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# AFRICAN HIGHER EDUCATION: OPPORTUNITIES FOR TRANSFORMATIVE CHANGE FOR SUSTAINABLE DEVELOPMENT



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# AFRICAN HIGHER EDUCATION: OPPORTUNITIES FOR TRANSFORMATIVE CHANGE FOR SUSTAINABLE DEVELOPMENT

## DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



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# EXECUTIVE SUMMARY

## INTRODUCTION

This report seeks to provide USAID and other interested stakeholders with recommendations towards effecting positive transformation of Sub-Saharan African higher education – at both the system and institutional levels. This work is based upon the premise that African higher education institutions are critical to sustainable human development on the continent, evidenced by numerous studies measuring higher education’s contribution to economic growth and long-term benefits to society. This report deals with the full spectrum of African institutions of higher education, including public and private colleges, universities and polytechnics, which serve undergraduate and/or graduate students and have the authority to award certificates, diplomas and/or degrees.

The report highlights several positive signs of progress on the continent and outlines African higher education’s significant contribution to development. It also examines the myriad challenges facing higher education in Sub-Saharan African (SSA). The report concludes with a proposed strategic framework, emphasizing alignment with USAID priorities, policies and strategies; proposed criteria for investment at the system and institutional levels; and recommendations for action.

The study looks backward as well as forward: backward to gain evidence for what works, and forward to understand the rapidly changing African social and economic landscape in order to shape future investments. The rate at which new approaches, businesses, and business models (in higher education and other sectors) are evolving is astonishing. Predicting the outcome of this transformation of higher education is challenging, but ignoring it will lead to missed opportunities.

The development of the report included a landscape analysis of current and planned investments in African higher education from development partners as well as a review of the literature on challenges facing African higher education and higher education globally. Additionally, we reviewed five large U.S.-funded interventions to strengthen human and institutional capacity in higher education in order to identify best practices and lessons learned.

## THE BROADER DEVELOPMENT CONTEXT IN SUB-SAHARAN AFRICA

Sub-Saharan Africa (SSA) represents one of the fastest growing economies on the globe. With an average annual growth rate in excess of 4 percent per annum, SSA has surpassed most regions of the world, including many parts of Asia, the growth continent of the last four decades.

Twenty-one SSA countries have already achieved middle-income status, as determined by GDP per capita greater than US\$1000, and another 10 are slated to reach this status by 2025 at current growth rates. Several of these larger economies, such as Angola, Ghana, Kenya, Nigeria and South Africa, have a burgeoning middle class and are attracting increasing investment into their consumer sectors. Investment in the region has increased steadily from 15.9 percent of GDP in 2000 to over 22 percent of GDP in 2012. Foreign direct investment (FDI) is strong and anticipated to remain strong over the coming years given SSA's wealth of natural resources and relatively high rates of return on investment.

Although SSA economies are growing, the overwhelming majority of Africans remains poor. Forty-six SSA countries (out of a total number of 187 countries) are listed by the UNDP as low-human development countries in terms of the HDI. The bottom thirty-six is comprised of all SSA countries. Mozambique and the DRC, with the greatest potential in extractive resources, are ranked at 184 and 187, respectively.

## **THE CONTRIBUTIONS OF HIGHER EDUCATION TO ECONOMIC DEVELOPMENT**

Given the importance of human capacity in development, economic growth and social stability, it is no surprise that higher education policy occupies an increasingly important place on national policy agendas. The widespread recognition that higher education is a major driver of economic competitiveness in an increasingly knowledge-driven global economy has made high quality higher education more important than ever before in both industrialized and developing countries.

Higher education contributes to social and economic development through four major missions:

- The formation of 'human capital' (primarily through teaching);
- The building of knowledge bases (primarily through research and knowledge development);
- The dissemination and use of knowledge (primarily through interactions with knowledge users);
- and
- The maintenance of knowledge (inter-generational storage and transmission of knowledge).

