

## **Executive Summary**

The Portuguese higher education system faces a number of important issues that the government is determined to tackle. These include financing of institutions and students, system steering, institutional autonomy, research and development, governance of the individual institutions, and participation of external stakeholders in governance and the binary system. These matters need to be addressed and resolved, for without doing so any nation – and Portugal is no exception – will be ill-prepared to keep pace in the knowledge-based economy.

The review team believes that government alone will not be able to address these matters. All levels of the higher education sector must contribute to the reform agenda: governing authorities, rectors and presidents, academics at all levels and even the non-academic community. They must respond with support, determination, flexibility and leadership. Since the role of any educational institution is primarily teaching and research, the commitment and leadership of the academic community is key to the change agenda. The review team calls upon the academic community to become fully engaged in forging the future of higher education, to respond in a spirit of co-operation and with a willingness to embrace change, in the interests of the welfare of the Portuguese nation. Equally important is the competence and dynamism of senior management of the higher education institutions. These individuals are key ingredients who can facilitate or frustrate the creation of a new creative and dynamic culture; as such, they must be appointed with care.

In 2005, the Portuguese Ministry of Science, Technology and Higher Education invited the OECD Secretariat to undertake a review of tertiary education in order to evaluate performance and recommend how the sector might better meet Portugal's strategic objectives. The review was organised within the framework of the OECD's education policy reviews. Portuguese authorities prepared a Background Report that was presented to the Education Committee, then an OECD review team visited Portugal (15-26 May 2006) and prepared a draft report. The review team presented the report to the Education Committee at its meeting of 13 December 2006 in Lisbon. This final report incorporates the outcome of discussion at that meeting.

This Examiners' Report is based on the Background Report prepared by the Portuguese authorities (available at <http://dx.doi.org/10.1787/104853273381>) and on the OECD website at [www.oecd.org/edu/reviews/nationalpolicies](http://www.oecd.org/edu/reviews/nationalpolicies)), submissions received, and interviews and meetings that the review team conducted during its visit to Portugal. The terms of reference (see Annex E) called for an exploration of the role of higher education, strategic management and structure, teaching and learning, research and development, investment and financing, and international competitiveness.

Many nations face similar problems to those found in Portugal, though they do not find expression in precisely the same way in all countries. Consequently, specific solutions reflect local circumstances. The review team was drawn from a number of nations (Australia, Finland, Ireland, the Netherlands and the United States) as well as from the OECD itself. Review team members proposed solutions that represent international best practice, while respecting local particularities in Portugal.

The essence of the recommendations is found in Chapter 7, as a package of reform proposals that reflect the view that reform of the systems and structures is crucial for success. Recommendations are grouped under the following headings: system steering and management; governance and the legal status of the higher education institutions; financing, system efficiency and student support; improving quality and building excellence; the science and technology system; outward orientation and external stakeholder involvement.

The review team found that there was no formal strategic higher education planning in effect at either the national level or the institutional level. The review team does not endorse detailed or rigid planning of higher education systems but strongly advocates that a broad, system-level picture, regularly updated, of the future size and shape of the system is a prerequisite for effective institutional-level strategy and planning. The review team proposes the establishment of a new National Council (*Conselho Coordenador do Ensino Superior, CCES*) with responsibility for overall higher education strategy in Portugal. Its membership should involve a number of ministries, and should also include distinguished individuals from outside government, *e.g.* the business sector. The terms of reference of CCES should be clearly focused on higher education *strategy* and not on the co-ordination of the system (which should be the responsibility of the ministry). In particular, CCES should develop strategic goals and priorities, and a higher education planning framework flowing from these strategic goals, to be adjusted on an annual basis through subsequent monitoring. CCES should also devise a set of objectives based on the planning framework, thereby providing the basis for the ministry's negotiation of performance agreements with individual institutions. Individual institutional performance contracts are advocated as a

means of determining the financing needs of the institutions rather than the “one-formula-fits-all” approach to funding. This approach has been adopted successfully in other countries, notably Finland. This recommendation can radically redefine the relationship between the higher education institutions and government. It also will lead to a spectrum of institutions, rather than a mediocre average that nationally applied funding formulas tend to promote and reward.

