

Higher Education Policy Note

The Medium -Term Development Framework (MTDF): An Assessment

OVERVIEW

October 5, 2006

Background

- 1) **Years of neglect** → extremely limited access to higher education, universities in a disastrous situation, low quality & relevance, poor governance
- 2) Since 2002, **substantial increase** in level of resources channeled to HEIs through the Higher Education Commission (HEC), and numerous initiatives launched by HEC
- 3) In 2005, HEC issued its **2005-2010 MTFD**

Three Questions

- 1) Is the MTDF ***sound***?
- 2) Is it ***affordable***?
- 3) Does HEC have the ***capacity*** to ***implement*** it?

I- Technical Assessment: Overall View (1)

- Overall, the MTDF addresses the main issues in the HE sector, lays out a coherent **vision**, articulates a robust **strategy**, and proposes adequate **solutions**
- Yet, additional measures can be suggested to improve the MTDF, especially in the areas of quality assurance, governance, and public-private partnerships

I- Technical Assessment: Overall View (2)

- MTDF builds on right strategic objectives:
 - Faculty Development
 - Access
 - Research
 - Relevance
 - Leadership and Governance
 - Quality Assurance
 - Physical & Technological Development

I- Technical Assessment: Quality Assurance (1)

Measures to improve teaching & learning and research environment (e.g. scholarships, in-service training, tenure track system, digital library, ICT, international partnerships):

These measures have the potential to revitalize higher education institutions (HEIs) and to radically improve the quality and relevance of the HE sub-sector

I- Technical Assessment: Quality Assurance (2)

Further recommendations:

- Foster internal **evaluation** mechanisms
- Strengthen institutional **accreditation**
- Prepare transition towards **autonomous** accreditation body
- Fine-tune programs to increase **relevance**
- Refurbish the **examination** system

I- Technical Assessment: Public-Private Partnerships (1)

- General Principles:
 - Intensify **linkages** with **industry**
 - Make regulations for both public and private HEIs more **flexible**
 - Adapt HE **financing** mechanisms to level the playing field

I- Technical Assessment: Public-Private Partnerships (2)

- Further recommendations:
 - Improve **knowledge** about all HE service providers to help students in making informed decisions
 - Increase the Role of the Private Sector in the Provision of Educational **Infrastructure**
 - Encourage PPPs in **R&D**
 - Loosen up the Regulatory Environment for **Public** HE Sector

I- Technical Assessment: Governance

- (i) introduce *transparency and accountability* into **HEIs' administrative procedures** (e.g. appointment of university leadership, strategic and financial planning and financial management processes)
- (ii) improve the *effectiveness* of management processes and of faculty governance
- (iii) create a more consistent and inductive *regulatory framework* for all HEIs, and in particular for affiliated colleges.
- (iv) Introduce more *decentralization* and *devolution* both in HEIs and within the HEC

II- Financial Assessment: Methodology

- Projections involve 4 steps:
 - 1) Enrollments
 - 2) Costs
 - 3) Resources
 - 4) Gap
- Projections are based on ***assumptions***
- they are purely ***indicative***

II- Financial Assessment: Enrollments (1)

- If all the current rates are assumed to remain stable, the *pool of graduates from higher secondary education* will be large enough to feed the expansion of university.
- The real problem is that only *one in five students taking the HSC makes it to university*. Its nature and its magnitude represent a huge waste of human resources.

II- Financial Assessment: Enrollments (2)

- Enrollments in universities, DAIs, COEs and distance learning institutions would double by 2010 and **triple by 2015**, reaching 1.0 and **1.9 million** by these dates, respectively.
- Accordingly, the enrollment rate in these institutions would rise from 2.5 percent to **6.2 percent** of the 17 – 23 age group

II- Financial Assessment: Enrollments (3)

- If left to its “natural” course, **general universities** would cater for 90 percent of total universities enrollments by 2015.
- Within general universities, some 40 percent of the students would be enrolled in **pure science programs**, and the rest in general areas.
- ➔ Weak enrollments in technological fields would not be consistent with the economic priorities of the country.

