



IFC Backs Higher Education in Developing Countries

April 4, 2007 — Mobilizing the private sector to invest in higher education has become critical in developing countries, where many governments are strapped for cash and unable to meet the educational needs of their citizens. Up through the 1990s, these countries financed higher education mainly through the public sector. This is no longer the case, and IFC is providing leadership in helping governments and private investors find new ways to collaborate in higher education.

In January 2006, IFC held an International Investment Forum for Private Higher Education at its headquarters in Washington, D.C., with more than 100 delegates from 30 countries participating. The event explored the changing landscape of higher education, training, and lifelong learning; discussed best practices in the sector, and looked at innovative ways to mobilize alternative forms of financing for higher education in developing countries.

Michael Mann, president of RMIT International University, Vietnam, noted, “In Africa, only 4 percent of high school graduates get to university. That’s just not good enough, compared to countries like the U.S., Australia, and Canada. In the 21st century, education is the best tool for development.” Mann urged developing country governments to do a better job of attracting private investors and providers and break down barriers so that education can spread across borders.



Why Work with IFC in the Education Sector?

- Long-term financing on terms suited to the project
- Global experience in the education sector
- Financial, technical, and strategic value-added
- Understanding of local markets and measure of political risk cover
- IFC has a team of specialists dedicated to investment in private education
- IFC is uniquely positioned to mobilize donor financing for advisory services
- IFC’s presence reassures foreign investors, local partners, and governments
- IFC is committed to future growth of private education in developing countries

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IFC's Role

IFC is working to address these challenges. In Vietnam, where universities absorb only one in 10 high school graduates, IFC invested \$7.25 million in **RMIT University** in 2001 which had a big impact on this private institution. Owned by Australia's Royal Melbourne Institute of Technology, RMIT has campuses in Ho Chi Minh City and Hanoi. The university is making a remarkable impact on its students, whose strong qualifications are helping them get excellent jobs. Over 200 of its graduates have secured jobs with leading international companies such as ANZ Bank, Bluescope Steel, Unilever, Ernst & Young, Park Hyatt, and Sheraton Hotels. The university has won **the Golden Dragon Award** for excellence.

In Turkey, IFC provided a local currency loan of \$4.5 million equivalent to Ankara-based **Yüce Özel Eğitim ve Kültürel Hizmetleri A.S.**, a private education firm, in 2005. This helped the company undertake a \$9.8 million program to expand enrollment by 40 percent, upgrade existing facilities, introduce teacher training, seek International Baccalaureate accreditation, and develop relationships with similar institutions in other countries. Kagan Kalinyazgan, general manager, Yuce, said, "We know that the return of investment in education is over the long term and we are totally committed to this project." His firm has also set up private schools, IT training centers, and a company to develop educational software.

In Chile, with IFC support in 2003, the **Universidad Diego Portales** used proceeds from an innovative \$22 million local bond issue to raise long-term local currency financing for diversification and expansion. **UDP** provided additional space to accommodate more students and worked closely with the Municipality of Santiago to create a campus with stronger links to the community and neighboring universities.