The same OECD research report points also to the changing nature of higher education. While the challenges that face higher education institutions and systems across the globe vary, there are some general similarities and trends that can be discerned across the world's higher education landscape. For most of the 20th century, higher education was thought to be what happened in universities. This largely covered teaching and learning requiring high level conceptual and intellectual skills in the humanities, sciences and social sciences; the preparation of students for entry to a limited number of professions such as medicine, engineering and law; and advanced research and scholarship.

These days, higher education is much more diversified and encompasses new types of institutions such as community colleges, polytechnics, universities, colleges, and technological institutes. These varied institutional forms have been created for a number of reasons: to develop a closer relationship between higher education and the external world, including greater responsiveness to labor market needs; to enhance social and geographical access to higher education; to provide high-level occupational preparation in a more applied and less theoretical way; and to accommodate the growing diversity of qualifications and expectations of school graduates.

As participation in higher education has expanded, higher education institutions (HEIs) have assumed responsibility for a far wider range of occupational preparation than in the past. As the result of



both the increased knowledge base of many occupations and the aspirations of individuals, not only doctors, engineers and lawyers, but also nurses, accountants, scientists, computer programmers, teachers, economists, pharmacists, speech therapists, business managers, and others now receive their principal occupational qualifications from an HEI. Furthermore, HEIs are now involved in a wider range of teaching than traditional degree-level courses. Numerous examples in many parts of the world can be found of HEIs that offer adult education and leisure courses, upper secondary courses to prepare students for tertiary-level study, and short specific occupational preparation at sub-degree level. In addition, it has become more common for HEIs not only to engage in teaching and research, but also to provide consultancy services to industry and government and to contribute to national and regional economic and social development.

In addition, substantial reforms aimed at encouraging institutions to be more responsive to the needs of society and the economy are taking place in higher education systems in many countries. This movement has involved a reappraisal of the purposes of higher education and the setting by governments of new strategies for the future. It has also involved, in some instances, more room for maneuver for particular institutions, coupled with clearer accountability of the institutions to society. This point is especially important if the tertiary education sector is expected to contribute to broad societal goals like equity at the same time as institutions strive to ensure quality and operational efficiency.

#### RATES OF RETURN TO HIGHER EDUCATION INVESTMENTS

Quantitative measurements of the impact of higher education on development can take several forms. In understanding results from research on returns from investments in higher education, three categories are important to consider. They are:

- Private Market Benefits – these accrue to the individual in the form of earnings and income as a result of higher education.
- Private Non-Market Benefits – these accrue to the individual and/or family in the form of non-income quality of life improvements as a result of higher education.
- Social Benefit Externalities – these accrue to all of society and spill over to many others, including future generations as a result of higher education.

Higher education had been relatively neglected for some time by the international development community, stemming from the belief that it yielded lower social returns relative to other investments, especially primary and secondary education, and therefore should receive fewer public resources. Even more importantly, investments in higher education have often been considered regressive, reproducing existing social and economic inequalities. A 1986 World Bank study estimated that social rates of return for higher education in developing countries were on average 13 per cent lower than the returns from basic education.

These rates of return, however, were calculated using a narrow definition of benefits that typically considered only worker earnings (including income taxes). Analyses measuring the larger, broader and well-recognized social benefits lead to substantially different measures. Re-evaluations of data suggest that traditional estimates of social returns to higher education do not accurately reflect positive public “externalities,” as metrics have tended to be based on the private returns measured by wage differentials and the social costs associated with education.

A new study by Claudio Montenegro and Harry Patrinos on rates of return to schooling around the

### Returns to Schooling by Region

Region	Returns to Schooling (%)	Years of Schooling	GDP/pc (PPP 2005)	N
Middle East and North Africa	5.6	9.6	4,813	9
South Asia	7.0	6.5	2,661	7
Eastern and Central Europe	8.2	12.8	8,704	16
High Income Economies	10.0	12.7	29,538	25
East Asia and Pacific	10.3	10.5	4,996	13
Latin America and Caribbean	10.3	9.8	8,098	20
Sub-Saharan Africa	12.8	8.8	2,684	28

Note: based on comparable estimates of 545 observations, 131 economies, 1970-2011.

Source: Montenegro, C.E. & H.A. Patrinos (2013). Returns to Schooling Around the World. The World Bank.

