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How to Construct a Knowledge Society: The World Bank's *New Challenges for Tertiary Education*

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This is an important new book published by the World Bank in 2002 after extensive research and wide consultation with experts. In about 235 pages, we are effectively given what amounts to an encyclopaedia of higher education, with special reference to developing and transition countries. Mamphela Ramphele, the managing director of the World Bank's Human Development Division, sets the tone in her foreword when she says that 'tertiary education is . . . a critical pillar of human development worldwide'.

The Executive Summary clearly summarises the report, its main findings and messages. We are told that three factors have brought about significant changes to the tertiary education environment in developing and transition countries and that these changes necessitate a critical re-examination of the sub-sector. These changes include: (a) the impact of globalisation, (b) the rise of knowledge as a major driver of economic growth and development, and (c) the impact of the information and communications technology revolution.

The book raises several issues in great detail and provides a rich source of data and information on all aspects of higher education especially in developing and transition countries, but sometimes using comparative perspectives from developed economies. Extensive evidence is adduced, for instance, to indicate the strong relationship that exists between investment in higher education and, on the one hand, research and development and, on the other, economic growth. However, *Constructing Knowledge Societies* emphasizes that investment in tertiary education and in research and development on its own may not necessarily translate into higher economic growth. In order for such an investment to yield the required dividend, it must be made in the context of a national

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innovation system—that is to say, an appropriate macroeconomic framework, innovative firms, adequate infrastructure and other factors, such as access to the global knowledge base. The extent to which investment in manpower development impacts economic growth, as well as the returns to investment in education for individuals and the society, have been researched well in the economics literature, though there is hardly any unanimity on conclusions (see, for example, Asplund and Pereira 1999; Bennell 1996, 1998; Cohn and Addison 1998; Psacharopoulos 1994; Temple 1999).

Perhaps one reason why the development gap between developed and developing countries will continue to widen is that, according to the book, developed countries which are members of the Organization of Economic Cooperation and Development (OECD) are responsible for 85 per cent of all R&D expenditure in the world, while China, India, Brazil and the Asian Tigers are responsible for 11 per cent. The rest of the world accounts for the remaining 4 per cent (p. 9).

Another issue that the book addresses well is the diversification of higher education systems, by which is meant the great diversity of institutions that now provide higher education. They include technical institutes (such as the German vocational schools), community colleges, polytechnics, distance education centres, open universities, virtual universities, franchise universities and corporate universities. Thus, the domination of tertiary education systems by the conventional university is being challenged globally. According to *Constructing Knowledge Societies,* in Taiwan, for instance, 'more than 90% of exports are produced by junior college graduates in small and medium-size enterprises which employ 78 per cent of the working population' (p. 48). Clearly, at least in Taiwan, the junior college is more dominant than the university both in terms of the share of enrolment and in terms of its impact on the economy. Similarly, the other new types of universities, such as the virtual, the corporate, the franchise and the open, are also posing serious challenges to the established traditions of the stereotypical university in terms of their delivery methods, curricula content and even entry qualifications.

The growth of the private provision of tertiary education is also discussed at length in the book, and comparative statistics are given. We are told, for instance, that in Portugal 'private universities have expanded in less than a decade to represent 30 per cent of tertiary institutions, and they enrol close to 40 per cent of the student population' (p. 68). We are also told that, in Côte d'Ivoire, 'private universities enrol 30 per cent of the student population' (p. 69), while in Iran and Japan, private universities which started in 1983 and 1991 respectively, enrol more than 30 per cent and 35 per cent of the student populations respectively. In other countries (such as Nigeria) which have a tuition-free public university system, the growth of private universities has been much slower. After five years on the landscape, private universities in Nigeria do not account for as much as 5 per cent of total university enrolment. The book sensibly admonishes that rules 'for the establishment of new institutions, including private and virtual ones, should be restricted to outlining minimum quality requirements and should not constitute barriers to entry' (p. xxiv).

Student loan schemes, which are often resorted to as an essential component of higher education reform, are also surveyed in the book. The conclusions drawn are that administering student loan schemes is problematic and that spectacular success stories are few. We are told that, although more than 60 countries have such schemes in place, in only a few of the countries are more than 10 per cent of students reached; and in some cases, the neediest students are by-passed for the better-off and better-connected students (p. xxii). Default in re-payments is notoriously widespread. In developing countries, unfortunately, the most efficient recovery method (through a graduate tax system tied to income levels) is not a feasible option, owing to the absence of the required public tax system infrastructure.

