

# Estonian Higher Education Strategy, 2006–2015

## INTRODUCTION

This document specifies the strategic areas of development for Estonian higher education over the next 10 years. The developmental areas as approved by the Riigikogu will provide guidance in future activities for the Government of the Republic, the ministries and the educational institutions providing higher education.

The elaboration of these developmental areas has proceeded from the following factors/developments that have influenced higher education in Estonia today and the world:

1. The social and economic development of modern society is greatly determined by its innovative capability and its ability to cope with the risks of a globalising world. Central to such a society are free and educated individuals, with the organisation of society and the economy being knowledge-based and proceeding from the principles of human rights and social justice.
2. A precondition for building a knowledge-based society is a fair and effective educational system, of which a vital and advancing component is higher education. Higher education is developing into a universal educational level, to which most of the population aspire through either traditional forms or through the ever-increasing and various forms of lifelong learning. There is increasing overlap between the higher education system and the systems of research and development and innovation. .
3. The quality of education is a central factor of competition. For this reason, deciding on an international division of labour is unavoidable, especially for small nations. It is in Estonia's interest to offer, in the European higher education space, competitive higher education in all spheres of activity that exist here, and to aspire to an international top level in our main fields of activity.
4. The supply of higher education takes place in conditions of a worldwide open educational market and resulting competition, leading to a mandatory requirement for personal and institutional flexibility at all organisational levels of society. Education, and higher education in particular, is therefore both a public and private good.
5. Higher education is a motor for societal development, and an innovative educational system is a precondition for the renewal of society. Fair access to quality higher education, according to one's abilities, is a right that must be guaranteed by the public sector.
6. The organisation of higher education is becoming increasingly student-centred - the expectations, needs and preferences of students have become factors that substantially affect the higher education system.
7. There is increasing participation of the private sector in the funding of higher education. Many states have made the decision to move to tuition fees of various forms, using schemes which vary from symbolic amounts to extensive payments that can be repaid over decades according to earned income.
8. The instruments for the state regulation of higher education are primarily setting state quality requirements and organising supervision over compliance, assessing the performance of educational institutions, and having a state funding policy for higher education. In the substance and organisation of teaching and research, educational institutions will remain autonomous.

## 1. NEED FOR STRATEGIC CHOICES

Looking at the previous development of the Estonian higher education system, which after the reestablishment of independence has essentially been characterised by a *laissez faire* attitude and quantitative growth, it could be said – in the conditions of a transition society and in comparison to the international situation – that the result has been good but extremely uneven. In the choice of strategic goals, the expert group defined the main developmental problems as follows:

- 1.1 The number of higher education institutions is unnecessarily large, the studies available do not sufficiently take into account the needs of the labour market.
- 1.2 The quality of higher education is uneven, both on the level of the institutions and the fields of study.
- 1.3 The output of Doctoral studies does not match the needs of Estonian society.
- 1.4 International cooperation and academic mobility are insufficient.
- 1.5 The level of higher education funding is inadequate, and has not managed to keep up with the increase in the numbers of students and study programmes, and the increase in the cost of living.
- 1.6 The organisation of higher education has become confused and nebulous, the objectives and roles of the levels of study and educational institutions are not clearly defined.
- 1.7 There is no consistent higher education policy, resulting in dissatisfaction with the current situation.

## 2. PRINCIPLES OF STRATEGIC ACTIVITY

This Higher Education Strategy has been planned as a base document for the development of a higher education policy for the years 2006–2015, including the preparation of the section of the National Development Plan associated with higher education for the period 2007–2013. In compiling the Strategy and its subsequent amendments the following three principles will provide the starting points:

- 2.1. Estonia bears responsibility as a state for the structure of its (higher) educational system, implementing it in cooperation and coordination with the other member states of the European Union and taking into account the standpoints of the European Commission and other European institutions and worldwide trends.
- 2.2. The development of the Estonian higher education system is based on the continuity of the national higher education system, and, in setting the goals, account has been taken of the common policies of the EU, including primarily the Lisbon strategy and the creation of a common European higher education space formed by the Bologna process, and of the European research area.
- 2.3. The development of the Estonian higher education system must support Estonia's socio-economic development and increase its competitiveness and capability for international cooperation, simultaneously guaranteeing Estonia's continued national existence. The Estonian Higher Education Strategy supports the realisation of other state development plans, in particular the "Knowledge-based Estonia" strategic development plan.

