

## CHAPTER 3

# Implications for the World Bank

In the tertiary education sector, the World Bank's work with governments in developing and transition countries has focused essentially on systemwide issues and reforms. World Bank assistance has combined policy advice, analytical work, capacity-building activities, and financial support through loans and credits to facilitate and accompany the design and implementation of major tertiary education reforms.

In recent years, however, a growing number of countries have asked the World Bank to help them identify the main obstacles preventing their universities from becoming world-class universities and map out ways of transforming them toward this goal. To accommodate these requests, the World Bank has found that it needs to consider how to align support for individual institutions with its traditional emphasis on systemwide innovations and reforms. Experiences to date suggest that this goal can be achieved through three types of complementary interventions that would be combined in a variety of configurations under different country circumstances:

- Technical assistance and guidance to assist countries in (a) identifying possible options and affordability; (b) deciding the number of elite universities that they need and can fund in a sustainable way, based on

analysis guided by existing and projected financial constraints; (c) defining in each case the specific mission and niche of the institution; and (d) working out the articulation with the rest of the tertiary education system to avoid resource allocation distortions.

- Facilitation and brokering to help new elite institutions get exposure to relevant international experience through workshops and study tours. This can involve linking up with foreign partner institutions that can provide capacity-building support during the start-up years of the new institution or the transformation period of an existing institution aspiring to become world-class. The World Bank can also facilitate policy dialogue by bringing different stakeholders and partners together to agree on the vision and to garner support for the new institution(s).
- Financial support to fund preinvestment studies for the design of the project and investment costs for the actual establishment of the planned institution.

In countries that have established a positive regulatory and incentive framework to promote the development of private tertiary education, International Finance Corporation (IFC) loans and guarantees can also be used to complement or replace World Bank Group financial support if the target university or universities are set up or transformed as public-private partnerships.

It is, of course, important to tailor these options to specific country situations. Upper-middle-income countries are unlikely to be seeking financial aid as such, but are definitely looking for advice reflecting the World Bank's comparative advantage as both a knowledge broker and an observer of international experience. This advice could be provided on a fee-for-service basis.

Middle-income countries may be interested in receiving both technical and financial assistance. Based on the World Bank's experience with Innovation Funds in a large number of countries (Saint 2006), using a competitive approach could be envisaged to ensure that funding goes to those institutions that have formulated the most innovative strategic visions and developed well-thought-out implementation plans.

Low-income countries, especially those of relatively small size (fewer than 5 million inhabitants), confront a unique set of challenges in their efforts to establish a flagship institution that could address critical human skills requirements and advanced research needs. They can rarely marshal

**Table 3.1. Type of World Bank Support by Country Group**

<i>Type of assistance</i>	<i>Upper-middle-income</i>	<i>Middle-income</i>	<i>Low-income (large states)</i>	<i>Low-income (small states)</i>
Technical assistance	Yes	Yes	Yes	Yes
Facilitation / brokering	Yes	Yes	Yes	Yes
Financial support	No	Yes (competitive basis)	Yes	Yes (regional)

*Source:* Created by Jamil Salmi.

sufficient resources to set up and sustain a high-cost institution and have a limited number of qualified faculty to provide training and conduct research at an internationally competitive level. In these cases, developing a regional institution could be more appropriate to achieve economies of scale and mobilize financial and human resources in a more cost-effective way. For capacity-building purposes, donor support for the development or strengthening of such programs should not be limited only to the initial capital outlay but must also include funding (on a declining basis) for long-term maintenance and incentives to attract and retain qualified professionals.

Table 3.1 summarizes the various forms of support that could be provided to help different categories of countries as they move to transform their universities into world-class universities or establish new flagship institutions from scratch.