

The Importance of Higher Education for International Development

# A Post-2015 Development Priority

**Higher education is recognized as vital to any balanced development strategy. However, for several decades higher education was an afterthought in development policy, it being seen as a poor use of scarce resources. Two trends have changed this – recognition of the public goods character of higher education and the importance of knowledge economies, and higher education’s contribution in creating them. Higher education is now understood to provide a range of economic and social benefits as an integral part of an education system. The challenge is to establish it as a post-2015 development priority.**

**International educational development has been dominated by primary education.** This is explained by several factors, including the rate-of-return analysis which prevailed from the late 1980s. Higher education’s contribution relative to other investments, particularly other levels of education, was contested. By analyzing earning differentials and drawing comparative conclusions about the private and social rates of return per capita, influential analysts argued that government spending on higher education was both socially regressive and relatively less efficient economically (Psacharopoulos/Tan 1986). These arguments were accepted and policies towards higher education adjusted accordingly.

This was seen in the international agreements which shaped development priorities. For example, the World Declaration on Education for All of 1990, also known as the Jomtien Declaration, made universal primary education (UPE) and the right to basic education official policy aspirations. Its aim was to meet: “... the basic learning needs of all children, youth and adults” and it made only passing reference to higher education’s role and place in achieving this global aspiration (UNESCO 1990).

A decade later the World Education Forum’s Dakar Framework for Action (UNESCO 2000), with its six Education for All (EFA) goals affirmed the primacy of primary education among international development priorities. This was reinforced by the Millennium Development Goals (MDGs) which also prioritized universal primary

education (UPE). The importance of the Jomtien Declaration and of the Dakar Framework for Action cannot be overstated. However, they ensured that higher education was neglected. Higher education, particularly in Africa, suffered from a lack of resources, while poor graduate employment prospects stimulated a ‘brain drain’ of professional talent to other, more developed countries (McEvoy 2013, p. 63).

Consequently, critics challenged simple comparisons of private and social rates of return, arguing that these failed to consider social returns to different levels of education and higher education’s externalities (Birdsall 1996). The UNESCO World Conference on Higher Education in 1998 marked a change in direction. It affirmed that the: “... core missions and values of higher education, in particular the mission to contribute to the sustainable development and improvement of society as a whole, should be preserved, reinforced and further expanded” (UNESCO 1998, p. 3).

In the same year, the World Bank and UNESCO convened jointly a Task Force on Higher Education and Society to consider higher education in developing countries. Its report, “Higher Education and Developing Countries: Peril and Promise” (World Bank 2000) set out a common framework for postsecondary educational planning. It argued that developing countries were suffering from a chronic lack of investment in higher education and would find it more and more difficult to benefit from the emerging global knowledge-based economy. It concluded that higher education should have a greater pri-



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rity than was indicated by rate-of-return analyses alone, as such measurements: "... consistently fail to reflect that the benefits of higher education extend well beyond the incremental earnings accruing to those individuals who receive it" (World Bank 2000, p. 40).

## Higher education as a public good

The cost-benefit analyses of higher education focused on the individual in its calculation of efficiency. In concentrating almost exclusively on how higher education enhanced an individual's productive capacity and earning potential, it under-valued the indirect benefits to society. A key factor in the renewed debate was higher education's intellectual, cultural and social value. This provided a more sophisticated accounting of higher education's public good character, which generates externalities or social or public benefits.

As we noted in an earlier article, education is now considered to meet the criteria for a public good (Morgan/White 2014). Higher education's benefits to individuals also represent a social and economic benefit to society generally. This includes: raising the productivity and incomes of employees through knowledge transfer; promoting technical change through research and development; increasing allocative efficiency, labour flexibility and mobility; and cultivating social cohesion, community values and stability. These have economic, fiscal and labour market effects which affect social and economic development positively (Tilak 2009, p. 454). As we show in more detail below, such positive externalities mean also that higher education is a fertile source of other public goods, such as public health, an informed population, civil society and democracy. If such positive externalities are considered, the potential contribution of higher education to national development takes on a different aspect. Furthermore, returns to investment in higher education are even more significant given changes to the global economy over the past several decades. Knowledge economies and internationalization have made the positive externalities of higher education important to development.

## Building knowledge economies

Knowledge economies are based on the production, distribution and use of knowledge and information (OECD

1996, p. 7). The comparative advantage of nation-states is now less from natural resources or cheap labour and more from the competitive use of knowledge (World Bank 2002, p. 8). This shift has had major implications for developing countries as the weak condition of their higher education systems has impacted negatively on their ability to create, absorb, and use knowledge. The Task Force on Higher Education and Society concluded: "... developing countries will find it increasingly difficult to benefit from a knowledge-based economy without more and better higher education" (World Bank 2000, p. 9).