It is critical to reform governance of the system and the institutions if Portugal is to create an innovative, flexible and responsive higher education sector. The review team believes that the governance of institutions is in need of a radical overhaul, in light of the need for more leadership and a meaningful relationship between individual institutions and their local and national communities. The key recommendations under the heading of internal governance target external stakeholder involvement at institutional, regional and national levels. Also recommended is the thorough recasting of the deliberative structures within institutions. This includes the selection (rather than the election) of rectors and presidents, the reduction in the number of and size of internal bodies, and the creation of academic councils as the definitive academic decision-taking and policy-making body in the institution. Academic councils should be complemented by an executive committee to help the rector make decisions about resources. There is a firm recommendation that these institutional bodies should not be replicated at faculty or departmental levels, though there is a place for faculty boards and student liaison committees.

The review team advocates a redefinition of the relationship between some institutions and government, to free them from overly detailed management. Advice on the content of the new higher education institution (HEI) legislation should be sought from a panel of international experts. This should lead to elimination of regulations that delimit stated autonomy; that faculty and staff of the higher education institutions would be defined as employees of the HEI and would no longer be civil servants; that salaries would be a matter for the HEI; and that the creation of employee positions would be subject to an internal process involving the formal agreement of the governing authority of the HEI alone. The finances of the HEIs would be not be considered state finances in such an arrangement. All of the above and other freedoms would be subject to an HEI producing a balanced budget in each year. However, the autonomy and self-regulation which should be a feature of this legislation should not be applied to all institutions with immediate effect. On the contrary, it must be introduced gradually and in response to application from individual institutions. A very high qualification standard must be set, and should be based on actual achievement and proven focus on change rather than on promises.

In examining the national system and structures, the review team came to the firm conclusion that the binary divide (the differentiation between polytechnic institutions and universities) should be strengthened. It also recommends clear definitions for the universities and the polytechnics. For example, increasing polytechnics' emphasis on short-cycle programmes and ensuring that universities do not provide programmes that properly lie within the ambit of the polytechnics and, equally, that the polytechnic role in the research space should not encroach on the university role but should be complementary to it, by focusing rather on technology transfer and development. These recommendations reflect a high regard for the polytechnic sector and for its contribution to the vibrancy and relevance of the higher education sector. Polytechnics must have considerable respect for themselves and their role.

The matter of student financial support requires considerable attention. The financial supports currently available to students are inadequate, particularly as Portugal sets out to expand student access to higher education. An income-contingent student loans system should be introduced, designed taking local circumstances into account. However, there are a number of approaches – in the United Kingdom and Australia, for example – that can be consulted for inspiration.

Although additional financial support from government will be needed for further expansion in student numbers, the government's ability to respond is constrained for the next two to three years as it struggles to adhere to the requirements of the EU Stability and Growth Pact. This strain is compounded by the government's decision to step up its support for R&D (a decision that the review team applauds as it will add to the resources at the disposal of universities). Consequently, the review team advocates the elimination of institutional inefficiencies as a precursor for enhanced government funding post-2009. Tuition charges should be increased significantly, in order to help provide additional resources to the institutions and to acknowledge the significant positive financial advantages that a higher education qualification confers on graduates throughout their working life.

Inbreeding (hiring from within the ranks of a university or research institute) in the academic and research community is a serious problem in many higher education systems; it is highest in Portugal among 14 European countries. The system of faculty appointments must be changed radically or it will continue to hinder institutional development and the excellence of the national innovation system. To correct the problem, promotions and tenure decisions should be based solely on research and teaching achievement. Processes should be competitive and transparent, and the evaluation of merit should be performed by outside peers in the field (preferably supported by international experts).

The review team recognises the work in the area of quality undertaken by the European Association for Quality Assurance in Higher Education on behalf of the Portuguese government. Consequently, the review team did not provide detailed recommendations on quality issues, despite their great importance. The review team did, however, examine the Bologna process and agreed that its implementation presents a unique opportunity to restructure programmes and define aims and objectives. The review team also commented on the unacceptably high attrition rates in secondary school and in all institutions of higher education, and observed a significant indifference to these figures among the academic community.

Significant strides have been taken by government and institutions in developing the higher education system in Portugal. The criticisms and the recommendations here are designed to help all concerned in bringing to pass a quantum leap in the nature and quality of the teaching and research in the higher education system. Portugal, its government, the business community and the population deserve no less.