policy address as chief executive of the new Special Administration Region government in October 1997, Tung Chee Hwa made the commitment to a future where all new teachers entering the profession should be university graduates with professional training and asked the University Grants Committee to advise on the timetable for this transition.

There is considerable debate over the most appropriate model for teacher education at different levels, with the universities largely focusing on postgraduate diploma programs for university graduates in various subject disciplines.

The Institute of Education
This commitment of the new chief executive to an all-graduate teaching profession has resulted in plans for a very rapid transition for the Institute of Education. All subdegree programs for primary and secondary teachers are now to be phased out by 2004. They will be replaced mainly by bachelor of education programs, with a special focus at the secondary level on areas such as the arts, languages, physical education, and design and technology, which were strong points of the former colleges. These new programs have been designed as four-year programs, intended to integrate pedagogical knowledge with academic subject knowledge from the first year of the program, while at the same time fostering an interest in civic and environmental education across the curriculum and high standards in the use of information technology for educational purposes. As the Institute faces questions of how it will adapt its program to the planned new structure of secondary education, it has the advantage of approved four-year programs already in place and curricular patterns that are more suited to multidisciplinary learning than the narrower, academic subject structures found in some older universities in Hong Kong.

Nevertheless, the Institute faces a formidable challenge as several universities with well-established faculties of education seek to expand their enrollments in teacher education and all tertiary institutions are asked to do more without any increase in government funding. There is considerable debate over the most appropriate model for teacher education at different levels, with the universities largely focusing on postgraduate diploma programs for university graduates in various subject disciplines. Traditionally, teachers with this kind of background have dominated secondary education, especially the teaching of academic subjects in the sciences and social sciences at the upper levels. Now there is an argument that this model should be used for the preparation of primary teachers, as well. While the Institute has developed postgraduate diploma programs for university graduates interested in either primary or secondary teaching careers, it has taken the position that the integrated bachelor of education program provides a more solid professional preparation for a teaching career, especially in the light of trends toward more integrated curricular knowledge and the encouragement of habits of self-learning in all children. The Institute, along with the University of Science and Technology and the Polytechnic University, has also developed collaborative programs that allow for a balanced emphasis on excellence in certain subject disciplines and professional studies from the first year of postsecondary schooling.

Developing a Financing Strategy for Palestinian Higher Education

Hisham Kuhail and Arthur Hauptman

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Despite great obstacles over its relatively short three-decade history, Palestinian higher education has helped to meet the rising demand for further education, providing access in West Bank/Gaza to those who had been forcibly deprived of the chance to study abroad.

But longstanding demographic and fiscal pressures, coupled with inadequately defined priorities and chronic economic and political problems only heightened by the recent turbulence, have led to a higher education system in fundamental need of repair. In recognition of these facts, the Ministry of Higher Education (MOHE) of the Palestinian National Authority (PNA) has decided to develop a financing strategy for the purpose of creating a more effective, accessible, efficient, and accountable higher education system.

Characteristics of the Sector
Palestinian higher education occupies an interesting, perhaps unique position in the constellation of international higher education. Its 10 largely nonprofit universities and more than a dozen government and private community colleges enroll about 70,000
students—2 percent of all Palestinians—with a gross enrollment rate of more than 15 percent. Both of these figures are well above the average in the Middle East region and internationally among the developing countries. By the same token, nearly 1.7 percent of the Palestinian GDP and 30 percent of all education spending are devoted to higher education, again above average by international standards. These figures suggest that Palestinian higher education has above-average levels of participation and is relatively well funded.

On the other hand, the spending per student in Palestinian higher education—less than $1,000 per student—is low by international standards, while tuition fees as a percentage of university recurrent costs and as a share of their total revenues—68 and 86 percent, respectively, in 1999—are very high. At the same time, public spending on higher education as a percentage of GDP (2 percent), of the PNA total budget (0.6 percent), and of the PNA budget allocated for education (3 percent) is very low by international standards.

