The Association
of Commonwealth
Universities

Alternative higher education financing: global trends and Commonwealth policy insights

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Foreword: Dr Kim Brooks

Across the Commonwealth, universities are being asked to do more than ever. They educate the people who will lead our economies and public institutions. They generate the research and innovation needed to address challenges from climate change and public health to digital transformation. They support social mobility, regional development and community resilience.

Yet the financial foundations on which universities are expected to deliver this work are under growing pressure. Rising costs, expanding participation and increasingly complex expectations are coinciding, in many systems, with constrained public finances and declining public funding per student.

As Chair of the Finance and Funding Working Group of the ACU Higher Education Taskforce, I have had the privilege of working with university leaders from across the Commonwealth to consider what a more sustainable future for higher education financing could look like.

One of the most encouraging messages from this work is that universities are not simply sitting back and waiting for their financial circumstances to improve.

Across very different national and institutional contexts, they are finding new and sometimes highly innovative ways to sustain their missions. Universities are building philanthropic communities, developing new partnerships with industry, expanding lifelong and executive education, creating transnational programmes, commercialising research, making better use of institutional assets, collaborating to share infrastructure and services, and exploring new forms of public-private and development finance.

The ingenuity is striking. But so too are the limits.

This report shows that diversification can strengthen institutional resilience, but it should not be mistaken for a withdrawal of public responsibility. Alternative sources of income rarely compensate at scale for sustained reductions in core public funding.

The answer, therefore, is not to choose between public investment and institutional innovation. We need both.

Universities have a responsibility to innovate, build partnerships, demonstrate impact and make effective use of the resources available to them. Governments, in turn, remain central to creating the conditions in which those efforts can succeed. Their role extends beyond direct funding. Tax incentives can encourage philanthropy and business investment. Innovation vouchers and co-investment can bring universities and industry together. Regulation can enable new models of lifelong and transnational education. Guarantees, matching funds and other fiscal tools can help unlock capital that individual institutions could not mobilise alone.

In this sense, government is not only a funder of higher education. It is also an enabler and architect of the wider financing environment.

This matters because investment in universities is not simply expenditure on one sector of the economy.

The ACU's earlier research with London Economics showed that higher education is a growth-enabling public investment. It estimated that a one percentage point increase in tertiary attainment across Commonwealth countries could generate an additional US$28 billion in collective Commonwealth GDP by 2029.

Taken together, these two pieces of research tell a powerful story. Universities generate significant economic and social returns. They are also actively adapting and finding new ways to sustain that contribution under difficult financial conditions. But their resilience should complement, not become an excuse for reducing, public investment.

There is much we can learn from one another across the Commonwealth. The models examined in this report range from philanthropy and public-private partnership to student finance, transnational education, commercialisation and resource sharing. They also remind us that context matters. What works in one country cannot simply be transplanted into another without considering regulation, institutional capacity, public trust, economic circumstances and equity.

As the ACU Higher Education Taskforce enters the final phase of its work, our focus must increasingly turn from evidence to action.

That is why this report speaks not only to Education Ministers, but deliberately to Finance Ministers and Heads of Government. Sustainable higher education financing cannot be solved by education ministries alone. It requires decisions about universities to be connected with wider national ambitions for productivity, skills, research, industry, health, climate resilience and innovation. The report therefore calls on governments to recognise universities as core national infrastructure and to develop whole-of-government approaches to their financing.

Universities across the Commonwealth are already demonstrating their creativity and determination. Our task now is to ensure that public policy enables that innovation to flourish.

I hope this report provides governments, universities and partners across the Commonwealth with practical ideas and a stronger basis for that partnership.

Dr Kim Brooks, President and Vice-Chancellor, Dalhousie University, Canada; Chair, Finance and Funding Working Group, ACU Higher Education Taskforce; Member, ACU Higher Education Taskforce

Introduction: Professor Colin Riordan

No university can deliver on its mission without financial sustainability. Universities need sound financial underpinning in order to deliver their mission to educate, conduct research, innovate, collaborate internationally and contribute to national development.

The Association of Commonwealth Universities (ACU) brings together universities operating in a dramatic variety of economic, geographic and policy contexts. Our members include very large, long-standing research-intensive institutions in high-income countries, as well as young universities in small states and those in lower-income countries where resources are more difficult to access. There will never be a single financing model that works across all of them.

Yet the value of the Commonwealth network is that it enables institutions and governments to learn from different approaches and, in some cases, adapt them for specific needs.

More than a standalone report, this piece of work makes the most of that context. It is part of a wider body of evidence, gathered through our members via our Higher Education Taskforce, whose first iteration ran from 2024-2026. During that time we have deliberately been building an evidence base for the economic and social contribution universities make and the conditions they need to thrive. The report we produced with London Economics in 2025 established the economic case for higher education, estimating that a one percentage point increase in tertiary attainment could add USD28 billion to Commonwealth GDP by 2029. Crucially, it showed that the investment required can come from multiple sources, including private and philanthropic as well as governments.

The recognition that, in the 21st century, mixed sources of funding are fundamental to success gave rise to the present report, which examines how operating alternative financing models can build greater financial resilience.

The ACU is well placed to bring institutional experience into Commonwealth policy discussions and, conversely, to help universities understand the wider policy environment in which they operate. This report draws on both evidence and the practical experience of our members and is intended to inform conversations beyond the higher education sector.

The financial health of universities has consequences for the priorities Commonwealth governments are collectively trying to address. Almost without exception they are facing common challenges of productivity and growth, skills, research and innovation, climate resilience, health, digital transformation and social mobility. Sustainable higher education therefore needs to be part of wider economic and development conversations, not considered solely as an education-sector issue.

Collaboration through strategic alignment is critical, and the report demonstrates the potential that exists when universities, governments, industry, philanthropy and development partners work together. The opportunity now is to create the conditions in which institutions can innovate and diversify while protecting their public mission, access and equity.

As the current phase of the ACU Higher Education Taskforce comes to an end, we want to move from generating evidence towards using it, bringing these messages into our engagement with Ministers and Heads of Government, supporting members to learn from one another, and continuing to make the case for universities as essential partners in the Commonwealth's future.

Professor Colin Riordan CBE, Secretary General and Chief Executive of the ACU

Executive summary

Higher education systems across the Commonwealth face a growing financing challenge. Universities are being asked to educate more students, develop the skills economies need, drive research and innovation, and contribute to national productivity and social development, while governments and institutions contend with rising costs, constrained public finances and, in many systems, a long-term erosion of public funding per student.

This has intensified interest in alternative and diversified approaches to financing higher education. But diversification is not a substitute for public investment. The evidence reviewed for this report shows that alternative income streams rarely compensate at scale for sustained reductions in core public funding. The challenge is therefore not simply to find new sources of revenue, but to build financing systems that combine continued public investment with institutional innovation and policy mechanisms that can unlock additional resources while protecting access, affordability, quality and public trust.