The implementation of the Strategy will be guaranteed by the legislation issued by the Riigikogu and the Government of the Republic, by adequate funding based on the legislation and through consultative cooperation, based on the principles of performance management. The implementation of the Strategy will take place in cooperation with major partners, independent public law universities, private and public higher education institutions, student organisations, employers and representatives of the non-profit sector. An Advisory Committee on Higher Education will be established for the organisation of cooperation between the partners.

## 3. STRATEGIC OBJECTIVES

Proceeding from world developments and the current situation in Estonia, the strategic objectives of Estonian higher

education for the next 10 years are as follows:

- 3.1. Guarantee a volume of higher education study that is applicable to the demand for higher education, bringing the preferences of students closer to the needs of society.
- 3.2. Assure the quality of higher education on a level comparable to the Nordic countries and the European Union.
- 3.3. Participate as an equal partner in regional and Europe-wide academic cooperation.
- 3.4. Satisfy the needs of Estonian society for a highly qualified workforce, taking into account the integration of the Estonian economy into the Nordic countries' economy, with preferential development of studies in the natural and exact sciences and in technology.
- 3.5. Ensure the continuation and development of Estonian-medium higher education in the European open education space.
- 3.6. Ensure a level of funding close to the OECD average per student, simultaneously preserving an access to higher education comparable to OECD countries.

The strategic planning of higher education will be structured into four basic activities, which will enable the achievement of six strategic objectives, together with the supporting policy measures. These activities are as follows:

1. Linking higher education with labour market demand
2. Linking higher education with research and development activity and the innovation system
3. Assuring the quality of higher education
4. Funding higher education.

The performance of the listed activities will be assessed periodically, in 2008, 2011 and 2014. Each assessment will be accompanied if necessary with amendments to the activities, and the development and approval of a more detailed action plan.

## **ACTION 1**

### **ASSURING THE QUALITY OF HIGHER EDUCATION**

*Indicators: Assessment of Estonian higher education institutions and the quality of their study programmes by agencies registered with the European Higher Education Quality Assurance Register.*

#### State quality requirements

1. The Standard of Higher Education – stipulating the requirements for persons operating higher education institutions, for study environments in higher education institutions, academic staff and study programmes – will be updated;
2. The Universities Act will stipulate the basic points of quality contracts with the universities, setting the requirements for candidates to the positions of professor and docent, the conditions for opening study programmes, and for procedural issues for the defence of theses.
3. The Ministry of Education and Research (MER) will organise state supervision regarding compliance with the quality criteria stipulated in law.

#### Higher education institutions and the higher education network

1. Higher education can be acquired in higher education institutions, which have the sole right to issue the relevant certificates of education. Higher education institutions will be divided into professional higher education institutions, universities, and colleges administered by universities. Any exceptions must be stipulated in the relevant legal acts. The names of higher education institutions (or schools, or those of other persons or institutions) must not be misleading regarding the education offered in those institutions.
2. Institutions may use the word *ülikool* (university) in their names, if they have positively accredited research teams and Doctoral study programs in at least a number of fields of study. A more narrowly specialised higher education institution will also fall under the category of university as a type of institution, if it has a positively evaluated research work in at least one field of study, but it may not use the word *ülikool* in its name.
3. In universities, university study may take place at all levels. The basic activity of university colleges will be teaching according to the study programmes of professional higher education and of teacher training.
4. Private professional higher education institutions and private universities will operate in Estonia as institutions of registered legal persons, but one legal person may operate only one higher education institution, and no other areas of operation will be permitted besides the provision of higher education and activities directly associated with this (research and development activity, cultural activity, etc), which must be stipulated in the statutes of this person.

