

WORKSHOP ON HIGHER EDUCATION (HE) – PRETORIA
30/31 MAY AND 1 JUNE 2016



Prior Reading

Participants, including speakers, are urged to read, contemplate and enjoy these papers before the Workshop commences.

Under pressure: Changing markets and the evolution of the university

ICEF Monitor 24 Nov 2015

We have all read the worrying proclamations about the challenges facing traditional higher education, and even questions about the sustainability of at least some institutions today.

Many experts predict that few colleges or universities can face the following trends without a fundamental rethinking of the way they operate:

- **Demographics are changing:** The population of college-age students is shrinking in a number of countries, including Canada, South Korea, Japan, and Taiwan.
- **Markets are shifting:** The distinction between “source” and “destination” countries continues to blur to the extent that traditional large source countries such as China cannot be relied upon as a continued base of highly valued international student tuition.
- **Online is expanding:** MOOCs and other digital-based delivery models – as well as diploma/certificate programmes and alternative credentials – are throwing the cost and time required for four-year university degrees into high relief.
- **Private sector schools are competing:** Younger private institutions are challenging their public-sector fellows on all sorts of measures, including price, specialisation, and, especially in developing countries, quality alternatives to overburdened public systems. Add to this a perceived disconnect between higher education and the job market, plus heightened price sensitivity among some student segments, and it is clear that universities and colleges are being challenged to adapt – and fast.

University evolution 2.0

But while higher education institutions are indeed facing pressures on established operating and business models, some are overcoming them using new approaches to programme design, target markets, and funding, as well as branding and marketing campaigns that emphasise their institutions’ strengths more effectively than ever.

Eric Beerkens, writing in *University World News*, says that “the DNA of the traditional university has not changed in the past 25 years and I can safely predict that it will not change in the coming 25 years. And essentially, that is a good thing.” He pairs this observation with an argument that the traditional university model has never been static and has been evolving for years in response to internal and external demands.

Indeed, around the world, there is evidence that universities and colleges are responding to today’s challenges in unique and innovative ways. Here are just a few examples:

1. Developing a niche: One strategy for universities is to abandon what they are merely average at, focus on their strengths, and roll out targeted marketing campaigns to niche

markets. An example of a highly focused institution is the College of the Atlantic (COA) in Maine. COA was the first US college to go carbon-neutral, and among its many environmental features are its eight student residences with composting toilets and grey-water recycling to minimise water use.

COA has also responded quickly to the growing demand for international exposure and internships: more than half of COA students include international study in their curriculum, and 100% complete an internship as part of their degree.

2. Encouraging entrepreneurship: Economies everywhere are bursting out of traditional hierarchies in which “big” equalled “great.” Startups have proliferated, and today many college students aspire to be their own bosses. As a result, there is a growing trend toward fostering entrepreneurship in higher education.

For example, the Technion – The Israel Institute of Technology – offers a month-long summer intensive programme for entrepreneurs. The Technion Entrepreneurship and Innovation Summer School is “for tech minded students seeking to develop ideas into a start-up or work in an entrepreneurial environment in fields like software, big data, cyber world, online media and related areas.”

The school is one of many initiatives that link the Technion to entrepreneurs and other partners in industry, including start-up incubators or accelerators. The noted Israeli institution has been ranked among the leading universities in the world for entrepreneurship and innovation in a multi-year benchmarking study conducted by MIT.

3. Investing in internationalisation: A big part of the Russian government’s strategy to move five of its universities into the Top 100 world university rankings is providing new academic mobility grants to bring elite foreign researchers into Russian classrooms.

Russia is far from the only country pushing inter-institutional mobility; collaborative cross-border research projects and faculty exchanges abound in higher education today. Where universities don’t have the researchers and faculty they need locally, they find them in other countries and promote “star” lecturers to draw students to courses.

4. Collaborating across countries: What’s better than a top-ranked research university? Two top-ranked research universities – one Chinese, one American – collaborating on one incredible venture. Earlier this year, the University of Washington and China’s Tsinghua University announced a joint project called the Global Innovation Exchange (GIX), a brand-new facility focusing on science and technology studies in Seattle, Washington. The Microsoft-backed GIX will be the first time a Chinese research university will offer a degree in the US.

5. Thinking differently about money: In the US especially (in part because of reduced public funding), colleges and universities are seeking non-traditional methods to raise revenue, including developing new, niche student markets; offering classes on weekends

or during summer months to appeal to part-time and non-traditional demographics; and of course, recruiting international students. And in markets across the globe, private funding and participation is quietly growing, even in areas traditionally thought of as completely public.

6. Experimenting with technology: Gone are the predictions that MOOCs will simply displace all other educational delivery models. Online-only programmes certainly exist, but increasingly, institutions are bringing in technologies to leverage or strengthen core competencies – and to push down costs. Blended or hybrid degrees abound; universities are offering MOOCs as well as courses delivered on campus. Professors are incorporating real-time analytics information to better personalise students' learning, and institutions are discovering what works online and what is best kept in the physical classroom.

7. Using beauty-based branding: Not all students are lured by the novelty of MOOCs and other online programmes. For many international students, the physical experience of studying in another country remains their top priority, and this includes accommodations, learning facilities, and the wider environment and recreational opportunities available to them. Top-ranked universities are making their campuses more state-of-the art, and destination marketing is a noteworthy trend, especially in countries and regions known for extreme natural beauty.

New Zealand's Think New campaign is one example of top-notch destination marketing, while universities in Málaga, Spain are leveraging their beautiful historic city. Destination marketing can offer a powerful competitive advantage for universities and regions outside of the traditional consideration set of international students.

Higher education in 2016

There is no turning back from the disruptions affecting higher education today; they have occurred, and they will continue to unfold in the years ahead. Some institutions will falter, but many will reach farther and faster than they have before. The most resilient will be adaptable shape-shifters and strategists conditioned to the new constant: change.

Evaluation of the EU support to research and innovation for development in partner countries (2007-2013)

Particip for EU, Executive Summary

Highlights

This evaluation examined the support the European Commission's DG for Development and International Cooperation (DEVCO) provided to Research and Innovation (R&I) in partner countries during the last EU budget period (2007-2013). During these years DEVCO did not have an explicit policy document to support R&I and yet the study identified programmes worth over EUR 1 billion that included some aspect of R&I work. The evaluation looked at four specific sectors and found that within these sectors there was considerable interest in R&I and those elements were often included in support programmes under each one.