Governments are central to this transition. Beyond their role as funders, they can use tax incentives, matched funding, guarantees, innovation vouchers, regulation and other policy levers to create the conditions in which universities can attract investment, build partnerships and diversify their income. The evidence suggests that the success of alternative financing models often depends as much on this enabling environment as on the model itself.

Drawing on 152 academic studies, international agency reports, sector publications and Commonwealth government policy documents, together with insights from the ACU's Financing and Funding Working Group, this report examines which approaches are gaining traction, where and why they work, and what governments can do to enable their development.

Key findings

Diversification is increasingly necessary, but it is rarely sufficient at scale. Across different systems, universities are developing additional income streams in response to declining or constrained public funding, rising costs and growing expectations. Yet most alternatives remain modest relative to core teaching and student-based public funding. The evidence points not to a post-public model of higher education, but to renewed public investment alongside smarter diversification.

Government policy is often the difference between an aspiration and a viable financing model. Tax incentives, levies, guarantees, matched funding, innovation vouchers and performance-based funding can mobilise private, philanthropic and institutional resources. Just as importantly, regulation, delivery bodies and cross-government coordination determine whether new models can move from policy intent to implementation.

Cost-sharing remains widespread, but carries significant equity and political risks. Student contributions can play a stabilising or supplementary role, particularly when accompanied by effective loans, grants, bursaries and scholarships. They should not, however, become the default response to structural underfunding or weaken the case for sustained public investment.

Public-private partnerships are becoming broader and more strategic. In addition to infrastructure, PPPs increasingly encompass workforce development, academic provision, applied research, technology transfer and innovation ecosystems. This creates opportunities to align higher education financing with industrial, skills and innovation policy, provided that contractual, regulatory and institutional arrangements are strong.

Knowledge-based revenue models offer significant potential, but capability matters. Executive education, lifelong learning, online and transnational provision, and research commercialisation are more established in systems with strong education brands, technological infrastructure, institutional autonomy and supportive regulatory frameworks. Their expansion requires investment in institutional capability as well as market opportunity.

Philanthropy is highly context-dependent. Alumni giving, endowments, waqf and other forms of philanthropy can strengthen institutional resilience, but they depend on tax treatment, legal frameworks, advancement capacity, alumni data, institutional trust and local giving cultures. They cannot simply be transplanted from one system to another.

Other financing approaches have important but differentiated roles. Asset optimisation is widely used, while bonds and other advanced financial instruments are concentrated in systems with stronger capital markets and governance capacity. Donor and development finance remain essential in many lower-income countries but can be volatile. Regional consortia, shared services and pooled infrastructure may generate less new income directly, but can reduce duplication and create fiscal headroom.

The implementation gap is a recurring constraint. Across transnational education, private investment, innovation partnerships and other areas, governments frequently articulate diversification ambitions without putting in place the tax architecture, regulatory clarity, incentives, delivery mechanisms or transition support required to make them work.

Recommendations for enabling higher education funding innovation and diversification

For education ministers

1. Embed higher education funding innovation within national education and skills strategies, ensuring that diversification supports access, quality, inclusion and labour-market relevance.

2. Prioritise enabling policy instruments - including tax incentives, matching funds, innovation vouchers, lifelong-learning incentives and performance-based funding - over blunt cost-shifting to students.
3. Protect equity through regulation, ensuring that any expansion of cost-sharing or private provision is accompanied by robust financial-aid systems.
4. Back diversification policies with implementation frameworks, including regulatory guidance, delivery bodies and cross-agency coordination.
5. Support flexible learning pathways, including executive education, short courses, credit banks and modular lifelong-learning provision.

For finance ministers

1. Recognise higher education as a productive, growth-enabling investment that supports productivity, innovation capacity and long-term fiscal resilience.
2. Use fiscal levers strategically to crowd in private and philanthropic capital, including tax reliefs, guarantees, innovation grants, blended finance and co-investment mechanisms.
3. Explore politically feasible tax-based incentives for R&D, philanthropy, industry partnership and executive or lifelong-learning provision, particularly where direct spending increases are constrained.
4. Provide or enable short-term transition mechanisms, including low-interest instruments or guarantees, where institutions face abrupt reductions in state funding.
5. Support shared services, pooled procurement and regional consortia, particularly for small states and resource-constrained systems.

For heads of government

1. Position universities as core national infrastructure, essential to economic resilience, social mobility, health systems, climate transitions, skills and geopolitical competitiveness.
2. Champion whole-of-government approaches that align higher education funding with industrial policy, climate strategies, health systems, innovation agendas and digital transformation.
3. Mandate cross-ministerial coordination across education, finance, industry and innovation to unlock sustainable funding models at scale.

1. Introduction: rethinking how higher education is financed

The financing model underpinning higher education is under growing pressure.

Across many countries, university costs and expectations are rising faster than the public resources available to meet them. Expanding participation, new technologies, research infrastructure, changing labour-market demands and growing expectations of universities as engines of innovation and economic development all require investment. Yet these pressures coincide with intense competition for public expenditure and, in many systems, declining public funding per student.

This tension is not new. What is changing is the range of responses being considered. Universities are drawing on a wider mix of resources: student contributions, philanthropy and endowments, commercial and executive education, transnational education, public-private partnerships, research commercialisation, institutional assets, development finance and collaboration across institutions. Governments, meanwhile, are experimenting with tax incentives, levies, matched funding, innovation vouchers, guarantees and other mechanisms intended to unlock investment from employers, industry, donors and private capital.

The central question is therefore not simply where universities can find more money. It is how higher education can be financed sustainably without compromising access, quality or its wider public purpose.

Diversification should not be mistaken for withdrawal of the state

The evidence reviewed for this report suggests that alternative income streams rarely compensate at scale for sustained reductions in core public funding. Nor are all financing models equally viable in every context. Some require sophisticated financial markets or mature philanthropic cultures; others depend on strong regulatory systems, institutional autonomy, technological infrastructure or substantial upfront investment. Some - particularly greater reliance on student contributions - also carry significant implications for equity, affordability and public trust.

Diversification should therefore be understood as a complement to public investment, not a substitute for it.

This shifts the policy debate. Governments remain central to higher education financing even where they are not providing every additional unit of funding themselves. Tax policy can make philanthropic giving more attractive. Innovation vouchers can bring businesses into universities. Guarantees and co-investment can reduce the risks associated with private capital. Regulation can enable transnational and flexible education. National skills, industrial and innovation strategies can create markets for university expertise.

In this sense, government has three interconnected roles: funder, enabler and architect of the wider financing environment.

From funding models to financing ecosystems

A central finding of this review is that individual financing models cannot be separated from the conditions that enable them. A policy commitment to transnational education will have limited effect without licensing arrangements, quality assurance and implementation bodies. A university cannot easily build philanthropic income without appropriate tax treatment, donor infrastructure and public trust. Research commercialisation depends not only on intellectual property but on technology-transfer capability, incentives for researchers, industry demand and access to early-stage finance.

