



Financial Management for Higher Education Sector

The Capitation Dilemma and Place of Public Private Partnership (PPP)

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Presentation Outline



- ❑ Role of Higher Education in society
- ❑ Government Policy: Financing Higher Education
- ❑ Place of PPP

Importance of Higher Education!!



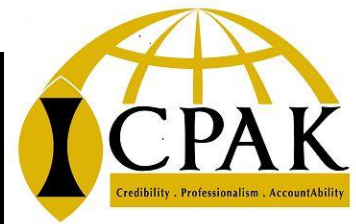
OECD points that Raising skills holds the key to higher living standards and well-being

Role of Higher Education in the society



- It's the focal point of knowledge and it's application –contributes to economic growth and development through fostering innovation and increasing higher skills
- It's a way to improve quality of life and address major social and global challenges
- It can broadly be defined as one of the key drivers of growth performance, prosperity and competitiveness
- UNESCO says its social role is to provide a link between intellectual and educational role on the one hand and development of society on the other
- OECD -Investing in knowledge creation and enabling its diffusion is the key to creating high-wage employment and enhancing productivity growth

Key Roles of Higher Education



- **Creating quality workforce** – drives labour market outcomes and helps keep pace with global economy and changes in the innovation process
- **Supports business and industry** –business dynamics and landscapes are changing every day
- **Carrying out research and promoting technologies** –it's a technology and innovation driver

Data on Country's spending on higher education

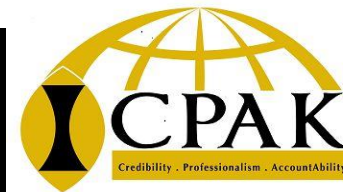


❑ OECD's 2018 "Education at a Glance Report"

[Country's spending on Higher Education -% of GDP.doc](#)

- Global spending on R&D currently stands at US\$ 1.7 trillion
- About 10 countries account for 80% of this spending

Top 15 spenders on Research (UNESCO Institute of Statistics)



No	Country	% of GDP	% of Private Sector
1	South Korea	4.3	78.2
2	Israel	4.2	84.7
3	Japan	3.4	77.8
4	Finland	3.2	67.7
5	Switzerland	3.2	71.5
6	Austria	3.1	71.3
7	Sweden	3.1	67
8	Denmark	2.9	63.8
9	Germany	2.9	67.7
10	USA	2.7	71.5
11	Slovenia	2.4	77.3
12	Belgium	2.4	69.9
13	France	2.3	63.6
14	Singapore	2.2	61.2
15	Australia	2.2	56.3
16	Kenya	0.8	

The Capitation Dilemma



“Should we have a differential or a Flat capitation policy?”

The Capitation Dilemma: Some thoughts



- ☐ To me the question of funding higher education is more complex than just the cost of “Mounting/offering the various course”
- ☐ This must be seen from the broader context of the role and place of higher education in the society
- ☐ It also call for more creativity and innovation on the part of the universities – it can’t just be a question of Government Capitation always!!

Role of PPP in Higher Education



“PPP refers to an arrangement between the public and private sectors with clear agreement on shared objectives for the delivery of public goods (e.g. infrastructure) and/or public services (e.g. ambulance services)”

Objectives of PPP



Its an approach that public authorities adopt to increase private sector involvement in the delivery of public services to:

- Increase total investment in public goods and services
- Reduce costs
- Access expertise

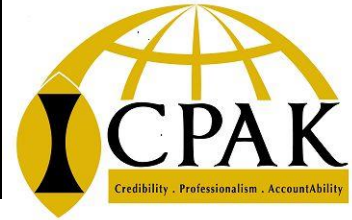
Good candidates for PPP's



A project is a good candidate for PPP if it meets the following minimums as a criteria:

- Technically viable
- Legal & regulatory viability
- Commercial/financial & economic viability
- Institutional and capacity viability
- Environmental viability
- Any other criteria that may be specified

Forms of PPP's



- Design –Build (DB)
- Build –Transfer (BT)
- Build –Transfer –Operate (BTO)
- Design –Build –Operate (DBO)
- Build –Operate –Transfer (BOT)
- Build –Own –Operate –Transfer (BOOT)
- Wrap Around Additions (WAA)
- Lease –Develop –Operate (LDO)
- Buy –Develop –Operate (BDO)

Exercise



“Based of the criteria for PPPs & Forms, can you identify services that could be provided under PPP’s in our public universities”

Important Consideration in PPP



- ❑ In identifying what services and/or products a public entity can provide under PPP arrangements, 2 question are critical:
 - 1) **What is the mandate and business of the public entity?**
 - 2) **What areas do we have key competences?**

Possible candidates PPP



- Infrastructure development
- Accommodation facilities & services
- Catering & cleaning services
- The printing press and publications
- The Bookshops
- Incubation and innovation centres

And Finally.....