Policy basis The EU's policy for support to R&I at the international level is set by two Commission Communications from 2008 (588) and 2012 (497). These refer to R&I supporting the EU's external policies by contributing to sustainable development and tackling global challenges. Moreover DEVCO was active in supporting R&I at different geographic levels (global, regional and national) and with multiple actors, including not just governments and research communities, but also the private sector and civil society. This support also produced results which impacted positively on development processes particularly at the local and sector levels, but very little effort was made to capitalise on research results and make them known and available to wider audiences. Support to R&I was therefore a major theme of DEVCO work, yet one that is hidden, not recognised and poorly understood. Given the importance of scientific knowledge and technology for economic development and the rapid pace of change and innovation, this high level of funding is not surprising but what is striking is its low profile. A new departure is to be found in the Joint Africa-EU Strategy signed in December 2007, which identifies support to R&I as a cross-cutting tool and one of eight pillars of co-operation. The evaluation concluded that while DG DEVCO had achieved a lot with its support to R&I at the sector level, the lack of an overall strategy or explicit overall commitment to support R&I undermined the overall impact of its work in this important area for development.

Background to the evaluation

The objectives of the evaluation were to provide an overall judgment on the extent to which the EU development co-operation policy has adopted a strategic approach to support R&I and whether the approach was appropriate to enhance capacity to reach development objectives. The conclusions were expected to specifically address areas of particular interest, namely: capacity building; the transfer of research results into social or economic process; the appropriateness of instruments and modalities and the approaches used (country versus regional support, through sector programmes or through direct support to R&I). The scope of the evaluation was set in terms of sectors, instruments and time.

Two key parameters for the evaluation

The evaluation's scope was limited to: Four thematic sectors:

1. Food Security, Nutrition and Agriculture (FSNA);
2. Health;
3. Environment and Climate Change (EnvCC);
4. Science, Information Society and Space (SISS).

Three instruments used by DEVCO:

- a. The European Development Fund (EDF);
- b. The Development Co-operation Instrument (DCI) incl. both geographic and thematic lines;
- c. The European Neighbourhood & Partnership Instrument (ENPI).

The DG for Research and Innovation (DG RTD) also implements activities supporting R&I in developing countries. However, RTD's work was not included in the scope of the evaluation. Yet, it is considered from a contextual point of view, and analysed from a complementarity perspective. Finally, the evaluation was

limited in time to the years 2007-2013, which corresponds to the last EU multi-annual budget period and to that of the 10th EDF. This is also the period of DG RTD's 7th Framework Programme (FP7).

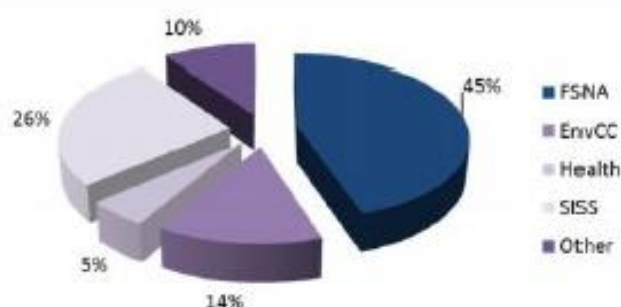
The methodology of the evaluation

The methodology used was based on the guidelines of the DG DEVCO Evaluation Unit. It consisted of four standard phases: Inception Phase, Desk Phase, Field Phase and Synthesis Phase, the latter including a dissemination seminar. The evaluation moved systematically through several stages. First, in order to have a clear understanding and overview of the object of evaluation, an inventory and typology of DG DEVCO support to R&I was produced. Based on this the team built the methodological framework. A key tool was the identification and agreement with the Reference Group on six evaluation questions, with judgement criteria and indicators around which the exercise was organised. On the basis of this framework, data collection took place in two steps: (i) document review and interviews in Europe during the Desk Phase, and (ii) country visits in the Field Phase. A survey questionnaire was also sent to a wider sample of EU Delegations. The field visits were conducted in ten countries¹, selected across the different regions where the EU works so as to cover emerging economies through to poorer ones. The main objectives of these visits were to fill remaining data gaps and validate or revise the preliminary findings formulated in the desk work. Data was collected by sector and analysed up to the level of judgements for each of the four sectors. Thereafter, synthesis judgements and single responses to the evaluation questions were formulated across sectors combined. The final Synthesis Phase was devoted to constructing answers to the evaluation questions and formulating conclusions and recommendations on the basis of the evidence.

What did DEVCO fund?

The inventory exercise concluded that DG DEVCO committed a total of roughly EUR 1.1 billion for support to projects with a Research and Innovation component in partner countries over the evaluation period (contracts signed between 2007 and 2013, or just before but with more than 50% of their disbursements in this period). The distribution by sector (see figure below) shows that EUR 1.0 billion of the total contracted amount were earmarked for the four thematic sectors chosen for the evaluation. EUR 0.1 billion went to other sectors. Out of the four sectors FSNA received the largest share (EUR 0.5 billion) of total commitments. In addition, DG DEVCO financed an estimated EUR 0.3 billion of academic mobility grants at doctoral and post-doctoral levels and for academic staff.

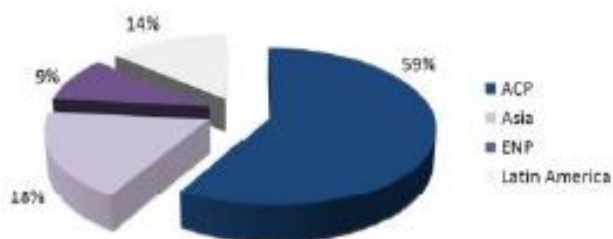
Sector allocation of commitments (shares of total contracted amount)



Source: CRIS, Particip analysis

In terms of geographic distribution, half of the funds went on regional level contracts and a third through country level contracts. The remaining 16% of funds were contracted to organisations with global reach. As shown in the figure below, Sub-Saharan Africa and Asia received the largest shares of total commitments, through both regional and individual country contracts. South Africa and China led the ranking of funding by country.