II- Financial Assessment: Costs (1)

- If all the MTDF access and quality measures were to be implemented as planned, the total, cumulative, cost over the entire 2005 - 2015 period would reach about **Rs 1,120 billion** (recurrent + development)
- Such a cost would be difficult to match with corresponding resources
- → Need to reduce the costs

II- Financial Assessment: Costs (2)

- Examples of cost-reduction measures:
 - (i) **student: faculty ratio** increases from 19:1 to 25:1
 - (ii) share of **private enrollments** increases from 25 to 30%
 - (iii) change in the **mix of enrollments** to increase intake in scientific fields

II- Financial Assessment: Costs (3)

- If ***all*** the three cost-reduction measures were to be taken simultaneously, the MTDF cost would be reduced to about **Rs 960 billion**
- Still an unmanageable tag price
- → Additional resources need to be mobilized

II- Financial Assessment: Resources

Possible ways to narrow the gap by increasing resources:

(a) Government:

Increase the ratio of the **entire** education sector budget to GDP from its current 1.8 percent level to **4 percent** by 2015 (reflecting the Fiscal Responsibility Law), and increase the budget for higher education increase at same rate as budget for education as a whole.

(b) Universities' own resources:

Increase **student fees** by 5 percent per year (in per capita terms)

II- Financial Assessment: Financial Gap

- Both measures would bring the resource envelope to **Rs 835 billion** – the resulting cumulative gap (2005 – 2015) would represent about Rs 130 billion.
- Bridging this deficit appears to be possible, provided the following are done:
 - further efficiency gains are made
 - additional resources are mobilized
 - activities are prioritized and sequenced

III- Implementation

- HEC appears to have the capacity to implement the MTDF:
 - (a) The Commission has started to implement many of the measures called for in the MTDF
 - (b) Its track record is positive
- But HEC needs to strengthen consultation and to beef up its communication strategy

III- Implementation:

HEC's Recent Performance (1)

- HEC total spending (rec. + dev.) grew by 300+ percent in real terms between 2001/2002 and 2005/2006.
- This increase comes after years of under-funding, and still leaves Pakistan lagging behind with less than 0.5 percent of the GDP spent on HE.
- The bulk of the increase is imputable to the parallel growth of student enrollments.
- Public spending per student is still low both by regional and world standards

III- Implementation: HEC's Recent Performance (2)

- Too early to measure impact
- However, HEC's track record so far is positive:
 - Number of innovative programs
 - Rehabilitation of HEIs' status
 - Introduction of accountability in HEIs
 - Faculty skills development
 - Implementation of a simple, effective resource allocation formula... *but*

III- Implementation: HEC's Recent Performance (3)

- Insufficient **communication** and consultation with stakeholders
- **Benefits** not always clear
- **Perceptions** not all positive

III- Implementation: Future Directions (1)

- Recommendations:

The HEC should

- ***reinforce its credibility,***
- ***improve its public image, and***
- ***invest in consultation and communication with HE sector stakeholders (including pre-HE subsector and private sector)***

III- Implementation: Future Directions (2)

- Recommendations:

The HEC should

- ***institutionalize*** its modus operandi (e.g. budget allocation)
- ***clarify and normalize*** its **relationships** with its **partners** at the Federal level (Finance and Planning) and the Provincial level (Education)

III- Implementation: Future Directions (3)

Recommendation:

HEC should prepare a *Road Map* establishing clear priorities and identifying the *sequence* of reforms and investments in order to materialize the MTDF and secure its financing in the medium term

Post-scriptum

While revamping the status of universities is a highly commendable objective, the situation of **affiliated colleges** (which cater for one-third of post-secondary education enrollments) is appallingly low.

→ **Vision and Actions** at that level are *urgently needed*. Federal (HEC & Planning Commission) and Provinces (Education) need to join forces to formulate the former and implement the latter.