

are more boldly proclaiming their fulfillment of public purposes, such as meeting government access targets.

Of course, enrollment growth to meet access targets—a dominant topic in Latin American policy discussion for more than half a century—has for much of that same time period drawn attention to PHE, as considerable expansion has been achieved through private provision. But the summit focused on the present moment, exploring how this growth increasingly occurs in new and evolving forms of PHE. Several countries in the region now allow legally for-profit institutions. This break with tradition and traditional norms has naturally provoked controversy. The most noteworthy for-profit occurrence takes place in the region's largest higher education system (by absolute enrollment), Brazil. Brazil has not only allowed for-profits, but also financially incentivized them to provide access for needy students. Other countries participating in the for-profit trend are Peru, Bolivia, and Chile (only nonuniversity).

A central reality, repeatedly emphasized during the conference, is that any serious and comprehensive discussion on important developments in Latin American higher education and related policy must perforce deal with PHE.

Though not as dramatic as for-profit growth, various aspects of “Americanized” managerialism help reshape Latin American higher education. It has long been noted that such managerialism has thrived in the region's PHE. For example, private universities tend to hire managerial professionals rather than just asking academics to serve as managers. But, conference participants also provided examples of increased managerialism in public institutions, notably in some of the newer ones. Similarly, now even public universities are involving more external actors in their governance structures. This is portrayed as a shift toward increased accountability to various external stakeholders and perhaps the general citizenry. Such documented tendencies in the public sector further blur traditional divides between private and public higher education.

ONGOING RESEARCH ON PRIVATE HIGHER EDUCATION

Finally, the summit took note of major efforts to study Latin America's evolving PHE and related private–public matters. Regional agencies, consortia, and research centers all play

identifiable roles. Coordinated by summit-participant José Joaquín Brunner, the Centro Interuniversitario de Desarrollo (CINDA) publishes reports on current issues in Latin American higher education incorporating sections on the role of the private sector. The Inter-American Development Bank is reediting a policy report on PHE in Latin America. The Center for International Higher Education at Boston College is involved in a project on the internationalization of Catholic universities. PROPHE continues its research on Latin American PHE in a global context.

Whatever the future knowledge generated by ongoing research efforts, the summit's scholars and policymakers grappled with knowledge already at hand. All in all, as they addressed many of the salient issues in Latin American higher education, they repeatedly noted how PHE and related privatization realities, some longstanding, some new, illustrate beyond doubt how important and integral private higher education is to those overall developments. ■

Revenue Diversification and Reform in Ethiopian Higher Education

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Some twenty years ago, the Ethiopian higher education system was generally characterized as very limited in access, inequitable, poor in quality, weak in research output, and underfunded. In order to ensure access, equity, quality, relevance, and efficiency, the Ethiopian government has since 1994 introduced major reforms and policy changes to the higher education sector.

Following the reforms, the system has expanded massively within the past two decades, from only two to 36 public universities today. Private higher education has also flourished since 1997, with 98 institutions accommodating around 15 percent of the total enrollment. This rapid expansion has increased undergraduate enrollment from about 35,000 students in 1996 to 593,571 in 2014. Hence, higher education enrollment has grown from 0.8 percent in 1996 to 9.4 percent in 2014.

In general, heavy government investment on higher

education over the last two decades has resulted in massive expansion that opened up more universities, increased access, expanded program diversity, and achieved an increase of over 500 percent in total enrollment. These achievements have, therefore, been extraordinary. However, such a hugely expanded system requires continued and dependable public revenue.

FINANCING CHALLENGES

In Ethiopia, the government provides virtually all of the financing required to run the higher education system. The higher education system can sustain the current expansion only if its funding level is adequate and stable. Since 2000, therefore, government investment on education has risen as a share of the overall budget. Likewise, the higher education budget has increased in response to recent expansion, from 15 percent to about 30 percent of the total education budget.

Although the total budget devoted to higher education in Ethiopia has significantly increased over the years, the state budget has been insufficient to cover the huge expansion undertaken. As a result, universities are struggling to provide the necessary amount of resources for the continuously expanding system. The financial pressures become even more serious when we take account of the 70:30 policy shift from lower-cost studies in social science to higher-cost studies in science and technology, which demand far greater resources. (According to the 70:30 policy, 70 percent of the total undergraduate students enrolled in public universities shall go into natural science fields and the remaining 30 percent to the social science streams.) Despite this financial context, the system is still expanding, with 11 new universities to be established until 2020 to provide greater access.

In times of such financial challenges, therefore, it seems imperative for universities in Ethiopia to seek ways to expand nongovernmental revenue sources, in order to satisfy their enormous needs. Likewise, they need to raise funds from diverse sources in order to boost their financial capacity.