Shares of total commitments (regional plus individual country contracts) per region



Source: CRIS, Particip analysis

The main funding instruments used were the geographical EDF and the thematic instrument DCI-Food. Each thematic sector used three to four major funding instruments. EU support was contracted through a range of different actors or channels, with international organisations, the private sector and universities at the top of the list for the thematic sectors.

Overall assessment

The overall assessment is two-sided. On the one hand DG DEVCO support to R&I was certainly relevant, but the assessment against the other standard evaluation criteria is far more mixed. At one level, there were many individual projects and programmes with worthwhile R&I components that have benefitted from DG DEVCO support. On the other hand these efforts have not achieved a critical mass, nor a substantial overall result that might have left real improvements in the R&I institutional framework across partner countries. Looking at the OECD DAC evaluation criteria in turn:

Relevance – DEVCO support to R&I is relevant in different ways at both policy and practical levels. The support is certainly relevant in terms of the achievement of EU development objectives and the MDGs. Innovation in particular is vital for resolving obstacles to sustainable development. For individual projects there was also strong relevance for project objectives. Equally, both the funding itself and the types of support provided were relevant to researchers in countries with minimal resources for research.

Effectiveness – the assessment of the effectiveness of DEVCO support to R&I is mixed. For individual projects, the support has been largely effective in producing results and achieving objectives or to get partner country researchers involved in international research work. Equally, the support to networks has proved an effective way of sharing knowledge. Overall, however, the support is largely ineffective and suffers from the lack of an overall strategy. Thus, capacity building efforts were not commensurate with the needs; mobility schemes did help individual capacity building, but did not impact on institutional development; the modalities used have not always been practical for individual grantees and the wider dissemination of results has proved limited.

Efficiency – DG DEVCO support to R&I has often been efficient at the local level in individual projects but overall does not add up to a cost effective way to develop national R&I systems. The lack of an overall strategic approach has clearly undermined the DG DEVCO's ability to guide choices and focus action on the most efficient approaches. In particular, insufficient attention has been paid to supporting national R&I or Science and Technology (S&T) strategies and the establishment of institutional frameworks for innovation that would have greatly increased the efficiency of R&I systems at the national level.

Impact – The impact of DG DEVCO support to R&I has been limited to specific aims. Impact can be seen at the local level in the way many individual R&I efforts fed results into local development processes. The overall impact has, however, been limited in achieving the type of objectives set out in the reconstructed intervention logic, such as: more innovative development solutions to development problems and global challenges, policy makers more attuned to using research results or R&I more adjusted to partner countries' needs.

Sustainability – DG DEVCO was not able to build sustainable solutions for its partners on funding R&I in the longer term beyond the term of the DG DEVCO funding. Thus, while the projects and programmes funded were useful, they often depended on continuing EU support. The project funding modality used in many cases was problematic for individual researchers or low capacity research organisations, from a sustainability point of view. In most partner countries, there was little or no institutional support for R&I, both in terms of institutional infrastructure and in terms of research funding, resulting in a heavy dependence on external resources.

Main conclusions

The Conclusions are divided into four clusters relating to (1) policy, (2) operational approach, (3) complementarity with other EU services and (4) the results of research.

Cluster 1 – Policy and strategic focus *These four conclusions relate to the successes and limitations of DEVCO's past strategy of support to R&I and on bringing out some of the positive experiences that could be useful elements for a future lesson learning.*

Conclusion 1: DG DEVCO's sectoral/pan- African approach to support R&I has been broadly effective within the parameters set for each sector and the Joint Africa-EU Strategy. However, this approach limits DEVCO's ability to have an across-the-board impact on the use of R&I as a tool to foster development and economic transformation in a world characterised by increasingly rapid scientific and technological change.

Conclusion 2: The lack of a clear overall strategy for DEVCO support to R&I for development means the valuable role it plays is poorly understood and not recognised.

Conclusion 3: Many of the projects supported and reviewed do provide examples of good practice (see the series of text boxes in the report) that could be used to build a wider strategy for support for R&I.

Conclusion 4: There are also lessons to be learnt from some of the well chosen partnerships DEVCO embarked on to provide support at all the three geographic levels at which it worked – global, regional, national (e.g. respectively: CGIAR, the Joint Africa-EU Strategy (JAES) and the *Programme d'appui au système de recherche et innovation* (PASRI)).

Cluster 2 – Operational approach *The second cluster of three conclusions relates to how DEVCO had operationalised its approach to supporting R&I. They cover the type of interventions supported, the use of the different instruments and modalities and the capacity of DG DEVCO to manage this support.*

Conclusion 5: The overall logic to DG DEVCO's support to R&I is conceptually solid, but its elements (see text box below) have not always been deployed in a consistent fashion and have rather been used as a menu of elements to draw on.

The main elements of the DEVCO package of support to R&I regularly consisted of:

- a. Support to research networks (e.g. ASARECA);
- b. Capacity development at three levels (individual, institutional and infra-structural) (e.g. JAES/African Union Research Grants);
- c. Careful selection of suitable partners at all three geographic levels – global, regional and national;
- d. Policy dialogue on sector research priorities but also on general S&T policy (e.g. South Africa);
- e. Funding of actual research (e.g. JAES/African Union Research Grants);

Conclusion 6: DEVCO used its full range of instruments and modalities to fund R&I programmes yet with little apparent strategic thought on how these might affect the conduct of research. R&I often operates in longer cycles than are possible with DEVCO procedures and sustainability is therefore a serious issue. The more intensive use of budget support (e.g. case of South Africa) may need to be considered in appropriate cases.

Conclusion 7: DEVCO capacity dedicated to R&I, particularly in EU Delegations, has been inadequate for a sector so important for economic development. At headquarters capacity was limited though more adequate. Yet it was organised mostly on a sectoral basis, resulting in little central capacity to guide overall strategic thinking and implementation.

Cluster 3 – Complementarity *The third cluster related to DEVCO's collaboration with other Commission services and EU institutions. The question of complementarity with the international work of DG RTD was a*

key consideration for the evaluation. Policy coherence for development (PCD) was a second important issue.