### Returns to Schooling by Educational Level and Region (latest available year between 2000 - 2011)

Region	Primary	Secondary	Tertiary	GDP/pc (PPP 2005)	N
World	10.3	6.9	16.8	6,719	74
Middle East and North Africa	9.4	3.5	8.9	3,645	7
South Asia	9.6	6.3	18.4	2,626	4
Eastern and Central Europe	8.3	4.0	10.1	6,630	7
High Income Economies	4.8	5.3	11.0	31,748	6
East Asia and Pacific	11.0	6.3	15.4	5,980	6
Latin America and Caribbean	9.3	6.6	17.6	7,269	20
Sub-Saharan Africa	13.4	10.8	21.9	2,531	24

Source: Montenegro, C.E. & H.A. Patrinos (2013). Returns to Schooling Around the World. The World Bank.

world, which used data from 545 households in 131 economies from 1970-2011, shows that private rates of return to schooling are significantly higher in Sub-Saharan Africa than in other world regions, as can be seen in the first table above. This study also found that returns are highest globally at the tertiary level with a world average of 16.8 percent, while primary and secondary returns are at 10.3 percent and 6.9 percent, respectively. Tertiary rates of return were also highest in Sub-Saharan Africa at 21.9 percent, as can be seen in the second table above.

A growing body of literature suggests that the conventional estimates of the returns to investments in higher education do not accurately reflect the social value added by higher education, including job creation, good economic and political governance, increased entrepreneurship, and increased intergenerational mobility.

It is estimated that the broader social rates of return to investments in higher education may in fact, be more than twice the more narrow rates of return estimates. These results suggest that rates of return to higher education investments are competitive to other investment returns and comparable to and often higher than the returns achieved in primary and secondary education investments.

Evidence from quantitative and qualitative research indicates the following:

- Social and private rates of return in higher education investments in SSA are among the highest relative to other world regions.
- Higher education investments are important for SSA because globalization brings new competition and opportunities. To deal effectively with these opportunities and competitive challenges requires highly educated people.
- Higher education is also critical to the success of reaching development goals in other sectors such as health, agriculture, the environment and natural resource development, democratization and good governance.
- Recent evidence shows that quality of higher education is more important to encouraging economic growth than simply years of education. This means that efforts to improve quality of education are critical to maximizing the contribution of higher education to growth.
- Evidence indicates that higher education contributes to significant economic growth and further development of the knowledge economy by producing better educated and highly skilled graduates; doing problem-solving research; and engaging the private, public and civil society sectors. These contributions promote technology development and catch-up, more productive private sector firms, better public sector policy and regulation systems, the achievement of development goals in other development sectors, and more effective teachers and leaders for primary, secondary and tertiary higher education institutions.
- Higher education is increasingly important in promoting regional and local development. University-city-regional collaborations are important for local and regional development in industrialized countries and offer promise for developing countries innovation systems in SSA.
- Case studies in Finland, Korea and the U.S. demonstrate the potential productivity of developing strong relationships among HEIs, the private sector, public agencies, and civil society to create regional and national development complexes.

What all of this suggests is a need for a renewed emphasis on investing in higher education. Focusing on human capital formation to promote economic growth, the development of the knowledge economy, and regional and local development is vital for the economic development of SSA. Given the evidence, the case for investing in higher education in SSA is logical and compelling. While some of the benefits to higher education are not easily quantifiable, they are indeed real and important for Africa's development future. In SSA and other developing regions, higher education development must be at the heart of sustainable development processes.

## **AFRICAN HIGHER EDUCATION CHALLENGES AND OPPORTUNITIES**

Sub-Saharan Africa had a population of 911.1 million people in mid-2012 and has the highest rate of natural increase of any world sub continental region. In about 13 years, the population of SSA is projected to be 1,245 million. SSA has experienced relatively rapid population growth for many decades; hence the age cohorts of 17 – 20 year olds, the common age for enrollment in higher education institutions, are large and will continue to grow in the next several years. In addition, with incomes rising, with increasing numbers of adults interested in continuing education, and with more employment positions requiring higher education degrees, the increase in demand for higher education services will increase even faster than the increases caused by 17 – 20 year old cohorts entering higher education.

