

OPEN SPACE 2:

KFW

FINANCING HIGHER EDUCATION

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Process OS 2:

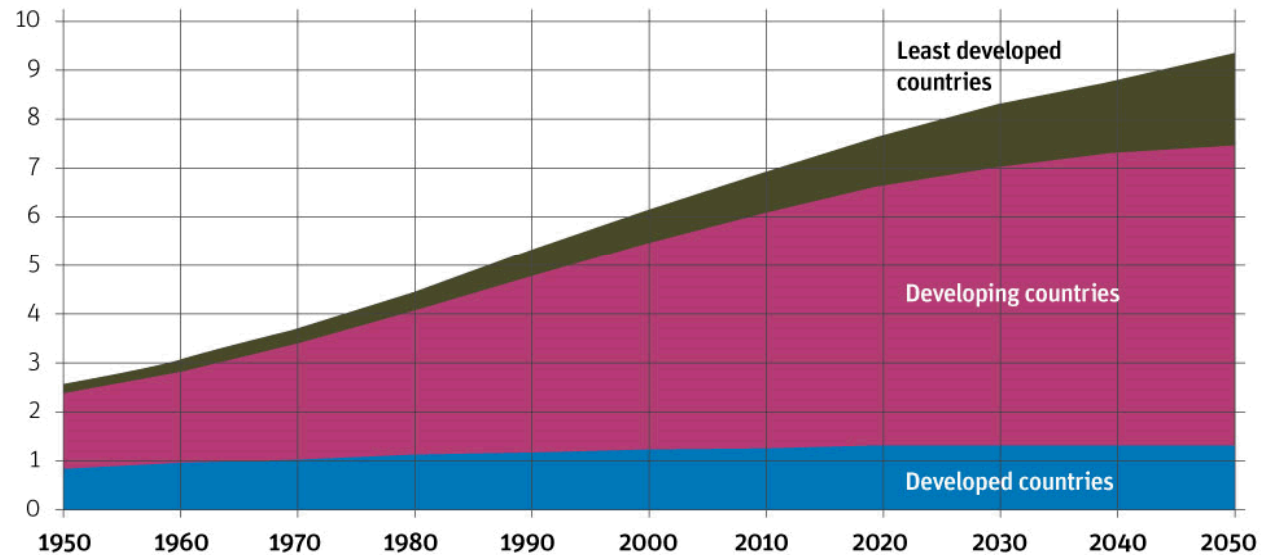
- ***Introducing ourselves***
- ***Basics***
- ***Guiding Questions***
- ***Discussion / Good Practices /
Conclusions***

Basics 1: Access

World population in billions, medium variant, by types of country

Data: United Nations

Projected Demographic Development



Source: Afrikas demografische Herausforderung, Berlin Institute for Population and Development (2011)

Gross Enrolment Ratio in Education 2014

	Primary 2014	Secondary 2014	Tertiary 2007	Tertiary 2014	% increase
Low-Income	104	41	3	8	167 %
Lower Middle Income	105	65	11	22	100 %
Upper Middle Income	106	93	22	41	86 %
High Income	102	105	55	74	35 %
Southern-Asia	109	65	9	23	156 %
Sub-Sahara Africa	100	43	4	8	100 %