The most resilient systems are therefore likely to combine multiple sources of income with an enabling policy environment, rather than searching for a single replacement for public funding.

This report examines that wider financing ecosystem. It has three objectives:

- to establish a baseline understanding of alternative higher education funding models globally;
- to identify emerging trends and policy directions across Commonwealth countries; and
- to identify policy-enabled, scalable and equity-sensitive approaches to diversifying university revenues while maintaining the case for higher education as both a public good and a productive public investment.

The analysis pays particular attention to the distinction between policy ambition and implementation. It asks not only which financing models appear in national strategies, but what governments and institutions need to put in place for those models to operate effectively, equitably and at meaningful scale.

2. Methodology

Data collection

Four streams of literature were searched for this desk research: (1) peer-reviewed journal articles and books published in English, primarily from the Education Resources Information Centre (ERIC) since 2016; (2) international agency reports from UNESCO, OECD, and the World Bank, published in English since 2016; (3) the most recent articles from University World News, Times Higher Education (THE), PIE, and Research Professional; and (4) the latest available Commonwealth government policy documents focused on educational strategic plans or strategies retrieved from UNESCO Higher Education Policy Observatory (HEPO) and UNESCO Planipolis. Additionally, some relevant references were identified opportunistically during desk research.

These sources of literature allow us to capture not only the policy intentions of Commonwealth governments, but also alternative funding models discussed or debated in practice. However, because this desk research primarily depends on open-access sources, any literature behind paywalls will be excluded, potentially restricting the scope and depth of the study.

Two search strategies were used:

I. A structured search string was created and used whenever an advanced function was applied in the targeted database. The search string below was used to search the freely accessible education database – Education Resources Information Centre (ERIC) and the subscription database – Research into Higher Education Abstracts.

   (alternative OR emerging OR innovative OR non-traditional OR disruptive OR hybrid OR diversified OR additional OR third-stream OR philanthropic OR corporate OR alumni OR "public-private partnerships") AND (financing OR funding OR income OR revenue OR endowment OR sponsorship OR donation OR investment) AND (source OR approach OR strategy OR mechanism OR structure OR system OR governance OR model) AND (university OR "higher education" OR "post-secondary education" OR "tertiary education")

II. Theme and category browsing on the targeted website, combining international and news agencies with Google advanced search, was used.

The collected documents were then screened using Microsoft Copilot and reviewed by the researcher. AI tools were used solely to assist screening, evidence retrieval and categorisation; all analysis, interpretation and policy conclusions were validated through expert human review. In total, 152 documents from different literature streams (see Table 1) were included in this study for further analysis.

Table 1. Literature types and reviewed documents

Literature type	**Reviewed documents**
Academic literature	41
Research reports	40
Newspaper articles	16
Government policies	55
Total	**152**

Data analysis

Pre-developed typologies and examples of alternative funding models (see Table 2) served as an analytical framework to guide Copilot in identifying relevant references across the four streams. An Excel dataset was then compiled, including key details such as country, region, funding models, summary descriptions, direct excerpts, and source document titles. Each entry was subsequently reviewed by the researcher to assess relevance and verify accuracy.

Table 2. Alternative funding model categories and examples

Category	Examples
Policy-enabled financing and incentive mechanisms	• Government-led tax incentives for R&D and innovation. • National co-financing schemes, matching funds, innovation challenge grants. • Government-backed bonds or loan guarantees to leverage private investment.
Cost-sharing & student contributions	• Models where students or households contribute to education costs, often through tuition, fees, or means-testing.
Philanthropy & alumni giving	• Major gifts, endowments, bequests, and donor stewardship. • Annual giving campaigns, alumni engagement strategies, and advancement offices. • Use of digital platforms and data analytics for donor cultivation.
Revenue-generating education models	• Expansion of executive education, technology-enabled education delivery aimed at expanding access and reducing costs, online learning, micro credentials, and transnational education (TNE). • Modular, stackable credentials aligned with labour market needs. • Development of industry-funded or co-designed programmes
Commercialisation of research and intellectual property	• Licensing income from patents, trademarks, and copyrights. • Creation of university spinouts/startups. • Use of technology transfer offices, incubators, accelerators, and university-affiliated venture capital funds.

Asset optimisation and financial instruments	• Leasing or commercial development of campus land and real estate. • Use of green bonds, carbon credits, and ESG investments. • Financial engineering: pooled endowments, impact investing, shared services across institutions.
Public-private partnerships (PPPs) and enterprise activities	• Joint ventures in infrastructure (e.g., student accommodation, research parks). • Co-branded training and consulting services. • University-owned enterprises and social innovation labs.
Regional and multilateral consortia for resource pooling	• Collaborative funding bids and shared infrastructure across institutions. • Regional centres of excellence, networked doctoral training, and research collaboration. • Example: African Research Universities Alliance (ARUA) thematic centres.
International donors and development finance	• Multilateral and bilateral donor support for infrastructure, institutional development, and research. • Examples: African Centres of Excellence (World Bank), GPE Knowledge & Innovation Exchange. • Opportunities to align university priorities with SDG-focused funding streams.

The analysis was carried out in three stages. The first stage identified how and to what degree alternative funding models are discussed in the collected literature, including peer-reviewed articles, books, international agency research reports, and newspaper stories. This aimed to map the widely used or recognised models across different countries and regions, as well as the challenges and facilitators to their implementation. The second stage explored how various alternative funding models are proposed or prioritised within the educational policies or strategies of Commonwealth countries, highlighting current trends and emerging practices. The third stage integrated the findings from the first two stages and leveraged global practices to develop recommendations for future strategies for Commonwealth nations.

In analysing alternative funding models, particular attention was also paid to the distinction between policy intent as stated in national plans and implementation mechanisms such as tax incentives and enabling regulation. This distinction was strengthened following discussion with the ACU Funding and Finance Working Group, which emphasised that policy ambition alone is often insufficient without aligned implementation tools.

3. Findings

3.1 Policy-enabled financing as a catalyst for alternative funding models

In this research, policy-enabled financing mechanisms are those where governments intentionally deploy fiscal, regulatory, and legislative tools to facilitate the introduction of new financial actors or diversify the sector's revenue base while retaining public stewardship over system-wide equity, quality and national priorities. The reviewed literature mentions various policy-based mechanisms, including tax-based incentives, performance-based funding with external funding and collaboration as indicators, and innovation vouchers that encourage university-industry engagement and collaboration. These mechanisms can be categorised into two groups: enforced and incentivised.

The enforced mechanism involves using tax policies and legislation to mobilise non-government resources for higher education.