Enrollment in tertiary education in SSA grew by 8.6 percent annually over the past 40 years, compared to 4.8 percent annually on average for the rest of the world. In 1970, there were approximately

200,000 higher education students in SSA. That number had increased to 4.5 million in 2008 and to 6.3 million in 2011.

Even with this rapid growth in enrollment in higher education institutions in SSA, the Gross Enrollment Ratio for higher education is the lowest in the world, at 7.6 percent in 2011. This is far lower than the global average of 30.1 percent. Therefore, with a very low GER and a large cohort of 17-20 years olds coming along, the potential for rapid increases in demand for higher education is quite great.

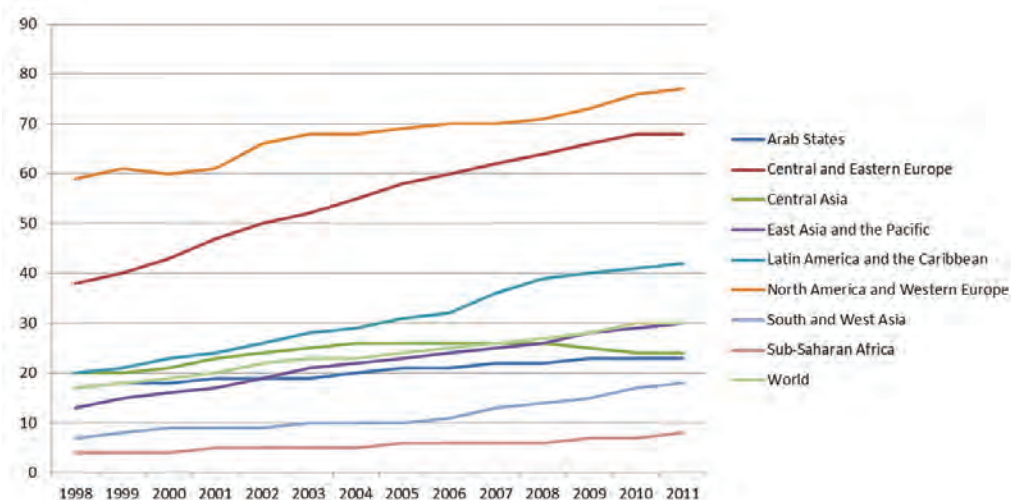
Despite these dramatic increases in numbers of students, public funding for higher education increased at only 6 percent annually in SSA from 1970 - 2008.

These facts and prospects help frame our examination of the challenges for higher education in Africa. The question of how to educate a rapidly growing number of students with attention to relevance and quality and to financial sustainability is a question that burdens higher education systems across the continent. This report focuses on challenges where we believe USAID development assistance can make an important difference. There are other important higher education challenges in SSA such as higher education related infrastructure, campus physical facilities and broadband capacity development, which we do not examine in depth in this report because they are likely to be largely beyond the scope of USAID funding. The seven challenges discussed in this report are:

1. Access to higher education services
2. Broader governance issues
3. Institutional leadership and management
4. Finance of higher education
5. Limited research investment and output
6. Quality and relevance in learning, discovery and public engagement
7. Information and communication technology

African higher education faces significant challenges that will require major reform. But while there appears to be a fairly common appreciation of the many challenges that face African higher education institutions and systems, there is far less consensus on what the priorities for investment should be.

Tertiary Gross Enrollment Ratio for Different Regions



Source: UNESCO Institute for Statistics 2013

Making decisions about what to prioritize when there are so many pressing challenges is never an easy task. To achieve reform, bold and innovative leadership will be needed in Africa, and development assistance must work to support the reform initiatives of African leadership. There are many African leaders both in and outside of academia who care deeply about the future of higher education in their countries and are eager to drive change.

## RECOMMENDATIONS FOR ACTION

The report's recommendations to USAID fall into three main categories of recommendations. First, two general recommendations are given on the development and management of USAID's higher education portfolio. This is followed by four priority areas of focus at the institutional level and four related programmatic high priorities at the country level. Specific recommendations follow each priority area. The recommendations are outlined below, followed by brief discussions of each.

