Issues and Trends in Financing Tertiary Education in MENA

6th MENA Regional Tertiary Education Conference– Marseille, 15-16 June 2017
Trends in Financing Tertiary Education in the MENA Region

- Increasing unit cost or per student cost of instruction
- Increasing enrollment
- Increasingly knowledge based economies that place pressure on tertiary education institutions (TEIs) to serve as major engines of national economic development
- Failure of governments to maintain their share of cost increase within tertiary education, particularly linked to traditional financing approaches that overlook central issues of quality, equity and efficiency
Relevant Facts

Demographics are and will continue to be a major driver in growth in higher education.

Higher education experiences and will continue experiencing tremendous growth.
Persisting Youth Bulge...

<table>
<thead>
<tr>
<th>Country</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lebanon</td>
<td>16.73</td>
</tr>
<tr>
<td>Jordan</td>
<td>20.12</td>
</tr>
<tr>
<td>West Bank</td>
<td>21.56</td>
</tr>
<tr>
<td>Gaza Strip</td>
<td>21.21</td>
</tr>
<tr>
<td>Egypt</td>
<td>19.24</td>
</tr>
<tr>
<td>Algeria</td>
<td>15.95</td>
</tr>
<tr>
<td>Morocco</td>
<td>17.22</td>
</tr>
<tr>
<td>Tunisia</td>
<td>15.05</td>
</tr>
</tbody>
</table>
Added responsibility...

Estimated
667,973 Syrian Refugees
aged 18-24
Out of which
1-5% are in Tertiary Education
Educational attainment of the population aged 25 years and older (%) for most recent year available

Data source: UNESCO Stats
Gross enrollment ratio at the tertiary level for the year 2015 *(or closest year)*
What are universities doing...?
Youth Unemployment in Select Countries of the MENA Region in 2016

Map from: https://arabspringanditscontexts.files.wordpress.com/2014/01/arabspring-map-black-and-white.jpg
Unemployment rate among those with a tertiary education, or a university degree, in 2015 (or closest year)
Education – economic development – social development

Average rate of return to year of schooling

their earnings INCREASE by 10%
However, in MENA…

<table>
<thead>
<tr>
<th>Region</th>
<th>Primary</th>
<th>Secondary</th>
<th>Tertiary</th>
<th>GDP/pc (PPP 2005)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>10.3</td>
<td>6.9</td>
<td>16.8</td>
<td>6,719</td>
<td>74</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>9.4</td>
<td>3.5</td>
<td>8.9</td>
<td>3,645</td>
<td>7</td>
</tr>
<tr>
<td>South Asia</td>
<td>9.6</td>
<td>6.3</td>
<td>18.4</td>
<td>2,626</td>
<td>4</td>
</tr>
<tr>
<td>Eastern and Central Europe</td>
<td>8.3</td>
<td>4.0</td>
<td>10.1</td>
<td>6,630</td>
<td>7</td>
</tr>
<tr>
<td>High Income Economies</td>
<td>4.8</td>
<td>5.3</td>
<td>11.0</td>
<td>31,748</td>
<td>6</td>
</tr>
<tr>
<td>East Asia and Pacific</td>
<td>11.0</td>
<td>6.3</td>
<td>15.4</td>
<td>5,980</td>
<td>6</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>9.3</td>
<td>6.6</td>
<td>17.6</td>
<td>7,269</td>
<td>20</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>13.4</td>
<td>10.8</td>
<td>21.9</td>
<td>2,531</td>
<td>24</td>
</tr>
</tbody>
</table>

It’s not only about money... More important are the social benefits

Principal factor for social mobility

Citizenship building

Higher rate of kids with education

More education leads to:

Environmental consciousness

Tolerance

Health/Longer life

Citizens’ awareness
Expenditure on tertiary education as a percentage of GDP in 2015 *(or closest year)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Expenditure as % of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lebanon</td>
<td>0.74</td>
</tr>
<tr>
<td>Egypt</td>
<td>1</td>
</tr>
<tr>
<td>Algeria</td>
<td>1.96</td>
</tr>
<tr>
<td>Morocco</td>
<td>1</td>
</tr>
<tr>
<td>Tunisia</td>
<td>1.58</td>
</tr>
</tbody>
</table>
Expenditure on tertiary education as a percentage of expenditure on education
Coverage of Resource Allocation

- Public funds are allocated to public TEIs.
- Financing approach is not based on accreditation or quality assurance measures.
- Private institutions do not receive any direct resources from the state.
- Public funds cover limited types of both capital and recurrent expenditures.
- Resources allocated to cover recurrent expenditures far outweighing those allocated to capital expenditures.
- More than 70 percent of the resources allocated for recurrent expenditures are used to cover staff salaries.
- Funds allocated to research do not exceed 2 percent.
Resource Allocation

State funding at the institutional level is mainly based on inputs only.

No account is currently taken of output factors.

Ministries of finance and/or the ministries of planning are among the main stakeholders that contribute to decisions on funding allocation.

Financing scientific research as part of the tertiary education scheme is limited.
Education is a human right, with the Constitution in most of these countries mandating the free provision of tertiary education and is provided mainly by public institutions.

Students pay negligible enrollment fees.

Welfare benefits for underserved students are covered.

Some cost-sharing products have emerged such as student loans.
However...

- disparities still exist across regions within the same country and between those coming from the highest and lowest socioeconomic statuses

- Persisting inequalities in relation to household wealth, location, and gender
many students from rural areas and from the lowest socioeconomic quintiles cannot even pass secondary school examinations to become eligible for enrollment in TEIs.

In MENA, 3.5 million or 15% of children are at lower secondary school age but not in primary or secondary school.

Data source: UNICEF 2017
In PISA 2015 Math for age-15 students, all 6 participating MENA countries remain low performers and do not reach the global centre-point of 500, 5 out of these 6 countries rank bottom 15 among the 73 participating countries globally.
A way forward
Policy Solutions

- Cost-side Solutions
- Revenue Supplementation and Cost-sharing
- Quality
- Equity
- Efficiency