- **Higher education levy**: For example, Nigeria and Ghana have established Higher Education Trust Funds (Nigeria's mechanism is the Tertiary Education Trust Fund (TETFund) and Ghana's GETFund is the Ghana Education Trust Fund), funded by corporate and common taxes (Teferra et al., 2022). The Gambia government proposed expanding the existing education levy to include tertiary and higher education institutions to supplement government funding in their National Tertiary & Higher Education Policy 2014–2023. Similarly, Malawi outlined their implementation plans to finalise and operationalise the Higher Education Levy in the National Education Sector Investment Plan 2020–2030.
- **Graduate employer levy:** a new report by the Higher Education Policy Institute, titled 'How Should Undergraduate Degrees be Funded?', proposes a graduate employer levy—such as a 3% charge on graduate salaries—as an alternative funding model for universities in the UK (Stephenson, 2024). This approach is considered a way of sharing costs more evenly among the state, graduates, and employers, and is viewed favourably by potential students,

according to UCAS polling, as it aims to lessen the financial burden on students while ensuring universities remain funded.

The incentivised mechanism involves providing funding matches and rewards or tax incentives to motivate higher education institutions to seek income beyond government funding.

- Performance-based funding with indicators linked to external income is frequently used in OECD countries such as Finland, Denmark, Germany, and Australia (Jongbloed & Vossensteyn, 2016).
- Innovation vouchers to stimulate university-industry collaboration, provided by the government to qualifying businesses, have demonstrated promising outcomes when used in the Netherlands, Ireland, the UK, Denmark, and parts of Germany for acquiring services from universities (Traveller & Weaver, 2016).
- **Tax exemptions** are introduced through government policy to incentivise contributions from individuals, corporations, or organisations to fund higher education. These mechanisms have been mentioned by Commonwealth nations such as The Gambia, Lesotho, and Malaysia.
    - *'Devising tax exemption initiatives for those contributing to the funding of the sector in the country.'* (The Gambia National Tertiary & Higher Education Policy 2014–2023)
    - *'The Ministry of Finance will undertake a review of the tax code to explore the potential costs, benefits and feasibility of instituting exemption schemes or other ways of reducing liabilities in relation to such donations, endowments or bequest'* (Higher Education Policy for the Kingdom of Lesotho, Approved by Cabinet in 2013)
    - *'Introducing incentives for establishment of endowment funds or waqf by both private and public HLIs [Higher Learning Institutions], including matching grants and tax exemptions.'* (Malaysia Education Blueprint 2015-2025 (Higher Education))
    - Examples raised in the working group point to the importance of going further in examining systems such as Singapore, where tax incentives and coordinated national policy have helped draw industry and higher education into closer alignment, and Malaysia, where policy incentives have been paired with strategic ambition around higher education internationalisation and diversification.

Policy-enabled financing mechanisms such as tax incentives, matched funding schemes, and funding models that reward external income generation have not been widely adopted. Where they do exist, evidence suggests they are among the most powerful levers available to governments to unlock private and institutional co-investment without increasing direct public expenditure (Pruvot et al., 2025).

The ACU's working group discussion also underlined that these mechanisms matter not only because they mobilise additional income, but because they shape institutional behaviour and market confidence. In particular:

- R&D tax incentives can be decisive in attracting corporate research collaboration and commercial investment;
- philanthropic tax reliefs influence whether alumni and charitable giving become viable at scale;
- innovation vouchers, guarantees and co-funding schemes can lower the transaction costs of university-industry engagement.

However, policy announcements without practical implementation tools are often ineffective. This is especially apparent in areas such as TNE and education hub development, where successful systems combine policy direction with regulatory clarity, promotion agencies, licensing arrangements, and aligned implementation bodies.

Case study: African Association of Higher Education Financing Agencies (AAHEFA)

Advancing sustainable higher education financing across Africa

Context

Across Africa, demand for higher education continues to grow rapidly, yet public investment has not kept pace with increasing enrolment and the evolving skills needs of national economies. During the webinar, Dr John Machayi observed that tertiary education enrolment across the continent averages approximately 9.4%, compared to a global average of about 38%, while many African countries invest less than 1% of GDP in tertiary education. Student financing agencies also face common challenges, including increasing demand for financial support, constrained public resources, graduate unemployment, low loan recovery rates and difficulties tracking graduates working in private and informal sectors.

The African Association of Higher Education Financing Agencies (AAHEFA) was established to strengthen cooperation among higher education financing institutions across Africa. The Association promotes knowledge sharing, policy dialogue, institutional capacity building and the exchange of best practices aimed at improving access, equity, sustainability and efficiency in student financing systems.

Financing approach

AAHEFA advocates for the development of diversified and sustainable higher education financing ecosystems that complement—not replace—government investment. Through peer learning and policy engagement, member institutions are exploring financing models that combine public funding with private sector participation, employer contributions, development finance, earmarked education levies, investment income, digital loan management systems, innovative repayment mechanisms and strategic partnerships.

Rather than promoting a single financing model, AAHEFA encourages member agencies to adopt solutions that respond to their respective national contexts while advancing the shared objective of expanding equitable access to quality higher education.

Examples of policy innovation among AAHEFA member countries

AAHEFA facilitates the exchange of successful practices implemented by its member institutions across the continent. Examples include:

Zambia: The Higher Education Loans and Scholarships Board (HELSB) is promoting stronger partnerships with the mining sector by encouraging mining companies to sponsor students pursuing mining and engineering-related programmes. This approach supplements public financing while strengthening industry-relevant skills development.

Ghana: The Students Loan Trust Fund has demonstrated innovative approaches to mobilising domestic resources for higher education financing, including leveraging government-supported funding mechanisms and exploring investment-based financing models that enhance long-term sustainability.

Tanzania: The Higher Education Students' Loans Board has strengthened loan recovery through employer-supported repayments, payroll deduction systems and enhanced legal and institutional frameworks that improve compliance.

Kenya: The Higher Education Loans Board continues to modernise student loan administration through digital platforms, mobile payment technologies and improved graduate tracking systems, making loan repayment more accessible and efficient.

Rwanda: The Development Bank of Rwanda has aligned higher education financing with national development priorities by supporting programmes in strategic sectors such as science, technology, engineering and mathematics (STEM), digital transformation and industrial development.

Across the AAHEFA membership, agencies are also exploring innovative approaches including education savings schemes, public-private partnerships, corporate social responsibility initiatives, insurance-supported financing models and more flexible, income-responsive loan repayment arrangements.

Results and impact

AAHEFA has become an important continental platform for collaboration among higher education financing agencies. By facilitating peer learning, technical cooperation and policy exchange, the Association supports member institutions in strengthening student financing systems that:

- expand equitable access to higher education;
- improve loan recovery and financial sustainability;
- strengthen partnerships with employers and industry;
- leverage digital technologies to improve operational efficiency;
- diversify sources of higher education financing; and
- align investment in higher education with national development priorities and labour market needs.

Key enablers

- Strong government commitment to expanding access to higher education.
- Dedicated and well-governed higher education financing institutions.
- Strategic partnerships with employers, industry and development partners.
- Innovative domestic resource mobilisation mechanisms.
- Investment in digital loan management and repayment systems.
- Flexible and sustainable loan recovery frameworks.
- Regional collaboration, knowledge sharing and capacity development through AAHEFA.