**Challenges Facing the Sector**

Despite a demonstrated capacity to survive and even grow in extremely adverse and unstable conditions over the past three decades, Palestinian higher education today faces a number of daunting challenges.

About three-fourths of all Palestinian students are enrolled in the social sciences and humanities. The subjects Palestinian students study are often inconsistent with the growing scientific and technical skills needs of the Palestinian economy and society as well as the broader economic and social needs of the Middle East. Another concern is the decline over time in the number of community college students and the rapid increase in university enrollments.

Over the past half decade, enrollments have more than doubled while funding has remained level or declined. These problematic financial and enrollment trends have led to the widespread perception that the quality of Palestinian higher education has declined. Most Palestinian universities have chronic deficits that preclude solving these quality concerns through internal reforms. As is the case in virtually all countries, access to Palestinian higher education is uneven. Students with fewer family resources do not have access to the full range of opportunities. The lack of effective management throughout the system takes many forms, including: a lack of transparency throughout the sector, the absence of coordination between the MOHE and institutions, and inadequate cooperation among higher education institutions.

The consequence of not addressing these challenges is that quality will continue to be compromised, relevance will remain questionable and access will remain unequal. Any of the scenarios that might result from a failure to address these challenges would deny educational opportunities for thousands of Palestinians every year and severely dim the prospects for economic growth and stability in the PNA and the Middle East region more generally.

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**The subjects Palestinian students study are often inconsistent with the growing scientific and technical skills needs of the Palestinian economy and society as well as the broader economic and social needs of the Middle East.**

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**Principles for Reform**

In response to these challenges, the MOHE has decided to develop a financing strategy that has not previously existed for the sector as a whole. In developing such a strategy, however, a fundamental reality must first be recognized, namely, that the level of public financial support for Palestinian higher education is not now nor likely in the foreseeable future to be sufficient to ensure fiscal sustainability of the system as it currently exists. University deficits simply exceed what the PNA currently provides or can reasonably be expected to provide in the future. Therefore, major reforms will be necessary, and a financing strategy for Palestinian higher education must be designed so that public funds are targeted in ways to improve what will remain a largely public and nonprofit higher education system. To do this, the proposed financing strategy will be based on the following principles: (1) enhancing students’ ability to pay for higher education will be emphasized over sustaining institutions as a primary means of public support; (2) public funds will target national and regional human resource development needs by focusing on programs identified as having high priority; (3) opportunities and capacity in both universities and community colleges should be expanded as a means of meeting current and future academic and vocational needs; (4) the autonomy of public and nonprofit Palestinian universities should be combined with greater accountability by emphasizing incentives more than regulations of institutions; and (5) a key element of the financing strategy should be to improve the management of the institutions and the higher education sector.

**Possible Components of the Strategy**

First, it is important to identify high-priority human resource development needs that could be used in allocating funds to institutions, providing funds for student financial aid, and allowing for lower fees in high-priority fields of study.

Second, the principles for reform will be implemented by adopting a number of policies, including providing vouchers to students of high merit and high need who enroll...
in fields of high priority; making supplemental payments to institutions to meet normative costs in high-priority fields of study; expanding the availability of student loans to allow a broader range of students to pay their tuition fees; creating a “quality improvement fund” to stimulate innovation in instruction and management of institutions; funding research separately from instruction on a project, peer-review basis in areas of high national priority; and creating a capital development fund to support the building and upgrading of facilities, to be provided primarily by donors.

Third, a series of administrative and regulatory mea-
sures also must be taken, including: strengthening the exist-
ing accreditation and assessment procedures, improving the management structure of the higher education sector by developing management information systems for the MOHE and for individual institutions and by establishing management improvement plans for each university; and reassessing fee-setting procedures at universities.

At this time, the financing strategy as outlined here has not been formally adopted. The purpose of producing it is to stimulate discussion among stakeholders about how to address the challenges that Palestinian higher education faces now and in the future.