#### Licensing educational institutions

1. The provision of higher education will become an activity subject to licensing.
2. The initial education licence for already operating higher education institutions (the licence specifies the field of study and the level of the higher education study provided) will be issued to universities by the Riigikogu, on proposal by the Government of the Republic, and to the professional higher education institutions by the Government of the Republic, but the higher education institutions will not be differentiated according to the form of ownership.
3. The education licence will provide the higher education institution the right to issue state documents confirming education attained (diplomas), if the student has completed the study programme(s) within the fields of study and the study levels specified on the licence.
4. On the basis of the education licence of the higher education institution, the Ministry of Education and Research will register the study programmes of the relevant field of study for the educational institution holding the licence, having previously considered the opinion of the Higher Education Quality Assessment Council (HEQAC) regarding the quality of the study programme and study environment. The study programmes must be in accordance with the requirements of the Standard of Higher Education.
5. The basis for issuing the initial education licence will be the accordance of the study programmes with the

Standard of Higher Education, and the requirements for universities and professional higher education institutions (proceeding from the stipulated requirements for the accreditation of institutions), where the relevant opinion will be submitted by an independent expert commission (the reformed HEQAC) to the Riigikogu or to the Government of the Republic, respectively, via the MER. An initial education licence will have a fixed term. Issuing a licence for Doctoral studies will require a previous positive evaluation of the relevant research area.

6. In order to open new fields of study (also to set up a new educational institution), the educational institution will apply for a licence from the Riigikogu or from the Government of the Republic, respectively. The prerequisite for opening a new field of study or study on a new level of study will be a positive assessment by the HEQAC regarding the capability of the educational institution to offer the planned study, and the assurance by the MER on the usefulness of such study in public law universities or in state institutions of professional higher education, and the sustainability of funding this study from the state budget. In the case of private higher education institutions wishing to extend their studies but not applying for state budget funding, the usefulness principle will not be applied.
7. Existing universities and professional higher education institutions will be re-licensed within the timeframe stipulated in the Universities Act and the Professional Higher Education Institutions Act (by 2008). In order to carry out the reorganisations, a register of teaching staff needs to be included in the Estonian education information system (2006), which will determine the staff members associated with each educational institution. The load for the teaching staff in the study activity of the various educational institutions must enable participation in research and development activity.

#### Updating the accreditation system

1. In the accreditation process, diplomas will no longer need to provide the security accorded by state recognition. Accreditation will become an international assessment of the activity of higher education institutions, where the standard of a certain field of study in the higher education institution will be compared with other similar recognised higher education institutions, and the educational institution will be given constructive feedback for planning future developments.
2. Accreditation will be organised by the HEQAC, which makes the final decisions regarding quality. In the case of serious deficiencies, the HEQAC will have the right to propose to the MER that the process of withdrawing the licence be initiated for the relevant field of study at the educational institution.
3. Accreditation will generally take place according to the field of study. Assessment by field of study will take place on the level of professional higher education, Bachelor study and Master's study, and will be obligatory every seven years. In the case of a field of study with an initial education licence, assessment based on the study programme will be carried out. Assessment based on the study programme will no longer be undertaken once there has been a complete, unconditional accreditation of the study programmes within the field of study.
4. Bachelor and Master's study programmes will be assessed at the same time. The assessment of Doctoral study programmes will be combined with the evaluation of the relevant research area, and the Scientific Competence Council will participate in the decision-making.
5. Institutional accreditation will be obligatory. This will involve an assessment of the mission, the aims of the educational institution, and their applicability, the planning and organisation of self-assessment, organisation and management, study programmes, studies, staff of the educational institution, the activity of the students' organisation, the teaching materials in use, the material resources, monetary means, feedback and the organisation of quality assurance, etc.
6. The MER and the HEQAC will have the right to initiate study programme-based accreditation in a higher education institution, but generally the assessment will be carried out at the institution based on the field of study.
7. The Estonian Higher Education Accreditation Centre, in its operation, will proceed from internationally comparable principles, criteria and instructions. The Centre will be registered in the planned European Higher Education Quality Assurance Register.
8. The activities of the HEQAC and the Accreditation Centre will be reorganised in order to create