The growth of the domestic human capital base of developing countries, which is so essential to knowledge economies, has been hindered by such systemic weaknesses. Human capital is, of course, a broad and multifaceted concept encompassing many different types of investment in people, including health and nutrition, as factors in the ability to engage in productive activities. It includes the knowledge and skills embodied in people and accumulated through schooling, training and experience that are useful in the production of goods, services and further knowledge. There is now broad consensus that human capital is an important determinant of productivity and other economic outcomes and that its role is particularly crucial in sustaining contemporary knowledge-driven economies (Fuente/Ciccone 2002, p. 3).

As centres of knowledge creation and of learning, higher education institutions develop individual knowledge and skills beyond embodied capacities, making them key producers of human capital. This provides an important motivation for individuals to invest in education as it raises productivity and hence earnings potential. Such gains are not, however, limited to research universities with their cutting-edge research, and vigorous technology transfer. The research and knowledge dissemination function of higher education is also a prime source of an economy's innovation products. These translate to social benefits as well, as countries without the minimum scientific and technological capacity will lag in realizing benefits such as rising life expectancy, lower infant mortality, improved health, nutrition, and sanitation (World Bank 2002, p. 12-13). This is why higher education, as well as being a public good in and of itself, produces also a range of other public goods, important to the development and welfare

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of society as a whole. These might be seen as the social and cultural capital benefits derived from national investment in higher education. These should be considered together with physical and human capital investment in social science policy analysis (Ostrom /Ahn 2003, p. xii).

It should be noted also that the massification of higher education, and the surge in enrolments since the 1970s, means that it now encompasses institutions and provision of many different types, accessible to a much broader range of people in both the developed and developing world than previously. This has weakened earlier claims regarding equity, which argued against investing in higher education. Such massification has, however, put pressure on limited resources, as rising enrolment rates in most developing countries have not seen a commensurate increase in investment. This has been due, at least partially, to the low priority given to higher education compared with other levels of education by national policy makers.

## Higher education post-2015

The post-2015 development agenda is an opportunity to establish higher education as a priority. The process, led by the United Nations, to agree an agenda to follow the Millennium Development Goals (MDGs) is well advanced. Several milestones have been reached already including the reports of the UN High Level Panel (May 2013), of the Open Working Group on the SDGs (July 2014), the UN Secretary General's synthesis report (December 2014), and the UNESCO report *Rethinking Education: Towards a global common good?* (2015). Apart from the last, which is concerned with normative values, these assessments have focused on quality and learning outcomes but the emphasis is still on primary education. There is, however, reason for optimism regarding higher education and the post-2015 development agenda: either explicitly in the framework to be agreed at the United Nations in September, 2015, or implicitly through the character of the new goals themselves. For instance, UNESCO, as a specialized agency of the UN, is encouraging an holistic approach to education in setting the post-2015 sustainable development goals (SDGs). It has proposed that a goal of "equitable quality education and lifelong learning for all by 2030" be set out as five specific objectives with measurable global targets to which countries would commit and be held accountable

(UNESCO 2013). One would address specifically equitable access to tertiary education, including higher education, with a particular emphasis on gender equality.

Assessment of the EFA goals and of the MDGs reveals continuing challenges for international education development. The quality of education and learning outcomes are chief among them, while issues such as adult literacy and numeracy, skills and lifelong learning also feature. Such issues cannot be addressed if educational systems are considered in a segmented or isolated fashion as in the past. Instead, a 'whole of systems' approach to education is required, including recognition of the importance of post-school education. For example, higher education is the instrument by which the highest standards among members of the education workforce may be achieved, delivering the research and innovation necessary to close the gaps between unequal national education systems. The rule of law, strong public institutions, and an active civil society are also keys to successful development with higher education able to make an important contribution.

## The important role of higher education

Since Jomtien in 1990 there has been a change in the understanding of the role of higher education in development. Policy has moved beyond narrow cost-benefit analysis based on individual rates of return. It is understood that higher education's positive externalities benefit society and the economy. As we noted above, these are the social capital benefits of higher education, which should be considered together with human capital benefits, both enhancing higher education's role in modern development. This indicates that higher education, if it is to be an effective agent of change and development, should reach out beyond academia. Post-school education should become integrated with both national economies and with global research and innovation systems, allowing knowledge economies to thrive. As a consequence, investment in higher education should be aligned with national economic and social priorities, with institutions equipped not only to conduct, but also to disseminate and capitalize on development-orientated research (Roberts/Ajai-Ajagbe 2013). These are ambitious but nevertheless realistic aims which provide a clear role for higher education in international development.

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