Lessons learned

Experience across AAHEFA member institutions demonstrates that sustainable higher education financing requires a balanced approach that combines continued public investment with diversified financing mechanisms. Governments remain central to ensuring equitable access, while enabling policies can encourage greater participation by employers, financial institutions, development partners and the private sector.

AAHEFA's experience also illustrates the value of regional cooperation. By sharing practical experiences, promoting evidence-based policy reforms and strengthening institutional capacity, African countries are collectively developing more resilient, inclusive and sustainable higher education financing systems capable of supporting the continent's long-term social and economic development.

3.2 Cost-sharing through student contributions

Cost-sharing through student contributions refers to models in which students or households bear part or all the costs of higher education, including tuition and non-tuition fees. This approach is the most prevalent model identified in the literature and is broadly used across different regions and economic contexts. Globally, most countries require students (if not all) to contribute financially to higher education either through tuition or other fees in public institutions, let alone private ones (de Gayardon, 2019).

With the introduction of fees, various financial aid mechanisms such as student loans, grants, scholarships, and bursaries have also been established to improve access and equity. According to Education at a Glance (OECD, 2025), four broad types of financial arrangements with different fee structures and financial aid systems were identified among OECD countries in 2023, but none of them is without its challenges:

- **High tuition with strong financial aid** (e.g. Australia, New Zealand, England, United States) combines substantial fees with loans and grants, maintaining access but creating high student debt burdens.
- **High tuition with limited aid** (e.g. Canada, Poland) shifts costs heavily to students and families, raising equity concerns and financial barriers for low-income groups.
- **Moderate tuition with targeted aid** (e.g. Austria, the Flemish and French Communities of Belgium, Croatia, France) keeps costs low for most students and limits support to disadvantaged groups, but risks gaps for middle-income families.
- **Low or no tuition with generous public support** (e.g. Denmark, Finland, Norway, Sweden, Luxembourg, Türkiye) promotes broad access and low debt but often requires higher taxes later in life.

Despite mixed results, the model of cost-sharing through student contributions remains common. Yet the working group emphasised strongly that this should not obscure the wider context of long-term decline in public funding across many systems, nor weaken ACU's broader case that higher education remains a public good worthy of sustained public investment. However, the evidence indicates that this approach should be treated as a supplementary tool rather than a primary long-term funding strategy, given its implications for access, student debt, public legitimacy and social cohesion. In this context, the role of government and policy does not diminish despite reduced public funding for higher education; rather, it becomes more important than ever in developing policies that account for fiscal capacity and equity objectives, thereby guiding the higher education financial landscape towards a more sustainable system.

3.3 Philanthropy and alumni giving

The model of philanthropy and alumni giving includes gifts, donations and endowments contributed by alumni and other individuals. The analysis of this model based on the reviewed literature uncovers contrasting cultures and priorities across regions.

Alumni giving, as an important part of individual donations, is significant and successful in countries with strong alumni engagement and donation cultures, such as the United States (Francioni et al., 2021; Horta et al., 2022), where the success contributes significantly to institutional sustainability and prestige (Faria et al., 2019).

By contrast, philanthropy is not a major focus in Europe, highlighting the extent to which philanthropic success is contingent on national tax regimes, institutional autonomy, alumni data infrastructure and long-term trust in public institutions. Philanthropy was considered the overall lowest priority for universities in Europe to diversify income, according to the latest European University Association survey of 168 higher education institutions across 34 European countries (Pruvot et al., 2025). This underdeveloped culture of donations and practices may prevent universities from translating alumni commitment into tangible actions, as seen in Italy (Francioni et al., 2021). Similarly, fundraising is neither a major priority among most public higher education institutions in Kenya (World Bank, 2019).

However, emerging trends are developing across regions, where philanthropy can benefit from tax incentives and reforms that encourage giving and diversify revenue sources in higher education. For instance, Malaysia's Ministry of Education has introduced matching grants and tax exemptions to motivate higher learning institutions (HLIs) to establish endowment funds or waqf, as outlined in the Malaysia Education Blueprint 2015-2025 (Higher Education). Islamic philanthropy tools such as waqf and zakat have been effectively used by Malaysian public research universities (MRUs) to fund student welfare, learning and teaching and infrastructure projects, though further tax reforms on eligibility and procedures could help enhance the scale and sustainability of philanthropic fundraising (Sadiq et al., 2025). In Gambia, the Ministry of Higher Education, Research, Science & Technology has proposed developing tax-exemption initiatives to support contributions to the higher education sector, as indicated in the National Tertiary & Higher Education Policy 2014–2023. These initiatives are still emerging and have not yet become widespread. They nonetheless offer promising, culturally grounded models for Commonwealth countries seeking to diversify funding while aligning with local values and social contracts.

The working group discussion reinforced that philanthropy should not be understood simply as a cultural trait, but as a policy-shaped ecosystem. Tax treatment, data infrastructure, institutional trust, advancement capacity, and public narratives around the role of higher education all influence whether giving becomes meaningful at scale.

Members of our working group noted, for example, that private universities in Ghana can face significant cost burdens in importing equipment and materials needed to support internal income-generating activity. This suggests that the policy environment for philanthropy and institutional enterprise must be considered alongside wider fiscal and customs regimes if diversification is to be viable in practice.

Case Study: University of Saskatchewan, Canada

Building financial resilience through philanthropy and corporate partnerships

Context

Facing increasing financial pressures and the need to support long-term institutional ambitions, the University of Saskatchewan launched the largest fundraising campaign in Saskatchewan's history. The university sought to diversify revenue sources beyond government funding while strengthening support for research, student success and community impact.

Diversification approach

The university launched the *Be What the World Needs* campaign with a target of CAD 500 million over ten years. Several years into the campaign, fundraising had reached only 51% of target, prompting a major strategic reset.

The university:

- Strengthened advancement capacity and fundraising teams;
- Rebuilt donor relationship management systems;
- Expanded corporate partnerships;
- Diversified donor pools and gift types;
- Invested heavily in stewardship and donor engagement.

Results and impact

- Raised CAD 572 million;
- Secured more than 101,000 gifts;
- Attracted support from donors in 44 countries;
- Delivered significant investment in student experience, research and innovation.

Key enablers

- Strong philanthropic culture;
- Charitable tax incentives;
- Stable regulatory environment;
- Close alignment between government and university priorities;
- Significant investment in advancement capability.

Lessons learned

Fundraising success depends on long-term relationship building, institutional credibility and dedicated investment in professional advancement functions. Philanthropy should be viewed as a strategic institutional capability rather than an occasional fundraising activity.

Policy insight

Tax incentives, charitable giving frameworks and supportive government attitudes towards philanthropy can significantly strengthen universities' ability to diversify income without compromising their public mission.

