Introduction

Access and equity in financing higher education in Arab countries

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Higher education is a driving force in today's knowledge economy. It provides labour markets with a skilled, qualified labour force that can contribute to economic development and is therefore an indicator of a country's development level. Investing in higher education enables developing countries to catch up with the developed world and to compete in the international arena.

In an era of globalization, innovation, and competition, the wealth and prosperity of countries are highly dependent on the quantity and quality of their human capital. In this context, only countries with skilled workers will be able to reap the benefits of globalization. Developing countries are challenged because of the quality of their higher education systems. To transform these challenges into opportunities, they will have to balance both the quantity and quality of education to eventually generate a graduate mix that both meets the needs of the labour market and helps the nation develop economically.

Over the past few years, Arab countries have witnessed a significant increase in the number of private universities. However, this fact reflects neither their capacity, nor an improvement in the overall level of higher education quality. In fact, the higher education systems in the Arab countries suffer from several deficiencies, the most striking one being limited financial resources. Nor can those systems cope with the fast-paced ongoing technological revolution. Meanwhile, the burgeoning youth population—currently at a peak, and expected to continue to grow—creates a greater demand on higher education.

Academic freedom is also a key challenge. As many of the universities depend on state financial and administrative support, their academic freedom is limited, ultimately restricting intellectual innovation. Institutions, management, and decision-making all fail to meet standards for good management.

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In light of this situation, regional decision-makers must undertake some radical reforms.

Moreover, in order to attain a certain level of quality in higher education, policymakers must take several crucial actions. Strategic plans must be developed that embrace both the nations' needs for development and the job markets' needs for skilled employees. Curricula must be reformed so that they emphasize critical thinking and innovation, and academics and universities need incentives to deliver quality education. Ultimately, financing higher education is a major challenge for these countries and is the focus of much research.

A fundamental concern is the need to mobilize additional resources for higher education, especially given the increasing future demand due to demographic change. The transition from public to private provision of higher education should go hand in hand with the introduction of more efficient systems of financial assistance, guaranteeing equal opportunities to disadvantaged students. Reforms should take into account the social aspect of higher education, as a "public good". Therefore, universities' fees should be set at levels that allow them to cover the minimum costs of delivering quality education to disadvantaged students. Theoretically, this will help realize equal opportunities among all students.

This Open File introduces the status of the higher education sector in six Arab countries: Egypt, Jordan, Lebanon, Morocco, Syria, and Tunisia. In addition, a comparative study provides a comprehensive picture of the strategies for funding higher education in the selected countries. This special issue is dedicated to exploring the various financing policies these countries have adopted, evaluating the efficiency and adequacy of the public sector. It also aims to examine the challenges each country faces in financing higher education, in an attempt to undertake reform policies in light of international experience.

Higher education expenditure trends in the Arab world

With regard to the overall level of spending on higher education as a percentage of GDP, there is no discrepancy between the six countries; generally speaking, their spending is at the same level as the low middle income countries. However, public expenditure is not the same; in some countries, it plays an important role in financing higher education. This is the case in Syria, Morocco, and Tunisia where public expenditure is very high, with the public sector generally the sole provider of higher education. For example in 2005–2008, Tunisian public expenditure on education amounted to around 7.4% of GDP, with 2% allocated to higher education, the highest percentage among the six countries. Nevertheless, in the last few years, the budgetary constraints have increased, and they are likely to remain high in the near future.

However, in other countries, where this ratio is smaller, it is compensated for by higher levels of household spending. For example, in Jordan in 2006, households allocated around 61% of their spending on education to higher education. And in Lebanon, the share of public expenditure is very low (1.5% of GDP), but is replaced by higher levels of private spending on higher education (over 3% of GDP). On the other hand, in Egypt, only 1% of the money that households spend on education goes to higher education.