Conclusion 8: The division of labour between DGs DEVCO and RTD resulted in a loose *modus vivendi* which generally operates smoothly. More could have been done to improve understanding, coordinate and ultimately develop a joint strategic approach. In a few cases, where both DGs invested in capacity, particularly in EU Delegations, a higher level of co-operation and more systematic outcomes were achieved.

Conclusion 9: PCD is clearly understood in both DGs DEVCO and RTD and steps have been taken regularly to promote PCD by the different EU actors involved in support to R&I. RTD officials in particular are well aware of the importance of PCD and make a concerted effort to address coherence issues including by engaging with DEVCO's PCD monitoring process.

Cluster 4 - Results *The final set of conclusions relate to the results of the R&I supported by DEVCO. They provide an assessment of the degree of innovation and social uptake that was found and the efforts made to support capitalisation of results. The last conclusion is on the overall visibility of DEVCO's support to R&I.*

Conclusion 10: R&I efforts supported by DG DEVCO have contributed to development outcomes (e.g. the International Potato Centre (CIP)) but largely in an ad-hoc manner that did not promote systematic and sustainable progress neither on wider development processes nor on creating conducive conditions for R&I. The lack of a core policy commitment to R&I has weakened uptake and sustainability.

Conclusion 11: Innovation and societal uptake of R&I results from DEVCO support have been scarce due to inadequate national institutional frameworks for innovation. While recognising the importance of supporting learning and dissemination at the individual programme or even sector level, within the period examined DEVCO has rarely felt able to deploy support to national innovation systems (e.g. PASRI).

Conclusion 12: R&I results have not been capitalised on and inadequate support has been provided for the systematisation and dissemination of results (e.g. IssAndes). Research results are therefore by and large only used in the programmes where they have been developed or in the immediate networks of the researchers involved rather than shared further afield.

Conclusion 13: DEVCO is not perceived as an agent for R&I for development, and little effort has been made to create such an image for improved visibility. This would seem largely due to a lack of a clear policy commitment and framework to support R&I for development.

Corresponding to the organisation of the Conclusions into four clusters the same format is used for the Recommendations.

Cluster 1 – Policy and strategic focus *The evaluation concluded that while DG DEVCO had achieved a lot with its support to R&I at sector level, it should be more explicit about its commitment to support R&I and develop a clear overall strategy for this work. Given the importance of R&I for economic transformation and the very real danger of developing countries being left behind by the rapid pace of technological change and innovation DEVCO should have a clear policy in this area.*

Recommendation 1: Formulate a strategic approach to R&I with a focus on establishing institutional frameworks. DG DEVCO should formulate its own R&I for development policy within the overall EU policy on international co-operation in R&I and better implement a division of labour with DG RTD. This should be clearly set in the context of the overall contribution of R&I to sustainable development and the achievement of the new UN Global Goals.

Recommendation 2: At national level, develop a strategy for R&I that adapts the support provided to the needs and level of development of partner countries DEVCO should develop a strategy for R&I that differentiates between partner countries at various stages of development and provides adapted support, based on the examples of positive experiences with supported projects reviewed in this evaluation.

Cluster 2 – Operational approach *DEVCO's experience with funding R&I throws up a good many ideas and good practices that can be used to formulate a solid approach.*

Recommendation 3: DG DEVCO support should continue to focus on seven principal elements. These include five common elements that emerge from much of DEVCO's support to R&I in the past and two elements that have not been so prominent, but experience shows are important: (i) Support to networks, (ii) capacity development, (iii) careful selection of partner institutions, (iv) policy dialogue, (v) actual funding of

research for development, (vi) capitalisation of results and (vii) the establishment and strengthening of national innovation systems.

Recommendation 4: Employ instruments and modalities suited to the needs of R&I. DG DEVCO should recognise that R&I needs to be built up over the longer term and should explicitly address sustainability issues. It should examine the mix of instruments and modalities it uses and review them to design approaches adapted to the long time frames in scientific research, in the research-to-uptake pipeline, and in R&I institution strengthening.

Recommendation 5: Ensure adequate human resource capacities for support to R&I. DG DEVCO's commitment to R&I for development will mean little if there are no improvements in staff capacity. At Headquarters, greater involvement will require more resources. In the field, R&I capacity should also be strengthened if the EU wants to remain a relevant partner in this area.

Cluster 3 – Complementarity DG DEVCO is already collaborating with DG RTD but this could be taken further.

Recommendation 6: Consolidate and implement an explicit division of labour with DG RTD. DGs DEVCO and RTD should agree a clearer division of labour in their respective roles in international co-operation for R&I and ensure it is followed through at all levels. Cooperation should be stepped up on the design of framework programme calls so they meet developing country needs, on the coordination of staffing in EUDs and on the capitalisation of research results ideally using RTD's CORDIS database.

Recommendation 7: Maintain the political and practical commitment to promoting Policy Coherence for Development. Policy Coherence for Development (PCD) on R&I for development should continue to be a major concern for DG RTD and other EU services and institutions supporting R&I directly or indirectly. This is particularly important in the new context of the UN Global Goals and the value they attach to Policy Coherence for Sustainable Development as a vital component of global partnership.

Cluster 4 – Results DEVCO should do more to capitalise on research results. Supporting interested partner countries to develop national S&T policies and establish national innovation systems is a key way to encouraging uptake and engagement between researchers and the private sector.

Recommendation 8: Take more deliberate and systematic steps to foster results. DG DEVCO should focus and coordinate its support to R&I more carefully so as to create critical mass within a national or regional context. A clear approach to support national and regional R&I frameworks and the establishment of national innovation systems will assist this focus. Support for R&I inside specific sectors should continue to play a role, but wherever possible this should be linked to the national and/or regional R&I policy context.

Recommendation 9: Develop a clear strategy for the transfer of results. Specifically targeting the transfer and dissemination of results and ensuring they are systematically taken up by EU Delegations and project implementers is essential.

Recommendation 10: Provide explicit support to the capitalisation of results. DG DEVCO should develop and implement a strategy for the systematisation or 'capitalisation' of results of R&I. This could be done in conjunction with DG RTD and would be built around the broader institutional development that DG DEVCO already supports (e.g. highspeed internet networks) and further support to institutional frameworks for innovation.