3.4 Public-private partnerships

Public–private partnerships (PPPs) in higher education refer to formal agreements between public universities and private entities to deliver infrastructure, services, or academic programmes under shared investment, management, and risk arrangements. Initially focused on physical infrastructure—such as student housing and campus facilities—PPPs have expanded to include academic services, research collaboration, and innovation ecosystems. PPPs are transitioning from infrastructure-focused arrangements to strategic collaborations that integrate academic innovation, workforce development, and applied research. This evolution presents a significant opportunity for governments to align higher education financing with industrial policy, skills strategies and national development plans.

In Africa, PPPs remain primarily infrastructure-driven, using models such as build–operate–transfer and build–own–operate. Ghana exemplifies this approach (Badu et al., 2018), while South Africa has introduced social impact bonds under the Ikusasa Student Financial Aid Programme (ISFAP), a form of PPP that uses performance-based contracts to fund social services (World Bank, 2019). Despite emerging innovations, policy frameworks to incentivise private-sector investment in higher education remain limited (Thompson et.al, 2025).

Adoption is more institutionalised, particularly in high-income countries, where PPPs extend beyond infrastructure to academic services, workforce development, online recruitment and education, applied research and university governance. For example,

- **International student career services:** in Germany, an employer-backed public-private partnership model for funding international student career services emerges, highlighting the shifting role of employers, from beneficiaries of international student mobility to funding sources (Schueller, 2022).
- **Workforce development for regional industries:** In Hungary, the creation of the Audi Hungarian Faculty Automotive Engineering at Szechenyi István University is a successful example of institutionalised skills-oriented public-private partnerships, in which Audi Hungary provides direct finance while accessing academic expertise, and the Faculty develops workforce capabilities to support the regional expansion of the automotive sector (OECD, 2017).
- **Online student recruitment and programme delivery:** In the UK, under a revenue-sharing model, the University of Bath partnered with Wiley Education Services, a leading provider of tailored services and technology solutions for higher education institutions, to recruit adult and international learners and deliver fully online postgraduate degrees (Navas et al., 2021).
- **Research and development (R&D) laboratories**: In Lithuania, Vilnius University partnered with Neurotechnology, a Lithuanian biometrics company, which invested in the establishment of an AI laboratory at the Institute of Data Science and Digital Technologies of the Faculty of Mathematics and Informatics of Vilnius University. This is a win for firms to benefit from research and development, as well as for universities to diversify income and foster the practical application of knowledge (OECD, 2021b).
- **Technology transfer and training services:** In Italy, PPPs are integrated into the national initiative, Industria 4.0 (I4.0), to facilitate Italian firms' digital transition. They are delivered in the form of education labs that promote collaborative training through Competence Centres, hosted by universities to deliver technology transfer, training, and innovation services (OECD, 2019c).
- **University governance**: In Austria, Universities of Applied Sciences (UAS) operate as public-private partnerships in which the private sector participates

in the design and delivery of study programmes, reflecting the economic needs and facilitating innovation (OECD, 2019a).

Commonwealth governments are increasingly intent on and committed to engaging and leveraging the private sector to co-finance higher education through PPPs. However, the way PPPs are framed and positioned varies across national strategies, reflecting differing priorities and the evolving role of these arrangements. For example, in Cameroon's Education-Training Sector Strategy 2023-2030, PPPs are explicitly framed as one of the approaches to '*promote alternative sources of financing higher education institutions*'; in Rwanda's Education Sector Strategic Plan 2024–2029, PPPs are positioned as one of the strategic interventions to '*scale infrastructure development and support teaching, learning and student life*' with the aim of enhancing the quality of higher education learning; in the UK, PPP approaches are used to '*develop industry-funded Masters programmes*' under the International Education Strategy: Global Potential, Global Growth.

The working group emphasised that this evolution of PPPs depends not only on high-level policy endorsement, but on implementation frameworks. This includes:

- regulatory authorities and implementation bodies working in tandem;
- transparent contractual and licensing arrangements;
- clear incentives for industry participation;
- and institutional capability to engage external partners.

This was discussed particularly in relation to transnational education and international education hubs, where countries such as India were seen as increasingly effective examples of stronger policy direction combined with more serious follow-through, and Malaysia, the UAE and China as examples of systems that have moved beyond policy aspiration into structured implementation.

Case study: NSBM Green University, Sri Lanka

Building a Self-Financing University Through International Partnerships and Transnational Education

Context

Sri Lanka faces a significant demand for higher education that exceeds the capacity of the public university system. For example, in 2025, a total of 281,810 students sat for the G. C. E. Advanced Level examination, and out of 176,527 students who met university entrance requirements, only 42,937 students were selected for admission to state universities. This indicates that a significant number of qualified students must seek alternative pathways for higher education, including studying overseas.

At the same time, Sri Lanka experiences a substantial outflow of students to international destinations such as Australia, the United Kingdom, Canada and the United States, resulting in a loss of talent and significant expenditure leaving the country.

In response, NSBM Green University, which commenced operations in 2016, was established as a self-financing institution designed to provide an international university experience within Sri Lanka while creating a financially sustainable higher education model.

Diversification approach

Rather than relying primarily on government funding, NSBM adopted a self-financing model based on:

- Strategic borrowing and institutional investment to develop a purpose-built university campus.
- Partnerships with international universities: University of Plymouth in the UK and Victoria University and Southern Cross University in Australia to deliver full degree programmes in Sri Lanka.
- A transnational education model that combines local delivery with international academic input.
- Offering NSBM-owned (local) degree programmes approved by the Ministry of Higher Education in Sri Lanka, that combine local relevance with international quality standards developed through global academic partnerships.
- Revenue generation through student tuition fees while offering a more affordable alternative to studying overseas.
- International academic mobility, with visiting faculty delivering components of degree programmes in Sri Lanka.
- Revenue-sharing arrangements with international university partners.

The university invested in creating a campus experience comparable to leading international institutions, recognising that students were seeking not only qualifications but also the wider benefits of university life and international exposure.

Currently, the university comprises 5 faculties to offer degree foundation, undergraduate, graduate and doctoral programmes for 13,000+ on-campus student population, with 23,000+ graduate output (More info at official website: www.nsbm.ac.lk).

Results and impact

The model has enabled NSBM to:

- Retain students within Sri Lanka who might otherwise have pursued education abroad.
- Expand access to internationally recognised qualifications.
- Create a financially sustainable institutional model independent of recurrent government funding.
- Build partnerships with international universities, including institutions in Australia and the United Kingdom.
- Provide students with international academic exposure while reducing the costs and barriers associated with overseas study.
- Contribute to national human capital development with strong industry linkage by producing globally competitive graduates.

The approach has also strengthened international collaboration through academic exchanges, research engagement and knowledge sharing between partner institutions.

Key enablers

- Strong unmet demand for higher education places.
- A clear understanding of students' demand for international education experiences.
- Institutional willingness to invest in high-quality infrastructure.
- Strategic partnerships with reputable international universities.
- Regulatory frameworks that support transnational education and international collaboration.
- Revenue-sharing models that create mutual benefit for institutional partners.
- Optimizing workforce management and research development by leveraging international partnerships and integrated digitalized systems (UMIS)

Lessons learned

Diversification is not solely about generating additional revenue streams; it can also involve redesigning institutional models to meet unmet student demand.