### *Recommendations to USAID on the Development and Management of the Agency's Higher Education Portfolio*

1. Concentrate USAID Investments: focus on a few countries, combine system level interventions with comprehensive long-term institutional partnerships
2. Intervening at the Institution-level: Higher education partnerships should be at the core of USAID's efforts in HICD and these partnerships should be long-term and comprehensive.

### *Programmatic High Priorities at the Institutional Level*

1. Professional Development of Faculty and Staff
2. Strengthening the Capacity of Institutions to Use Labor Market Data to Improve Quality and Relevance
3. Strengthening the use of and experimentation with e-learning in African higher education institutions
4. Supporting the Search for Other-than-Public Revenue for Higher Education

### *Programmatic High Priorities at the Country Level*

1. Assessing and Improving Overall Quality of Higher Education Institutions
2. Assessing and Improving the Responsiveness of HEIs to the Labor Market
3. Strengthening E-Learning and the Use of Information and Communications Technology in Higher Education
4. Working with ministries on finding solutions to the finance challenges of higher education

## RECOMMENDATIONS TO USAID ON THE DEVELOPMENT AND MANAGEMENT OF THE AGENCY'S HIGHER EDUCATION PORTFOLIO

1. *Concentrate USAID Investments: focus on a few countries, combine system level interventions with comprehensive long-term institutional partnerships*

Capacity building efforts that are spread too thinly will be ineffective at addressing the complex challenges facing higher education in SSA, and thus it is critical that USAID have an intentional, concentrated approach and focus efforts strategically in a few countries. As the challenges of higher education in SSA are both institutional and systemic, USAID should coordinate programmatic efforts at both levels in the countries of focus.

*2. Intervening at the Institution-level: Institutional partnerships should be at the core of USAID's efforts in HICD in higher education and these partnerships should be long-term, comprehensive and focused on making a transformational difference.*

We urge USAID to invest in long-term and comprehensive partnerships at the institutional level to build human and institutional capacity. Comprehensive transformational partnerships must focus on strengthening administrative systems as well as academic programs and establishing and managing transformational partnerships requires leadership expertise in organizational performance improvement and change management. Transformational partnerships should be between African higher education institutions and U.S. higher education institutions at the core, should include leaders with expertise in institutional performance improvement (either inside or outside of the partnership), should adopt a comprehensive approach, should engage private, civil, and public sectors, and should have a long-term commitment and built in flexibility. Establishing and managing transformational partnerships requires leadership expertise in organizational performance improvement, strategies to mitigate inequality, effective training using an HICD framework, and streamlining and tailoring of management of partnerships.

#### PROGRAMMATIC HIGH PRIORITIES AT THE INSTITUTIONAL LEVEL

##### *1. Professional Development of Faculty and Staff*

Given that African universities suffer from a shortage of qualified academic staff and high student-teacher ratios, effective faculty and staff development is critical to improving institutional capacity. Four specific recommendations emerge from this priority area. The first is that individual training of faculty should be done using USAID's HICD framework. This means that faculty training should not only focus on the individual, but should focus on training individuals to fill important institutional needs. The second recommendation on faculty development is that it take into account both the recruitment of new faculty and the retention and development of existing faculty. This involves establishing a broad support structure for faculty development to maximize the effectiveness of individual training efforts. A third recommendation is that faculty development efforts go beyond strengthening disciplinary knowledge to developing essential skills in active teaching, research, leadership and management, and technology. A final recommendation on faculty development is that incentive structures and policies be created to encourage faculty to invest in areas that align with institutional goals.

##### *2. Strengthening the Capacity of Institutions to Use Labor Market Data to Improve Quality and Relevance*

It is essential that HEIs understand what skills and competencies are demanded by the labor market so that they can better equip their students for employment. Two specific recommendations follow this priority area—the first being that USAID invest in quality assurance mechanisms to assist HEIs in improving quality. Mechanisms at the institutional level, such as Quality Enhancement Units, can lead and facilitate work on quality issues. The second recommendation of this section is for USAID to assist African HEI's in developing ways to interact with stakeholders in the public, private, and civil society sectors. Engagement with leaders in these sectors has the potential to both improve the quality of teaching, research, and outreach within an HEI, and provide opportunities for students to interact with professionals in their prospective fields.