Recommendation 11: Build a visibility strategy on a stated commitment to R&I. DG DEVCO should publically state the important role it sees for R&I in the achievement of EU development objectives and the UN Global Goals, as well as the role it sees itself as playing in promoting R&I for development. Such a clear statement will then also provide a foundation on which to build a communication and visibility strategy.

The business of running a university

Harriet Swain

The Guardian Saturday 14 May 2016

When universities were first created in medieval times, they were mainly communities of ecclesiastical scholars. Now, they are multimillion-pound businesses with complex leadership teams, human resources departments, mission statements, international strategies, communications executives and directors of enterprise.

They also face increasingly complex challenges – changes to funding and regulatory systems (like the draft Teaching Excellence Framework) weigh heavily on growing challenges from global competition, a diverse student body and new technology.

“There’s greater unpredictability, greater demands in terms of accountability and greater expectations with regard to who you manage,” says Professor Peter McCaffery, deputy vice-chancellor of London Metropolitan University and a higher education leadership analyst. “It is more genuinely competitive than ever before.”

Leaders in higher education now have to be comfortable with continuous change, he says – resilient, flexible and able to focus on their institution’s mission despite numerous other distractions.

Risk and reward

Fiona Ross, director of research at the Leadership Foundation for Higher Education, says that governing bodies are taking on more responsibilities. As well as setting the strategy of the institution and keeping an eye on its financial health, it has to take more interest in academic risk, assuring the quality of the degrees and experience the institution offers. This has become particularly important as universities start delivering education overseas.

Pressures have also grown on vice-chancellors, the chief executives. As universities’ principal source of funding has changed from government grants to tuition fees, funding has become less dependable. Many university leaders now need to spend a large chunk of their time on fundraising and looking for other ways of raising cash.

As a result, many now have a business background. But Julie Lydon, vice-chancellor of the University of South Wales, who started her career in industry and lectured in business, says the culture of universities remains distinct.

“Leaders of a £200m business expect people to get on with it,” she says. “In higher education that’s the starting point for a debate.”

She says effective communication is an essential skill for vice-chancellors, not only in getting their own staff on board with strategic decisions but in influencing government, or negotiating partnerships with outside organisations.

Workable workloads

Sue Chambers, vice-chair of Universities Human Resources – a support group for HR professionals in higher education – says university leaders have a crucial role to play in creating a thriving environment. At the University of Aberystwyth, where she works, the leadership team supports work-life balance.

“We aren’t alone in trying to find a fair and transparent way of managing workload in which output is valued over time spent at work.”

For McCaffery, being an external ambassador and managing risk internally are key attributes of a successful university leader, as well as strategic planning, vision and academic credibility.

“There is a view that you don’t need to be an academic to run a university and we are getting more of that,” he says. “But you must have academic credibility. Otherwise you won’t last.”

Ross says the whole point of a university leadership structure is to enable staff to deliver the fundamental purposes of a university: sharing learning, producing knowledge and contributing to the community.

“People get obsessed about structure, but unless it is stopping you from delivering these things, you don’t have to worry,” she says.

She also defends the recent tendency in higher education towards tighter management control. “Some criticise the ‘creeping managerialism’ because they see it as a challenge to autonomy and academic freedom,” she says. “In my view, with increasingly complex institutions, dealing with so many different things compared with 20 or 30 years ago, there has to be some semblance of management.”

The right direction

For Nick Petford, vice-chancellor at the University of Northampton for the past five years, leading a university is all about being true to its mission. “You have to find out what the university is about, where it comes from,” he says. “Otherwise you might try to turn it in a direction it doesn’t want to go.”

But it is also about the bottom line, and maintaining an effective and efficient business model. This is a particular issue for Northampton because it is building a new campus, due to open in 2018, funded through a bond. With radical changes afoot – academics will

no longer have their own offices – getting staff on board has been crucial. “The most challenging aspects of the role as leader are people-facing, human resources issues,” he says.

Petford now operates mainly through his mobile phone, sitting wherever he finds a spare desk, and rejecting a more traditional hierarchical arrangement. “It wasn’t presenting the right image for a university moving forward in the 21st century.”

He stresses the importance of higher education leaders keeping up to date with how technology is transforming life outside the university, as they are training the next generation for a changing jobs market.

Northampton’s focus on social innovation has led to a number of projects with local authorities and boosted its finances. “Cash-generating initiatives buy you a level of autonomy, which means you don’t have to follow like sheep some of the more ridiculous pronouncements that come from politicians,” says Petford.

Universities need this independence to stand out from the crowd, he says. “If you get that right you can find space for yourself.”

International support for TVET interventions in developing countries: approaches, consequences and implications¹

Mike Douse

Based upon recent evaluations, 31 donor-funded TVET interventions in a range of developing countries were classified in terms of their relative ‘success’ or ‘un-success’, taking account of results achieved on schedule, indicators met, and stakeholder approval. [None of the 31 evaluations was *ex post*.] From this evidence, it appears that TVET projects tend to have been less successful than those in the broader educational and social sector areas generally, often due to a lack of stakeholder readiness, irrelevant components and the unavailability of suitable resources.

Analyses also suggest that:

- the absence of up-to-date, research-based data, especially on the labour market and the careers of TVET graduates, hinders successful planning and management;
- consequently, TVET is unresponsive to labour market demands; training programmes are supply-driven; non-targeted skills development is a widespread and major weaknesses;
- the TVET sector’s low status limits its achievement;
- the TVET sector is underfunded and raising resources through training levies and/or from fees is not straightforward;
- training methods focus on theoretical approaches;
- in both teaching methodology and curricula, TVET lags behind contemporary technology; and
- very few of the projects had explicit exit strategies.

The more successful projects appear, from the evaluations, to be those:

- with good quality LogFrames, utilised as a genuine basis for planning;
- involving participative planning with stakeholders, clear monitoring and financial arrangements;
- where coherent TVET governance and a ‘National Skills Strategy’ already existed;
- providing infrastructure and equipment (often a ‘quick win’, despite tendering and maintenance challenges); and
- aimed at input/output targets in relation to disadvantaged groups (women, rural locations, school dropouts), although evidence at the outcome level was seldom sought, let alone established;

‘Unsuccess’ tended to be linked with projects involving:

- poor-quality LogFrames – worse than no LogFrames at all;
- unattended ‘Risks and Assumptions’;
- too ambitious or insufficiently demanding Indicators;
- ‘Calls for Proposals’;
- private TVET providers;

¹ Abstract of a paper presented at the UKFIET Conference, Oxford, September 2015 – the complete paper may be obtained from Mike at MJDouse@gmail.com

- working with NGOs in relation to the informal sector;
- the ‘vocationalisation’ of secondary education;
- Steering Committees (frequently “dysfunctional or delaying”); and
- inappropriate international specialists.