Source: GEMR 2016, Statistic Tables, UIS

Number of Tertiary Students

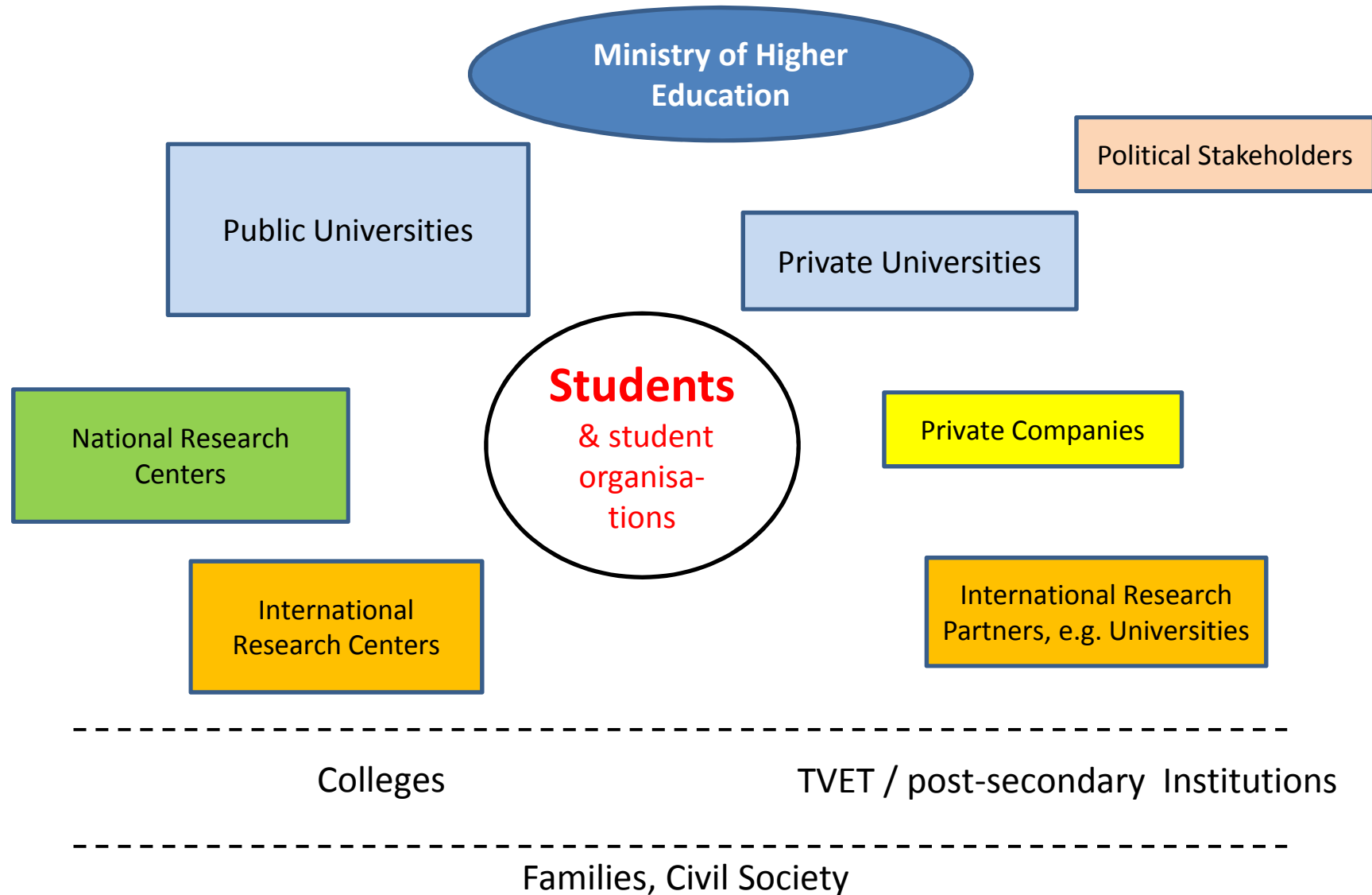
(in millions)	2000	% of total	2014	% of total
World	99.5	100 %	207.3	100 %
Low Income	1.2	1.2 %	4.5	2.2 %
Lower Middle Income	25.0	25 %	58.6	28 %
Upper Middle Income	24.8	25 %	78.7	38 %
High Income	48.5	49 %	65.4	32 %
Southern-Asia	12.2	12 %	38.1	18 %
Sub-Sahara Africa	2.6	2.6 %	7.1	3.4 %

Source: GEMR 2016, UNESCO Institute for Statistics (UIS)

2020: 20 Mio. ??

Basics 2: Institutions

Players in the HE System



Basics 3:

Costs and Finance

Comparison of cost and financing – Individual Department: Germany/Kenya

	Germany	Kenya
Investment cost (Building, equipment)	25 Mio. EUR	15 Mio. EUR
In Mio. EUR / year		
Operation cost (Personnel, maintenance, running cost, consumables, training, research)	2.2	1.2
Core funding	1.5	1.0
External funding	0.7	0.2
Total funding	2.2	1.2

(For 20 staff members, including core support)

