy/financing_education_WB.pdf