##### *3. Strengthening E-Learning and the Use of Information and Communications Technology in Higher Education*

It is clear that recent technologies are leading to new and effective ways of teaching for many students. There are many indications that new technologies offer the potential to make significant positive changes to the quality of teaching and access to education. Leading this transition are U.S. universities

that are now sorting their way through the different delivery models, their effectiveness, their costs and their institutional policies. While the pace of technological change in how education is delivered in the developed world is accelerating, higher education institutions in Africa are finding themselves increasingly resource-constrained to engage in these new educational models.

There are three main recommendations related to support for e-learning in Africa. First, USAID's e-learning investments should focus on increasing the use of e-learning tools by existing African universities rather than focus on developing fully online alternatives. Second, investments should incentivize international collaboration and public-private partnerships to promote the adoption of innovative, scalable approaches to blended learning. Third, USAID should give consideration to establishing regional centers of leadership for the development and implementation of e-learning in African Higher Education.

#### *4. Supporting the Search for Other-than-Public Revenue for Higher Education*

Available public revenue in SSA cannot keep up with the increasing costs and revenue needs of HEIs, and African institutions are turning to other sources for revenue, such as parents and students (through tuition or other related fees), donor country aid, externally-funded research grants, and philanthropy. Although cost-sharing programs are deeply controversial in SSA, many institutions turn to them as revenue needs continue to increase in the face of surging enrollments. Three specific recommendations falling under this priority area and regarding the development of partnerships between U.S. and sub-Saharan African HEIs are 1) develop innovative public-private partnerships to support the funding of African higher education institutions, 2) strengthen the capacity of African institutions to develop a variety of cost-sharing mechanisms where they currently do not exist, and 3) build capacity to enhance planning and budgeting at the institutional level. It is important to recognize that in many countries, institutions may have very limited authority to develop cost-sharing mechanisms because authority over such decisions lies at the ministerial level. In those cases, efforts to devolve authority to the institutional level ought to be supported; devolving authority (over hiring, compensating and negotiating with faculty) from the government to institutions or systems is indeed the first step to building capacity at the institutional level to address the challenge of increasing non-public funding for higher education.

### **PROGRAMMATIC HIGH PRIORITIES AT THE COUNTRY LEVEL**

The next section focuses on the need to tackle system-level challenges and discusses four programmatic high priorities for USAID investment at the country level. These priority areas should be considered in conjunction with the institutional level priorities.

#### *1. Assessing and Improving Overall Quality of Higher Education Institutions*

It is recommended that USAID invest in the strengthening of higher education Quality Enhancement and Accreditation (QEA) processes at the country level in focus countries. The quality of higher education is a critical factor in how productive investments in higher education institutions ultimately prove to be. It is undisputed that quality matters a great deal in education in general, and in higher education in particular. Therefore, efforts to measure learning outcomes and cognitive skills development and adjust educational processes to achieve desired outcomes will be critical in assuring that higher education is contributing as much as possible to economic growth. Many countries and African continental organizations already have accreditation units and processes established, so these recommended investments will need to be tailored to existing conditions and contexts.

## *2. Assessing and Improving the Responsiveness of HEIs to the Labor Market*

Measuring the responsiveness of higher education to the labor market is critically important for reasons of systemic and institutional efficiency. Such assessments can inform relevant government agencies and individual higher education institutions about how effectively scarce resources are being used in producing graduates that contribute to the labor market and the economy. Although there is evidence of attempts in SSA generally and South Africa specifically to measure the responsiveness of education and higher education to the labor market, these have been mainly undertaken on an ad hoc basis by universities and other research institutions. There is no evidence of any SSA country undertaking systematic evaluations of the relationship between education and work as there are in such countries as Australia, Canada, UK, USA, and South Korea.