Source: Own investigation

Government Expenditure on tertiary education

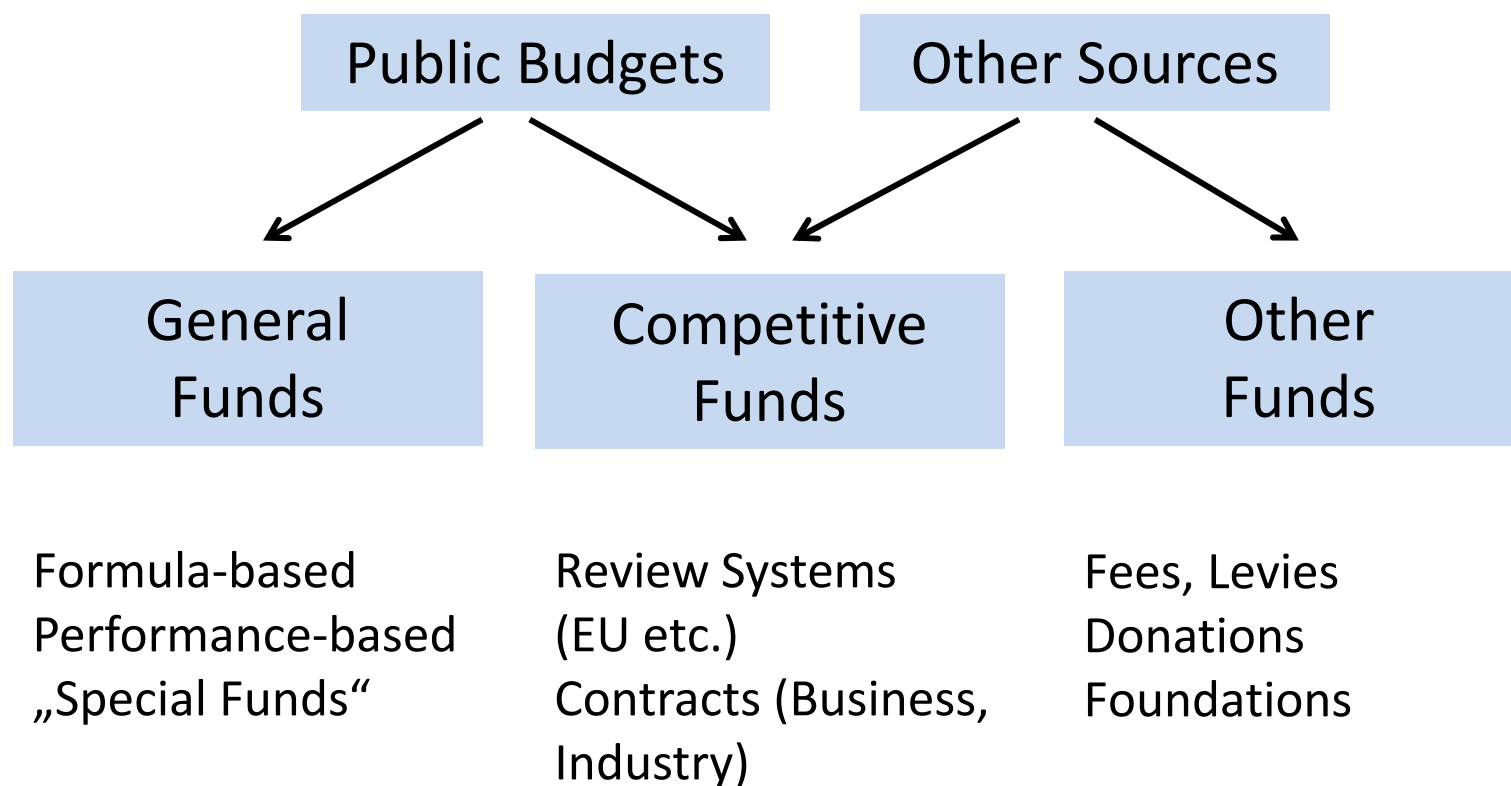
Note: On average, governments spend

- **around 4-5% of their GDP for education and**
- **around 20% of their education budget for higher education**

	Per student in 2013 ppp\$	Per student as % of GDP per capita
World	3,721	27.7 %
Low-Income	1,615	113.3 %
High Income	9,614	24.0 %
Eastern + South-eastern Asia	8,977	22.4 %
Southern-Asia	2,353	32.6 %
Sub-Sahara Africa	1,959	102.6 %

Source: GEMR 2016, Statistic Tables, UIS

Financing / Funding



Cost & Financing Projection by the International Education Commission

Cost per student in 2014 US\$	2015	2030	2015	2030	2015	2030
<i>Funding: public+ households+internat.</i>	Low-income countries	Low income	Lower income	middle countries	Upper income	middle countries
Pre-Primary	63	232	272	571	734	1369
Primary	96	212	359	605	1159	2194
Secondary	292	368	600	886	1694	3147
Post-Secondary	1538	1656	2213	3631	3884	9820
Average*	190	359	641	1090	1766	3646

*Averages unweighted across countries, but at student levels within countries

Source: Education Commission costing model (2016)

Some General Conclusions

- OECD countries spend high percentage of public for higher education and research
- Sophisticated funding models in OECD countries
- Poor countries do not have sufficient funding and funding instruments to compete internationally
- The funding models of industrialized countries cannot be simply transferred to developing countries
- Challenge: Quality of education and research

Guiding Questions (1)

- 1. What are the characteristics of the current financial situation in higher education?**
- 2. How do higher education finance systems face the challenge of balancing quality and access?**

Guiding Questions (2)

- 3. How do we enhance equity (e.g. through demand side financing, like stipends and student loans)?**

- 4. What experiences have been gained with different financial instruments (public/private/individual), national budget/international partners)?**

Additional:

How do you see the chances of ICT to reduce costs and enhance access in higher education (e-learning, MOOCs etc.)?