Human capital flight, or brain drain, is also tackled in the book. We are told, for instance, that up to 30,000 African PhDs live outside the continent and that up to 130,000 other Africans are now studying abroad, many of whom may also fail to return home after their studies (p. 18). The challenge to governments in developing economies, including those in Africa, is how to ensure that they create the necessary living and working conditions to retain their skilled professionals at home and to attract back those who have migrated elsewhere.

Tertiary education financing levels are also extensively explored in *Constructing Knowledge Societies.* It recommends that between 4 and 6 per cent of gross domestic product (GDP) should be spent on education (p. xxiii). This figure is consistent with actual expenditure statistics reported by the OECD and other countries which have high investments in education (UNESCO 1999). The United States spent 5.4 per cent of its gross national product (GNP) on education in 1994 while Canada, the United Kingdom and Germany spent 6.9 per cent, 5.3 per cent and 4.8 per cent respectively around the same period. Education also accounted for between 8.4 per cent (Germany) and 14.4 per cent (USA) of their total expenditures in the same period. Thus, countries such as Nigeria, which spent only 0.7 per cent of its GNP on education around the same period, are clearly out of step with the rest of the world. They are under-spending on education and therefore under-investing in their future. Furthermore, *Constructing Knowledge Societies* recommends that between 15 and 20 per cent of the total education budget should be devoted to tertiary education, which is again consistent with good practice.

Quality assurance mechanisms for borderless education are also discussed, and one of the sensible conclusions reached is similar to one that I also reached elsewhere (Jibril 2002), which is, that the countries from which the educational service providers transmit their courses to the world should ensure that minimum quality standards are met.

In tackling these and other issues, *Constructing Knowledge Societies* draws heavily and profitably from the bank's extensive experience and unique global perspective. The result is that the book can easily serve as a benchmark guide for good practice in higher education management. The issues raised are discussed in an objective, frank, open and transparent manner; and even where the bank's policies have failed, the book does not attempt to conceal such failure but admits it gracefully. For example: 'The bank has been less successful in supporting the implementation of politically sensitive reforms such as moving from negotiated budgets to formula funding, reducing subsidies and introducing tuition fees' (p. 106).

The book should therefore serve as a reference manual for prospective clients of the bank who should take advantage of the clarification (de-mystification?) of the bank's lending strategy which is transparently offered in the book; it should also serve as a reference guide for anyone envisaging the reform of a higher education system or institution and be equally useful to anyone who is involved in higher education management, especially outside the OECD countries.

The book has achieved its aim of stimulating dialogue on issues of the moment in tertiary education. More than that, it has tried to rehabilitate the bank's reputation as a rigid lender which imposes its will and priorities on developing countries that accept what is offered because they really have no choice. However, it will take more than a book to change such perceptions of the bank in developing countries. Instead of the bank coming with preconceived ideas about what kind of loan or credit facility a country needs, and then engaging in a time-consuming and tedious 'consultation process' which involves the task manager's visiting the client country some six times at intervals of three months only to produce the bank's originally preconceived ideas as the agreed project document, it would be more useful either to let the prospective client know in advance what the bank can agree to and what it cannot, or to seek a comprehensive proposal from the prospective client country as to what it really wants and then use that as the starting point for negotiation.

A quibble must also be raised at this point. It is well known that, until about ten years ago, the World Bank was more inclined to lend money for projects in basic education than in tertiary education and that certain key officials of the bank actually tried to discourage developing countries from prioritising higher education. But with a change of management in the bank, these tendencies and views began to change in favour of tertiary education. It is true that the statistics of the bank's sub-sector distribution of lending to education still show a bias in favour of basic education. For example, between fiscal years 1993 and 1998, while 47 per cent of bank lending went to basic education, only 25 per cent went to higher education (World Bank 1999). However instead of this policy shift being gracefully admitted, it is repeatedly referred to as only a 'perception' (see, e.g., p. xviii).

A table (p. 154) reports details of the bank's lending for tertiary education by region for the decade 1990–2000, and a lopsidedness in favour of East Asia and the Pacific Region (which received 38 per cent) and Latin America and the Caribbean (which received 33 per cent) becomes apparent. The least favoured regions were South Asia (5 per cent), the Middle East and North Africa (5 per cent) and sub-Saharan Africa (7 per cent).

The book contains 11 useful appendices, most of which give detailed information about the bank's projects and activities in the area of tertiary education; however, some of the appendices deal with statistics and benchmarks on various aspects of tertiary education. There is also an extensive bibliography at the end of the book but, regrettably, no index.

This and other quibbles notwithstanding, the World Bank deserves congratulations for the resources invested in writing this book and for the sincerity and openness with which it has been written. All ministers of education in developing and transition countries should read and digest the contents of this book as it offers them a blueprint for transforming not only their tertiary education systems but also their countries' futures.

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