Another indicator worth noticing is the ratio of expenditure on higher education per student to per capita income. This ratio reveals a significant disparity in the resources allocated to higher education among the six countries. In some cases, this ratio was similar to that of the lower middle income countries, at 53% in Syria and 56% in Tunisia. In other cases, it is significantly higher: 84% in Lebanon, 90% in Morocco, and 98% in Jordan.

Thus, it massively outstrips the ratio in other countries. In contrast, Egypt faces a problem in allocating resources to higher education, with this ratio at only 24%.

The “youth bulge” and higher education quality in the Arab world

Higher education systems in the Arab world face an important challenge: the future demand fueled by demographic trends. The extent of this challenge varies from one country to another. In Egypt, for example, an increased proportion of youth within the total population—dubbed the “youth bulge”—will want to enroll in higher education. Over the coming few years, Jordan will face the same issue.

For some countries like Syria and Morocco, demographics will not place significant pressure on higher education. In Syria, the increase in the youth population peaked in 2005, when it increased by 23%, and it is expected to slow down considerably over the coming years. On the other hand, in Morocco, the youth bulge has a less pressing effect for several reasons, including lower birth rates due to family planning activities, women’s increasing rates of educational attainment, and a rise in the marriage age.

In contrast, neither Lebanon nor Tunisia is affected by the youth bulge phenomenon. Due to declining fertility and birth rates, they have both witnessed a decrease in the number of young people seeking to enroll in higher education.

Public vs. private sector involvement

Facing greater future demand and the poor quality of higher education, regional governments have to find alternative sources of finance, particularly given that they must stretch their limited public resources to provide many public services, including infrastructure, health care, and education. In this context, the private sector has emerged as another provider of higher education in the Arab world and its role has increased rapidly over the past decade. The higher education system in Lebanon differs from those in the other five countries, as the private sector plays an important role in establishing higher education non-profit institutions through the initiatives of both religious institutions and community and civil society NGOs that deliver high-quality education. Public provision of education is a relatively recent development in Lebanon, with the founding of the state-owned Lebanese University in 1951.

But this is not the case in the rest of the Arab countries, where the private sector has occasionally had a negative effect on the higher education system. This is due mainly to confusion over the notion of “private”, a term that can apply both to profit-seeking commercial ventures, and to non-profit or even loss-making institutions created by religious and social philanthropy or by civil society endowments, as in Lebanon. Until 1996, Egypt depended almost totally on public provision of higher education. The presence of private universities has affected the quality level of education as they are profit-seeking “commercial” institutions.

Conclusions

In the Arab world, higher education is experiencing drastic changes and transformations due to the forces of globalization and the dynamics of the twenty-first century. This trend

affects not only funding patterns but every other aspect of Arab higher education. In order to cope with this change, Arabs must adapt their traditional higher education systems not only in terms of their funding patterns, but also in almost every aspect of the education system. The poor quality of higher education is a vital challenge facing the region. Perhaps the most urgent area besides funding is the quality of higher education and teaching methods. The mismatch between the needs of competitive open labour markets and the skills gained in schools and universities is a common problem in these countries.

It is worth noting that the success of financing policies has little to do with whether the service provider is public or private. A range of parties and actors, drawing on various sources of power, can exert various kinds of pressure on universities and research institutes. Only when these institutions draw their funding from a variety of sources, across the wider society, will they be truly autonomous, able to continue their work without restrictions.

It is apparent then that the role of higher education institutions needs to be modified in order to respond to current international developments, with their various political, economic, and social dimensions.

Author Biographies

Ahmed Galal (Egypt) is currently managing director of the Economic Research Forum. Before that he held several other positions, including executive director and director of research of the Egyptian Center for Economic Studies (ECES). At the World Bank, he served as industrial economist in the Europe, Middle East and North Africa region; as senior, then principal economist in the Bank's research arm; and as economic advisor in the Private Sector Development Department. He holds a Ph.D. in Economics from Boston University. His areas of interest include industrial organizations, education, and international trade.

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