International partnerships can create sustainable financial opportunities while simultaneously improving student access and educational quality. However, success requires significant upfront investment, strong institutional leadership, and a clear understanding of both student expectations and labour market needs.

The NSBM experience demonstrates how transnational education can move beyond simple franchise arrangements to become a broader institutional strategy that supports financial sustainability, internationalisation and national development.

Policy insight

Countries experiencing significant outbound student mobility may benefit from policies that support high-quality transnational education, international partnerships, and locally delivered international qualifications.

When combined with appropriate quality assurance frameworks, these models can strengthen domestic higher education capacity, reduce educational outflows, retain talent and contribute to national economic development while providing universities with an additional source of sustainable income.

3.5 Knowledge-based revenue models

This section presents two knowledge-based funding models—the revenue-generating education model and the commercialisation of research and intellectual properties. Both revenue models are largely knowledge-driven and rely heavily on academics' expertise, as observed more commonly in upper-middle- and high-income countries, where education brands, systems, and technological frameworks are more developed.

The revenue-generating education model is reflected in the expansion of executive education, short-term professional courses, online and distance learning, lifelong learning, and international and transnational education. This strategy emphasises meeting the needs of diverse learners—including working professionals, adult learners, employers and international students—rather than relying solely on traditional domestic enrolment, thereby boosting student numbers and income through more flexible provision.

- Short-term courses and corporate/professional training are widely used to diversify university income: across OECD systems, institutions are permitted to sell educational services such as courses and customised training (Golden et al., 2021). European universities are expanding online provision, micro-credentials and company training to reach non-traditional learners and boost revenue (Pruvot et al., 2025), while Malaysia explicitly situates executive education within its lifelong learning agenda to broaden education markets to working adults and employers. In Malaysia Education Blueprint 2015-2025 (Higher Education), the Ministry is committed to continuing '*tax reduction incentives schemes for companies participating in HLIs that offer LLL [Lifelong Learning] programmes'*—creating conditions for employer-funded or co-funded executive/continuing programmes.

- The global online education market is expected to continue growing, with the United States leading the way, generating projected revenues of US$111.72bn in 2026, almost half of the global online education market, according to Statista Market Insights. Following behind are China, the United Kingdom, India, and Canada (Statista, 2026). Although online education is a notable strategy in many Commonwealth countries' educational policies and plans, it is framed primarily as a cost-effective way to expand educational access rather than as a revenue-generating activity. This may understate its role when combined with flexible lifelong learning models, modular provision, credit transfer systems, and new learner markets beyond traditional full-time students.

- International student recruitment and transnational education as revenue strategies are pursued not only by high-income countries such as the UK, the US, Canada, and Australia as traditional global centres of international education, but also by lower- and upper-middle-income nations that are emerging as regional international/transnational hubs. For instance, Malaysia has become a top 10 destination for international students and aims to attract 250,000 international students by 2025, as outlined in the Malaysia Education Blueprint 2015-2025 (Higher Education). Thai higher education institutions benefit from increased tuition income from international students and their associated revenue from accommodation and catering (Scott & Guan, 2023). Similarly, Ghana and South Africa depend on international student fees to bolster their financial stability (Kwasi-Agyeman et al., 2020). The Indian government not only attracted international students with affordable costs but encouraged their high-performing universities to set up campuses in other countries, as is outlined in its National Education Policy 2020. Members in the working group also identified institutions such as Ashesi University in Ghana as useful examples of regional recruitment and growth supported through external partnerships. Such cases illustrate how internationalisation, regional positioning and partnership can contribute to financial resilience even outside the most established global education exporters.

- An emerging trend is the integration of online education with international education. The Australian government positioned online education as a scalable and flexible alternative to studying in Australia, targeting students who cannot afford an in-country study experience (Australian Strategy for International Education 2021-2030). Some Australian universities are exploring new international education channels, including offshore online delivery and novel online pathways, to diversify and sustain student pipelines (Ross, 2023). The University of London in the UK has expanded international education delivery, allowing member universities to teach globally via online and partner centres, generating new income (Williams, 2024). These international expansions are not coincidentally happening in high-income countries such as Australia and the UK, where they have been ahead in exporting higher education programmes to other countries and where their technological infrastructure tends to be more mature.

- Reflecting these trends, the working group highlighted executive education as an under-discussed but potentially significant revenue stream. There was concern that if universities do not act strategically in this space, private providers may capture a growing share of the market. This suggests that executive education should feature more prominently in both institutional strategy and public policy discussions about diversification. The working group also stressed the importance of lifelong learning incentives and academic credit bank models, which can allow learners to move flexibly between institutions and continue learning over time. These models may be especially important in labour markets characterised by technological disruption and demand for recurrent upskilling, and they deserve greater prominence in future analysis of alternative financing.

The commercialisation of research and intellectual property is a model where higher education institutions transform their research outputs and intellectual assets into marketable products or services that generate revenue. This model is widely recognised and legally supported across OECD countries—22 out of 27 jurisdictions permit universities to retain income from spin-offs and technology transfer, and 26 allow patent licensing, and other commercialisation activities (Golden et al., 2021). For example, France's PACTE law (2019) allows university researchers to hold equity in companies and work part-time in the private sector (UNESCO, 2022). Slovenian law mandates that at least 20% of IP revenue be shared with the researchers who developed an invention (OECD, 2022). The Austrian government offers a 'Spin-off Fellowship' to support faculty in commercialising research, developing businesses and creating companies by offering sabbaticals and funding (OECD, 2019a). These legal permissions and funding frameworks create an enabling environment for universities and researchers to pursue commercialisation, as they directly benefit from the financial returns.

The working group discussion suggested that stronger emphasis should also be placed on the policy conditions that make commercialisation viable. In particular, R&D tax incentives were seen as critical in influencing whether firms invest in university-linked research and innovation. Australia was cited as a case where relatively weak incentives may limit the commercialisation potential of otherwise strong research performance.

Beyond national legal and policy frameworks, the infrastructure enabling research commercialisation matters as well. Technology Transfer Offices (TTOs)—critical for managing IP and facilitating partnerships—are established in many high-income countries such as Croatia, Greece, and Hungary (OECD, 2017, 2019b, 2021a). Despite varying success, these institutional mechanisms and structures laid a robust foundation for universities and researchers to engage in research commercialisation activities. However, such frameworks and infrastructure appear absent or underdeveloped in low- and middle-income Commonwealth countries, as is observed from a review of these countries' educational strategic plans.

3.6 Asset optimisation and financial instruments

The model of asset optimisation and financial instruments focuses on monetising underutilised facilities and physical assets to generate income, as well as utilising financial instruments to raise funds or manage resources more efficiently.

