



Potential further Alignment of Funding and Policy Objectives: Selected European examples

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Some European examples and the alignment of funding and policy objectives

- Existing funding practices and models utilized in various **European countries** present **alternative approaches** Latvia could consider to support its own higher education system and policy objectives.
- European examples to be presented
 - are proven or are regarded to be **positive or successful** in advancing certain objectives within their respective higher education systems
 - are intended to **stimulate thinking** and discussion about possible funding options for Latvia, not to be used as normative benchmarks

Presentation focus: Identified areas of "strong misalignment"

THEMATIC GOALS	State Funding	Resource Diversification	Financial Autonomy	Student Funding
1. Quality of education	--	+	+	-
2. Quality of research	--	+	+	0
3. Sector efficiency	--	-	+	+
4. Technology, innovation, creativity and entrepreneurship	-	--	0	0
6. Participation and access	--	++	0	--
8. Funding base	--	-	0	+

Quality of education: State funding

- **Some current problems:** State funding currently lacks demand-, and performance-orientation to incentivise quality improvements, lack of labour market connect
- **Some future alternatives:** Development of a funding formula mixing input- and output-indicators with appropriate weighting, introducing graduate employability funding indicator
- **European examples:**
 - Number of students and degrees conferred (with discipline specific weights) + education provision (basic budget taking into account quality and institution profile) (The Netherlands)
 - Pre-negotiated FTE student numbers and study credits obtained with discipline/field specific weighting, funding caps for each HEI (Sweden)
 - Number of employed graduates (Finland)

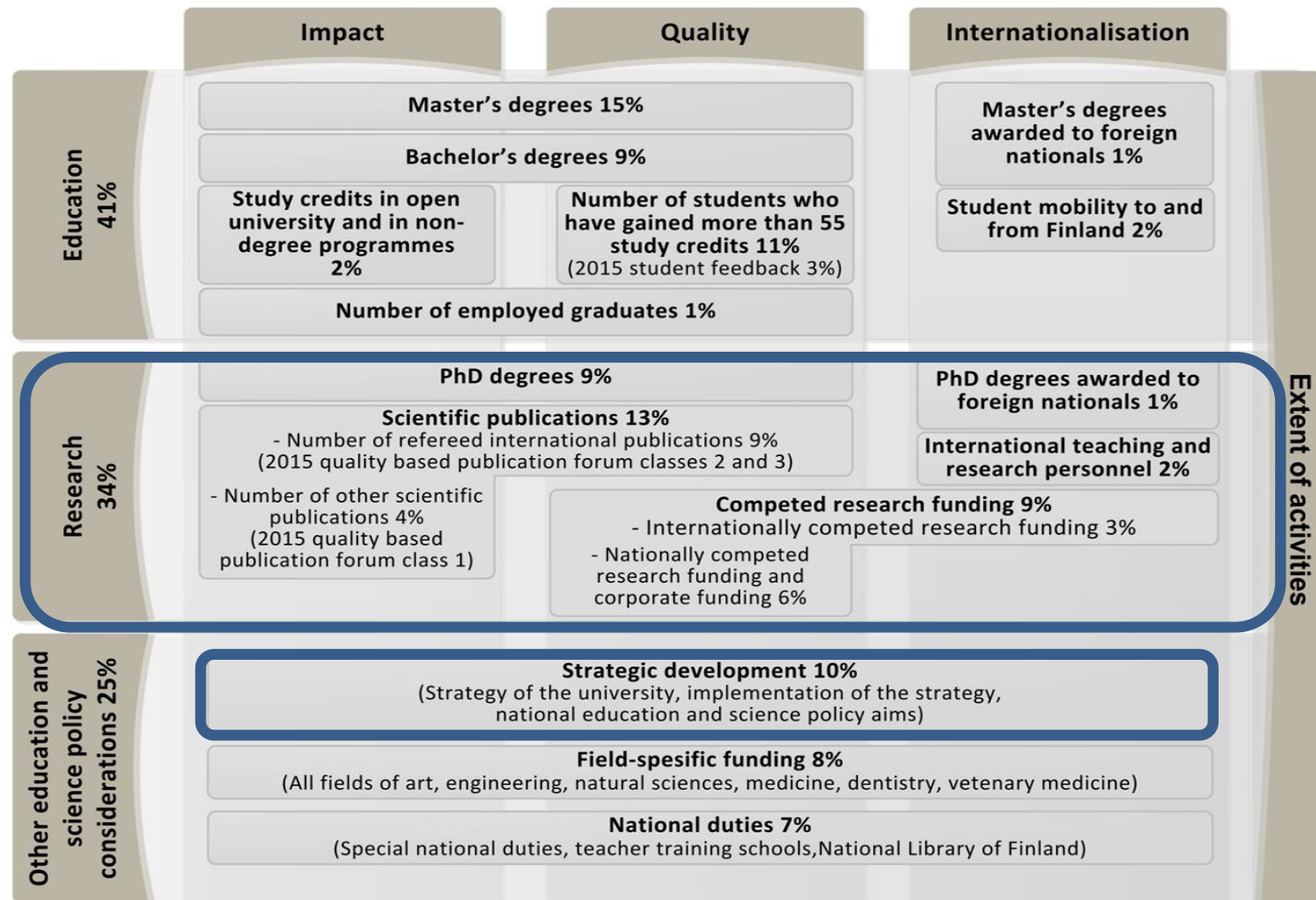
Quality of research: State funding

- **Some current problems:** State funding for research lacks strategic orientation and performance-based incentives to support research excellence
- **Some future alternatives:** Supporting research excellence with programs, introducing formula containing more performance related output-indicators (increased competitiveness + performance orientation)
- **European examples:**
 - Research excellence programs/initiatives (e.g. UK, Germany, Denmark)
 - Funding formula supporting research performance (e.g. Finland, Norway)

Sector Efficiency: State funding

- **Some current problems:** State funding lacks incentives for differentiation of institutional profiles, and desirable form of sector consolidation, divided funding streams for teaching and research
- **Some future alternatives:** more integrated funding approach, comprehensive target agreements between MoES and HEIs, targeted sector consolidation funding
- **European examples:**
 - Target agreements to support strategic specialisation and mission diversity (e.g. Finland, Germany)
 - Sector consolidation incentives (e.g. Finland/Denmark)
 - Integrated model (Finland, next slide)

Example: Finnish university funding model



Technology, innovation, creativity and entrepreneurship: resource diversification

- **Some current problems:** Underdeveloped support for market oriented research and academic entrepreneurship
- **Some future alternatives:** Stimulate demand-based university-industry collaboration
- **European examples:**
 - Knowledge vouchers / innovation vouchers allocated to SMEs for purchasing services from HEIs (e.g. The Netherlands, Ireland, UK, Denmark) for encouraging collaboration between SMEs and public research institutions which would stimulate knowledge transfer directly; and act as a catalyst for the formation of longer-term more in-depth relationships

Participation and access: State funding and student funding

- **Some current problems:** Merit-based criteria in allocating state funded places is favouring students from wealthier backgrounds , debt aversion and guarantor restrictions make loans less available students from less wealthier backgrounds
- **Some future alternatives:** Providing more need-based scholarships and loans (possibly combined with merit)
- **European examples:**
 - Performance related need-based grants (The Netherlands)
 - Loan options: publicly guaranteed / subsidised mortgage type (various) / income-contingent (UK) loans