PRESSURES FOR REVENUE DIVERSIFICATION

The financial viability of the higher education system as a whole to accommodate enrollment pressures and maintain access, largely depends on the ability of higher education to diversify its revenue base. Revenue diversification helps sustain rapid expansion in a system where public funding is limited. The active engagement of universities in generating additional revenues helps reduce their dependence on government alone and their vulnerability to public budget fluctuations.

With the current massive expansion in Ethiopia and the limited government capacity to adequately fund this expanding system, public universities need therefore to increase and diversify their income base by generating revenues from non-governmental sources. Revenue diversification allows universities in Ethiopia to generate additional incomes, and subsequently improve educational infrastructure.

Accordingly, the higher education proclamation in Ethiopia provides public universities with the freedom to generate revenues from non-government sources in order to supplement public budget. The proclamation governs the overall policy and reform issues with regard to higher education. The policy is conducive to facilitating the development of alternative funding sources. As a result, universities are free to admit fee-paying students, offer paid educational services, accept endowments, establish commercial enterprises, and engage in other lawful activities to raise income.

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INSTITUTIONAL TRENDS

With the favorable policy that encourages institutions to generate new revenues, universities in Ethiopia have established various mechanisms to raise funds from nongovernmental sources. At present, almost all generate substantial income by admitting fee-paying students in different programs. Consequently, tuition revenues have now become among the major sources of income for most universities. Moreover, an increasing number of universities have been raising incomes from contracted research, training, and consultancy. There have also been substantial amounts of funds coming through donations, grants, and bilateral agreements.

The policy also allows income-generating enterprises to operate like any other business organization. Accordingly, some universities have established business-oriented enterprises to benefit from additional incomes.

Overall, a number of universities have developed educational, research, and industrial collaborations to solicit

grants and donations. As a result, revenues generated from fee-based educational services, grants, research collaborations, various commercial activities, and other sources have significantly increased in many public universities in the country.

INSTITUTIONAL DISPARITIES AND INCOME INEQUALITIES

Universities generally differ in age, geographic location, staff profile, alumni, and program diversity. As a result of such disparities, considerable inequalities exist in the capacity of institutions to generate revenues. The old, well-established universities are better able to raise funds and win grants from industries and donors, while the new ones rarely receive such funds. Besides, universities established in less developed regions have fewer opportunities to generate funds, compared to those located in highly developed regions and urban areas.

THREAT TO QUALITY

Universities that offer courses in highly demanded fields are better able to enroll more fee-paying students. In order to attract more students, therefore, many universities now offer training in market-oriented programs, even when they do not have the essential resources to support such training programs. Some universities might also tend to compromise admission criteria in order to enroll large numbers of fee-paying students as a means of increasing tuition revenue. This could lead to enroll below-standard students, which in turn compromises the quality of education.

THE WAY FORWARD

Generally speaking, public universities in Ethiopia have a significant potential to supply various services to industry and private business, thereby generating revenues. Experience at many universities illustrates their commitment towards increasing nongovernmental revenue sources essential to support their institutional operations.

Despite this promising landscape, the strategies used to generate revenues in many universities appear to be largely focused on a few, traditional streams. As a result, institutions have not adequately diversified their income base. Besides, at most institutions revenue generation activities have not been systematically and strategically supported. To conclude, the benefits of such revenues have not been capitalized to significantly contribute to institutional excellence.

In order to successfully institutionalize their strategies and diversify their income base, universities should develop appropriate administrative structures. In addition, revenues generated from various streams should be primarily used to support core university missions. To do so, universities should be given sufficient autonomy to keep additional

revenues generated: there has been external interference on individual universities. Universities should also stimulate staff to engage in income-producing activities, through various incentive mechanisms.

Overall, the increasing share of nongovernmental revenue helps to supplement public budget. Hence, revenue diversification should be seen as an essential source of supplementary income and complementary activity. While pursuing new income streams, however, universities must maintain their core values. ■

Higher Education in Western Balkans: Recent Trends and Challenges

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The recent reforms and developments in European higher education have been extensively discussed, researched, and written about. However, the Western Balkans (WB), a region of Southeast Europe encompassing seven countries (Albania; Bosnia and Herzegovina; Croatia; Former Yugoslav Republic (FYR) of Macedonia; Kosovo; Montenegro; and Serbia) with a combined population of 22.7 million, has remained underresearched. The lack of prior studies is mostly due to the absence of systematic data collection on national and institutional levels. This article describes and analyzes some of the most salient challenges and issues facing the academic sector in this region.

ENROLLMENT, COMPLETION RATES, AND STRUCTURAL ISSUES

In the Western Balkans, the vast majority of students in higher education are enrolled in public institutions. Even though tertiary enrollment rates in the region are relatively high—on average close to 50 percent of the traditional, college-going age-class—the degree completion rates are rather low. Available estimations reflect, on average, graduation rates below 40 percent for students within 10 years of their enrollment for Croatia, FYR Macedonia, and Albania. These educational outcomes, coupled with structural issues and high unemployment rates, present major challenges for WB countries.