Monetising physical assets seems common across countries with different income levels. Leasing or renting land, buildings, and facilities is a common method for generating revenue for public and government-supported private institutions in OECD countries and permitted in all 27 responding jurisdictions (Golden et al., 2021), highlighting their widespread acceptance and increasing importance in financial sustainability. Universities in Lower-middle and upper-middle-income countries such as Nigeria and Indonesia also engage in monetising underutilised campus spaces and leasing facilities, often as part of broader diversification strategies (Mahmud et al., 2022; Orboh Ehiaguina et al., 2024)

Financial instruments tend to be more commonly observed in upper-middle- and high-income countries, where regulatory capacity, credit ratings and financial governance frameworks reduce systemic risk and enable universities to attract private capital and manage financial risk. For example, in the United States and the United Kingdom, bond issuances supported by credit ratings are recognised mechanism for financing higher education institutions (HEIs) (Zatonatska et al., 2019). The Jamaican government proposed utilising private finance for investment in higher education through mechanisms such as bond issuances and securitisations, as outlined in Vision 2030 Jamaica – Education Sector Plan.

The working group also raised the possibility that targeted low-interest financial instruments or transition facilities may deserve more attention in future ACU work, particularly for institutions facing sudden funding shocks. One example discussed was Kwara State University in Nigeria, which reportedly responded to complete withdrawal of state subvention through a mix of tuition income, certificate programmes and low-interest negotiated credit facilities. While not a substitute for structural reform or public funding, such tools may provide short-term stabilisation where abrupt fiscal withdrawal would otherwise damage institutional viability.

3.7 Regional and multilateral consortia

Pooling resources through regional and multilateral consortia improves cost-efficiency by allowing institutions to share infrastructure, expertise, and funding. This approach is one of the less common income-generating strategies noted in the reviewed literature, yet it offers some of the lowest risk and most politically acceptable pathways to cost reduction and efficiency gains, particularly for small states and resource-constrained systems. These consortia can operate at different levels, such as national, sub-regional and regional, highlighting that geographical proximity plays a key role in effective resource pooling.

- **Slovenia:** The Knowledge and Technology Transfer (KTT) consortium, supported by government and EU funding, connects Technology Transfer Offices (TTOs) across universities and research institutions, improving expertise sharing and access to commercialisation support (OECD, 2022).
- **Sri Lanka:** National policy proposals advocated forming consortia of three or four nearby universities to address resource shortages and reduce disparities (National Policy Proposals on Higher Education).
- **Nordic:** The Arctic Five alliance—linking universities in Sweden, Norway, and Finland—facilitates shared research systems and collaborative innovation to support business growth (OECD, 2021c).
- **Europe:** University alliances provide a platform for universities to pool entry costs and share structures (e.g., joint research support). Participation is seen as a 'powerful catalyst' for deeper engagement in EU funding programmes, according to the EUA survey (Pruvot et al., 2025).

- **Africa:** Alliances such as the African Research Universities Alliance (ARUA) are called for expanding, particularly in response to reduced foreign aid, driving efforts to build self-sustaining research ecosystems (Thompson et al., 2025).

The working group discussion suggested that shared services, pooled procurement, regional consortia and collaborative infrastructure deserve more prominence in ACU's future policy framing, not because they generate large new income streams, but because they can reduce duplication and create fiscal headroom in otherwise constrained systems.

3.8 International donors and development finance

International donor assistance remains a critical funding source for higher education in low- and lower-middle-income Commonwealth countries, particularly in Africa and Asia. Such support—typically provided by multilateral and bilateral agencies including the World Bank, USAID, and UN bodies—is often directed toward infrastructure development and institutional capacity building.

For example, The Gambia's policy indicates that '*the most significant contributor to the education sector is donor fund*' (The Gambia Education Sector Policy 2016 – 2030) and highlights '*soliciting strong linkages with both domestic and international partners to support projects, including research projects and education provision*' as a key sustainability strategy (The Gambia National Tertiary & Higher Education Policy 2014–2023). Similarly, Malawi has benefited from '*substantial*' development partner support (Malawi National Education Sector Investment Plan 2020–2030), including a recent US$17 million grant from USAID under the '*Transforming Higher Education Systems in Malawi (THES)*' initiative, aimed at expanding market-relevant university programmes (Thompson et al., 2025). Evidence of dependency is notable in other contexts: a study on international aid for tertiary education found that official development assistance accounted for 33.7% and 43.3% of government expenditure on tertiary education in Rwanda and Guinea in 2018, respectively (Galán-Muros et al., 2022)

However, reliance on donor funding introduces volatility. As countries transition to higher-income status, external support typically declines—as observed in Botswana, where donor withdrawal followed its attainment of middle-income status—prompting governments to explore diversified financing strategies (Botswana Education & Training Sector Strategic Plan 2015–2020). Recognising the vulnerability of overdependence on the donor funding, Members of the Organisation of Eastern Caribbean States (OECS) advocate for hybrid models that combine donor contributions with public–private partnerships to meet growing demand for higher education (OECS Education Sector Strategy (OESS) 2012-2026).

The working group discussion reinforced the need to frame donor funding carefully: for many lower-income systems it remains essential, but it is inherently volatile and often insufficient as a basis for long-term system development. This strengthens the case for hybrid approaches that combine donor support with domestic mobilisation, policy incentives, regional collaboration, and public-private partnership where appropriate.

4. Conclusion: from diversification to resilience

Overall, the evidence suggests that governments in many systems are increasingly expected to act not only as funders but as strategic enablers. However, this should not be read as a simple transition away from public funding. The evidence reviewed here, and the discussion of the ACU Financing and Funding Working Group, both suggest that diversification, while necessary, cannot replace core public investment at scale. Rather, sustainable systems require a combination of:

- continued public investment,
- clear evidence of higher education's contribution to economic growth and public value, and
- policy-enabling frameworks that allow universities to diversify income more effectively and equitably.

This shift is not a retreat from public responsibility but a reconfiguration of the state's role—from direct financier alone to architect of sustainable, diversified and resilient higher education systems. While cost-sharing through student contributions remains the dominant model globally, its equity implications underscore the need for strong financial aid systems and caution against over-reliance.

- Public-private Partnerships are evolving beyond infrastructure to encompass programme innovation, research collaboration and workforce development, but their success depends on implementation frameworks as much as policy design.
- Knowledge-based models,including executive education, lifelong learning, online provision, transnational education and research commercialisation,are gaining traction, especially in higher-income settings, but require supportive tax, regulatory and technological ecosystems.
- Philanthropy and alumni giving remain uneven, shaped heavily by tax regimes, institutional trust and administrative capacity.
- Asset optimisation is widespread, but advanced financial instruments remain more limited and context-specific.
- Regional consortia and shared services offer lower-risk pathways to resilience, especially in small states and constrained systems.
- For low-income countries, donor funding remains critical yet volatile, reinforcing the need for hybrid and transition-aware financing approaches.

Future resilience will depend not only on identifying alternative funding models, but on strengthening implementation capacity, aligning incentives, protecting equity, and maintaining a clear public case for higher education as a public good and a driver of productivity, innovation and national development.

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