While moves into, for example, Labour Market Information Systems, Competency Based Training, National Qualification Frameworks and TVET Sector-Wide Approaches may offer substantial long-term benefits, these major transitions, unless carefully planned, seem to be associated with un-success.

Budget Support Guidelines

September
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Responsible unit: DEVCO A2
*Budget Support , Public Finances and
Macroeconomic Analysis*

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In light of the experience in using these Guidelines, it is planned to make modifications and adaptations as and when necessary. To help in this work, comments, questions and suggestions are welcomed and should be sent to unit DEVCO/A2 at: EuropeAid-A2@ec.europa.eu

Structure of the Guidelines

The Guidelines are structured in three parts as follows:

Part I: Executive Guide

Part II: Programming, Design and Management of Budget Support

Part III: Annexes- Thematic topics and procedural requirements

The Executive Guide is designed to provide an overview for the decision makers of how the new policy will be implemented. Each section of the Executive Guide corresponds to a companion chapter of the second part "Programming, Design and Management of Budget Support" of the guidelines, where further policy and technical guidance can be found for a wider audience: EU staff, EU Member States, partner countries, other donors, parliaments, civil society organizations. A number of Annexes provide guidance on thematic topics and procedural requirements, including annotated templates for programme preparation and implementation, for the EU staff dealing directly with budget support operations.

EU BUDGET SUPPORT GUIDELINES

September 2012

EXECUTIVE GUIDE

1 INTRODUCTION

The Guidelines reflect the new policy on budget support spelled out in the Communication "The Future Approach to EU Budget Support to Third Countries" (October 2011) and corresponding Council Conclusions (May 2012)², and replace the previous Guidelines on General Budget Support of January 2007 as well as the previous Guidelines on Support to Sector Programmes of July 2007 as regards to Sector Budget Support. The following main principles and elements will be applied within the new policy framework that aims at strengthening the contractual partnership on EU budget support between the EU and partner countries:

- Stronger link with the fundamental values of human rights, democracy and rule of law
- Greater differentiation of budget support contracts, allowing the EU to respond better to the political, economic and social context of the partner country
- Strengthened eligibility criteria and more structured assessment
- Stronger focus on accountability and transparency
- Strengthened decision-making process and structures, as well as risk management framework for EU budget support
- Stronger emphasis on results, performance, predictability and ownership
- Strengthened EU coordination

2 RATIONALE FOR BUDGET SUPPORT AND POLICY CONTEXT

2.1 WHAT IS BUDGET SUPPORT?

Budget support is an aid modality. It should not be seen as an end in itself, but as a means of delivering better aid and achieving sustainable development results. It involves i) dialogue, ii) financial transfers to the national treasury account of the partner country, iii) performance assessment and iv) capacity development, based on partnership and mutual accountability. The new policy provides an enhanced and comprehensive framework to deal with the four elements of the package in order to maximise the impact and value for money of budget support on the ground.

2.2 POLICY CONTEXT

Budget support is provided as a "**vector of change**" to address five key development challenges:

- Promoting human rights and democratic values;
- Improving public financial management, macroeconomic stability, inclusive growth and the fight against corruption and fraud;

² COM(2011) 638; 13 October 2011. Council of the European Union Doc. 9371/12, 14 May 2012.



- Promoting sector reforms and improving sector service delivery;
- State building in fragile states, and addressing the specific development challenges of small island development states (SIDS) and overseas countries and territories (OCTs);
- Improving domestic revenue mobilisation and reducing dependency on aid.

The EU and its Member States should strengthen efforts to coordinate their approach to budget support. The overall objective of an EU coordinated approach should be to increase the effectiveness of this modality for developments results and reforms, and to provide coordinated and consistent EU responses.

2.3 OBJECTIVES OF EU BUDGET SUPPORT

The **general objective** of budget support is to contribute to **eradicate poverty**, pursue **sustainable economic growth** and build and **consolidate democracies**.

The **specific objectives** of budget support programmes should be defined in line with two important principles: (i) Alignment with partner countries own development policies, priorities and objectives (and thus harmonised and coordinated with other aligned donors) and (ii) Consistency with EU development policy, particularly the "Agenda for Change". The specific objectives should also reflect the five development challenges, the relative importance of which will vary according to country context and the form of budget support.

Three different categories of budget support programmes will be provided **with differentiation introduced at the level of their specific objectives** allowing the EU to respond better to the political, economic and social context of the partner country.

- **Good Governance and Development Contracts (GGDC)** is provided whenever the specific objectives are focused on strengthening core government systems and supporting broader reforms; on fostering domestic accountability and strengthening national control mechanisms (an important basis for improving governance and adherence to fundamental values of human rights, democracy and rule of law); and addressing constraints to sustained and inclusive growth. Improved government systems should lead to improved MDGs indicators and cross-cutting service delivery aspects, which may therefore also be reflected in the specific objectives of GGDC.
- **Sector Reform Contracts (SRC)** is provided whenever specific objectives are more narrowly focused on supporting sector policies and reforms, improving governance and service delivery to populations. When providing SRC, emphasis should be on the equitable access to and quality of public service delivery, particularly to the poor, women and children as well as creating conditions at sector level for inclusive and sustainable growth. Improved governance and service delivery in a specific sector should lead to concrete and measurable results.



- **State Building Contracts (SBC)** is provided when situations of fragility or transition require action to support transition processes towards development and democratic governance, including sustainable changes in transition societies, to help partner countries to ensure vital state functions and to deliver basic services to the populations.