## *3. Strengthening E-Learning and the Use of Information and Communications Technology in Higher Education*

Higher education places great demands on telecomm facilities. In many countries in Africa these demands are not being met. In part, this is due to regulatory regimes which are not friendly to such demands. The political will for widespread regulatory reform could have a major beneficial impact on the adoption of e-learning. Sustainable investment on infrastructure and e-learning resources requires the full awareness of policy makers of the implications of connectivity, applications, services and e-learning. E-learning needs to be integrated into the broader policies of education and ICTs. Donor assistance could help support dialogue between higher education advocates and other stakeholders involved in setting telecom regulations.

## *4. Working with Ministries on Finding Solutions to the Finance Challenges of Higher Education*

It is inevitable, given serious public resource constraints, that the higher education sector must look at alternative mechanisms for generating funding to improve access and equity. Among the funding mechanisms that need to be considered are some form of cost-sharing and the development of loan schemes that are efficient in terms of cost recovery. Work also needs to be done in many countries to revise funding formulas for higher education to promote the more effective utilization of scarce financial resources to achieve national higher education objectives. Finally, consideration needs to be given to strengthening the private sector component of higher education, including supporting the development of national policies and regulations for the operation of private higher education, strengthening quality assurance and accreditation programs for private HEIs, exploring alternate funding models for private HEIs, and supporting research into the external efficiency of private higher education in SSA.

## **CONCLUSION**

One of the hardest things to do in development is to reform institutions and strengthen institutional performance. It is one thing to build a road, a school, or a hospital. But to get human beings “to use the physical stuff available to produce the flows of improved services (learning in schools, water to farmers, cures for patients) that lead to desirable outcomes for citizens has proven much more difficult.” This challenge expresses itself in numerous other ways. Even when policy reforms are enacted, for instance, it is an entirely different question whether the reforms are *implemented*. There are, unfortunately, many examples of this challenge. While transforming institutional norms, cultures, and practices takes time, such efforts are essential in the context of a larger development push.

A number of scholars have argued that poorly performing institutions are a pervasive problem in developing countries in part because of the way donor-funded development has traditionally been practiced. In their analysis of this challenge, Andrews, Pritchett and Woolcock (2012) argue that



“development interventions—projects, policies, programs—create incentives for developing country organizations to adopt best practices in laws, policies and organizational practices which look impressive (because they appear to comply with professional standards or have been endorsed by international experts) but are unlikely to fit into particular developing country contexts.” As a result of these donor-driven incentives, organizations often wind up *mimicking* reform, but not genuinely *pursuing* reform. They do so because it enhances the organization’s perceived legitimacy and therefore ensures support for the organization, even when the so called best-practices do not demonstrably improve performance (as measured by end results, not quality or efficiency of process).

These strategies of mimicry add up to what Andrews *et al* call “capability traps”—a dynamic in which organizations frequently promote and adopt reforms to ensure continued donor financing, yet never actually achieve the expected results of reform efforts. As a result, externally-funded development projects can, if set up in certain ways, in fact undermine the capacity of developing country institutions.

It is possible to create the right conditions and incentives to build institutional capacity with external assistance (financial and/or technical). To do so, though, requires some careful thought and attention to the role of external assistance.

USAID’s Human and Institutional Capacity Development (HICD) policy represents a sophisticated understanding of the needs and challenges of institutional performance improvement and provides some good guidance on designing and managing capacity building programs. But although the policy is strong, it does not seem to be implemented widely. Indeed, most of the individuals we spoke to in preparing this report, both in and outside of the Agency who work or have in the past worked on human and institutional capacity development projects in higher education were unaware of the policy or even of the concept of HICD as defined in the framework. Therefore, considerable work needs to be done to expand the understanding and implementation of the HICD framework in the higher education sector as well as in other parts of the Agency.

We conclude with these remarks to point out that while we have, in this report, identified a number of programmatic priorities for investment based on our research and experience, we feel that our most important recommendations are those focused on *how* we ought to approach higher education capacity strengthening, rather than on *what* we should invest in.

Lastly, we wish to close by saying that we hope this report can serve to stimulate dialogue with the Agency and with our African colleagues on the way forward from here. This is certainly not the first word, and most definitely not the last. There is much more to be examined and discussed.



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