3 GOVERNANCE FOR EU BUDGET SUPPORT

The governance structure will include new/strengthened structures both at Headquarters and in Delegations. The objectives are to:

- i) Strengthen continuous policy steering at Senior Management and Commissioner level.
- ii) Enhance and ensure coherence of the EU budget support dialogue with partner countries, as agreed in the Communication.
- iii) Ensure policy coherence across countries and regions.
- iv) Reinforce the risk management and risk mitigation mechanisms
- v) Support EU Delegations and HQ in the programming, designing and implementation of Budget support programmes.

3.1 HEADQUARTERS

The Geographic Directors in DEVCO are directly responsible, in their role of Sub-Delegated Authorising Officer, for the management of all budget support programmes in their region.

There will be no change in the current financial circuits, neither in HQs nor in EU Delegations. Relevant DEVCO services, including thematic experts, will continue to provide technical advice and support to the Geographical Directorates through the quality support group or upon request.

A **Budget Support Steering Committee (BSSC)** chaired by the Director General of DEVCO, with representatives of DEVCO, EEAS and ECFIN at management level has been created to strengthen continuous steering and enhance political and policy scrutiny and ensure coherence of EU budget support operations. All GGDCs and SBCs should be submitted to the BSSC, as well as all SRCs with high or substantial political and policy risk or sensitivity, including disbursement files. The BSSC may refer to the Commissioners for Development, Neighbourhood, and the HR/VP as appropriate to seek for strategic guidance.

3.2 EU DELEGATIONS IN THE REGIONS

The Heads of Delegation and Delegation staff are directly responsible, in their respective Sub-Delegated roles, for the management of all budget support programmes in their Delegation.

Regional teams/hubs will be created to have an advisory and support role to Geographical Directorates, HoD and Delegations in the region, in close cooperation with the relevant thematic experts, under the instructions of the Geographic Director (SDAO) and in full cooperation with the Heads of Delegations in the region.



4 FUNDAMENTAL VALUES AND BUDGET SUPPORT

In addition to the primary objective of poverty reduction, there is the general EU commitment and adherence to the fundamental values of human rights, democracy and rule of law, which are essential elements of all the EU's partnerships and cooperation agreements with third countries.

The GGDC is an instrument to support broad reforms that lead to poverty reduction, improved governance, while signalling a mutual and shared commitment to universal fundamental values. Therefore, the commitment to fundamental values needs to be assessed as a **pre-condition for any GGDCs**, and subsequently monitored during implementation (to identify slippage, policy reversals and deterioration).

When Sector Reform Contract is selected as the most appropriate support modality, adherence to fundamental values should be taken into account. However assessment of political governance in connexion with EU Sector Reform Contract needs to be carefully balanced against the need to provide and protect the provision of vital basic services to the population, in particular to the poor, women and children.

In case of **State Building Contracts**, the assessment of the government's commitment to fundamental values as well as the political response to address them in a comprehensive way are aspects to be considered, inter alia, when deciding to engage with these countries. In the context of a fragile or conflict affected situation, the EU should adopt a forward looking approach accompanied by reinforced political and policy dialogue. The risk of inaction should be balanced with the development and basic needs implications of not engaging in fragile states.

5 DESIGN AND IMPLEMENTATION OF BUDGET SUPPORT

5.1 ELIGIBILITY CRITERIA FOR APPROVAL & DISBURSEMENT

Budget support programmes are subject to the following four eligibility criteria covering:

- **National/sector policies and reforms ("public policies")**
- **Stable macro-economic framework**
- **Public financial management**
- **Transparency and oversight of the budget**

The four eligibility criteria apply to all three forms of budget support contracts, although the focus may vary according to the specific objectives of the programme. The assessment of the eligibility criteria generally involves:

1) Assessment, during identification and formulation, of the **relevance** and **credibility** of the partner country policy and strategy related to each eligibility criterion:

- **Relevance:** refers to extent to which key constraints and weaknesses are being addressed by the government's strategy to reach the objectives of the policy.



- Credibility: refers to the quality of the reform process regarding its realism, institutional arrangements, track record and political commitment to the reforms.

2) Assessment, during implementation, of **progress** made in implementing the policy and strategy and achieving the objectives:

- Satisfactory progress: it should be based on a **dynamic approach**, looking at past and recent policy performance benchmarked against reform commitments, but allowing for shocks and corrective measures and refining the objectives and targets if necessary.

Assessments should be reasonably short (avoiding lengthy descriptions of the policy) and analytical, providing a clearly argued and justified recommendation regarding eligibility.

5.2 BUDGET SUPPORT DIALOGUE

Budget support dialogue is a core element of the package and a centre piece for mutual accountability. First, it provides a framework to take stock of the implementation of the partner country's policies and reforms as well as of donors' commitments, including the EU, and to assess progress on the basis of criteria and performance indicators as well as extensive discussions with the Government. Second, budget support dialogue can be used as a forward-looking tool to identify policy slippages and to reach a common understanding with the authorities on corrective measures to meet policy objectives and refining the objectives and targets if necessary. The risk management framework is an important tool to support this forward-looking dialogue in order to improve partner country's absorption capacity of funds, the quality of the operations and the impact on the ground.

5.3 RISK MANAGEMENT FRAMEWORK

The proposed approach of risk management clearly responds to previous commitments in the **Communication and to the Court of Auditors recommendations** to develop a more structured framework for assessing and monitoring risks. It combines scoring risks against a selected number of questions grouped into five categories: political, macroeconomic, development, PFM and corruption/fraud, with a narrative commentary to produce an overall risk rating (low, moderate, substantial or high). Key points to note are that:

- All programmes rated as substantial or high risk (before mitigating measures are taken into account) will be presented to the BSSC for consideration;
- All programmes rated as substantial or high risk (before mitigating measures are taken into account) have to propose mitigating measures and action plans; in case of substantial or high political risk, a policy matrix and contingency plan need to be developed;
- Just one risk assessment will cover all budget support contracts in the same country, partly because risks are assessed in terms of the overall - not specific- objectives of each budget support programme and their systemic impact.

5.4 PERFORMANCE, VARIABLE TRANCHE DESIGN, OWNERSHIP & PREDICTABILITY

The establishment of the performance monitoring system and related disbursement criteria is at the heart of a budget support operation, providing the framework for conditionality and for policy



dialogue. **Base (or fixed) tranches** are linked to eligibility criteria and **variable (or performance) tranches** are additionally linked to progress against specific indicators.

Variable (performance) tranches have several advantages: i) creating incentives for improved performance through partial payment for partial performance; ii) reducing damaging "stop-go" volatility in aid disbursements; iii) enhancing the credibility of disbursement conditions by focusing on concrete and measurable performance indicators.

However a balance needs to be struck between creating incentives and avoiding excessive unpredictability or volatility in disbursements, particularly in more aid dependent contexts.

The variable tranche indicators should be selected, in agreement with the authorities and in co-ordination with other budget support development partners, among the indicators from the Performance Assessment Framework (PAF) of the public policy. The following principles should be applied:

- There should be **coherence** between the programme objectives, the diagnosis of the problem, and the selected indicators and targets;
- A combination of **indicator types** can be selected. The greater the willingness of the partner country to be held accountable for such outcomes and the confidence in the government's ability to deliver as well as the quality of such performance data, the more emphasis should be placed on outcome indicators. In less aid-dependent countries, it may be more appropriate to focus on agreed policy actions using process/input indicators;
- The **number of indicators should generally be limited** to a maximum of 8 per tranche (and could be much less) in order to avoid a loss of policy focus.
- Indicators, targets, and assessment methodology should be **precisely and unambiguously defined** in the Technical and Administrative Provisions. The data source should be clearly identified and the quality of the data assessed.

Performance assessments should be an inclusive process led by the government but whereby performance results are also subject to stakeholder consultations and are made publicly available and feed into domestic accountability mechanisms.

In order to **enhance predictability** and respect the country's budgetary and planning cycles, conditions, criteria, procedures and timing for disbursement should be clear defined with and understanding by the partner country. This is a core element of the budget support contract between the EU and the partner country. Assessments and decisions regarding disbursements should take place timely to support the budget execution for the fiscal year into which the funds are to be disbursed.

As a general rule, **undisbursed funds should not be 'recycled' in later tranches** as this can reduce the initial incentive effect of variable tranches.

5.5 DOMESTIC REVENUE MOBILISATION



Domestic revenue mobilisation (DRM) plays a determinant role in fostering sustainable and inclusive growth, good governance and poverty reduction. Within budget support contracts, DRM will be considered within the macroeconomic (fiscal policy) and public financial management (tax administration) eligibility criteria, and it should be given greater attention in policy dialogue and capacity development. In resource-rich countries and when appropriate, budget support should contribute to reforms promoting enhanced natural resource governance, managing natural resources wealth and promoting revenues from natural resources, and promoting a transparent, cooperative and fair international tax environment.

5.6 ACCOUNTABILITY

The domestic and mutual accountability will be further enhanced by:

- Strengthening the openness, transparency, and accountability of the budget process, in particular through the new eligibility criterion on budget transparency;
- Supporting a participatory budget support approach;
- Integrating programmes to support national legislative and oversight bodies and CSOs ;
- Increasing transparency by publishing relevant information on budget support financing agreements and performance reviews;

5.7 FRAUD & CORRUPTION

The fight against fraud and corruption is a key element that should have greater prominence in budget support, particularly when assessing the PFM eligibility criterion. The Commission will pay particular attention to these issues and will promote a stronger use of anti-fraud and corruption provisions, as well as the cooperation between the European Anti-Fraud Office (OLAF) and the inspection and judicial authorities of the partner countries. Partner countries need to be actively engaged in the fight against fraud and corruption and be equipped with appropriate and effective mechanisms.

5.8 CAPACITY DEVELOPMENT

Capacity development is a key part of the budget support package, as it supports effective and efficient organisations, enhances government's capacity to implement policies and deliver services to final beneficiaries, and promotes the active engagement of all domestic stakeholders.

Capacity development needs are assessed systematically and should be provided based on demand, ownership and commitment, be linked to results and expected outcomes, be provided through harmonized and aligned approaches, particularly in the context of the EU coordinated approach to budget support and division of labour with Member States.

6 THE PROGRAMME CYCLE

The management cycle for budget support programmes encompasses the following decisions:

6.1 Whether to Provide Budget Support



- First, an assessment of a country's commitment to the fundamental values of human rights, democracy and rule of law. For any GGDC the commitment to fundamental values is a pre-condition and will be assessed during the programming phase when Good Governance and Development is selected as an equivalent to a sector, and subsequently monitored during the identification, formulation and implementation phases using the risk framework. For SRC and SBC no assessment of the pre-condition is required. The assessment of fundamental values will be done within the risk management framework (political risk category) during the identification phase and subsequently monitored during the formulation and implementation phases using the risk framework. Proposed SRC and SBC during the identification phase with substantial or high political risk will be submitted to the Budget Support Steering Committee who will balance any concerns related to the political risk with the need to provide and protect the provision of vital services, including other potential benefits, in order to decide whether a SRC or a SBC are appropriate aid modalities.
- Second, an assessment of the eligibility against the four criteria. This assessment will be done for all budget support contracts during the identification and formulation phases for approval and during the implementation, in addition to variable tranche performance, for disbursement.
- Third, an assessment of the risks and whether these are likely to be outweighed by the mitigate measures and expected benefits during the identification, formulation and implementation phases.

6.2 How Much Budget Support

Decisions on how much budget support will be based on the following elements:

- *Financing needs of the partner country;*
- *Commitment of the partner country to allocate national budget resources in line with development strategy and objectives;*
- *Effectiveness, value for money and impact of the specific added value that budget support will bring in achieving the partner country's policy objectives;*
- *Track record and absorption capacity of past disbursements and how effectively agreed objectives were achieved with budget support operations;*
- *Result orientation in the partner country's development strategy including a monitoring system.*

Each factor may be judged as high, medium or low, allowing an overall but not mechanistic assessment regarding the appropriate share of a programme to be provided as budget support.



Fire and Ice

Some say the world will end in fire,
Some say in ice.

From what I've tasted of desire
I hold with those who favour fire.

But if it had to perish twice,
I think I know enough of hate
To say that for destruction ice
Is also great
And would suffice.

Robert Frost

Fire and Ice

Some say that wine is best when warm,
Some say on ice.

I hold with those who favour warm,
But if I had to drink it twice

I think I know enough of late
To say that, for one's pleasure, ice
Is also great
And would suffice.

Anon