organisational capacity for the assessment of the study programmes, the study environment of the field of study and the level of study, before the higher education institution will be issued an education licence, and to extend the membership of the HEQAC to representatives of professional associations, the Association of Student Bodies and universities. Procedural bases will be developed for the taking of HEQAC decisions, considering the specifics of academic and professional higher educational studies.

#### Assuring quality in higher education institutions

1. Educational institutions will initiate quality assurance systems suitable for their mission and profile. The relevant obligation will be stipulated in the Universities Act and the Professional Higher Education Institutions Act. These quality assurance systems will abide by the good practice valid in the relevant field of study.
2. Universities will develop the quality criteria for Doctoral theses and will ensure compliance.
3. Higher education institutions will have the right to use the services of the accreditation agencies registered in the European Higher Education Quality Assurance Register.

#### Updating teaching materials and methods

1. In accordance with the Strategy for Developing the Estonian Language (2004–2010), the compilation of Estonian-language higher education textbooks and teaching materials will be supported. The MER will also initiate a state programme for Estonian-language higher education textbooks and specialty dictionaries (2006).
2. Estonian-language teaching software will be developed, and educational technology training for teaching staff, and increasing the use of e-learning, will be supported.

## **ACTIVITY 2**

### **LINKING HIGHER EDUCATION WITH LABOUR MARKET DEMAND**

*Indicators: proportion of people in society with higher education, unemployment rate amongst people with tertiary education, proportion of 25-64 year olds participating in lifelong learning, proportion of people dropping out of studies.*

#### Study programme development

1. Formal higher education study will have a scientifically-based structure, and at least the minimal fundamentals of scientific methodology and scientific worldview will be taught on all levels. All study programmes (including Bachelor study) will be stand-alone, i.e. they will provide access to the labour market. Independent research or creative work will be part of the study programme on the second and third levels of higher education.
2. The study programmes of university and professional higher education will have different orientations – study in universities will be theory-based, and applied skills will be acquired proceeding from theoretical principles. The study programmes of professional higher education will be practical training-centred, and theoretical knowledge will be acquired proceeding primarily from practical needs. The programmes of both university and professional higher education will take into account the changes taking place in research and employment.
3. Proceeding from developments in European higher education, the principles for a unitary qualifications framework will be developed, in order to ensure the recognition and comparability of Estonian education abroad. An indispensable part of the study programme must be a description of the competencies acquired by the person who completes the relevant study programme. The implementation of the changes will take place in stages, and a period of transition will follow the entering into force of the new requirements in legislation, which will enable the introduction of changes in the studies relating to content.
4. The transition to competence-based study programmes will be supported by information and training targeting the teaching staff, and covering the topics of modern teaching methods and assessment (with an emphasis on assessing the competence acquired).
5. In study programme development (incl. in-service training), the professional standards developed on the higher education level, and the need for in-service training, will be taken into account.
6. The organisation of work practice will be updated (incl. a clearer determination of the responsibility of the parties in the organisation of work practice, developing funding schemes that include enterprises, etc). There

will be a clearer linking of work practice with the achievement of competence in the completion of a study programme.

7. In order to improve specialty Estonian-language skills, students will be able to take Estonian language study within the framework of elective subjects, to the extent of at least one credit point.
8. In order to strengthen international cooperation, and to expand the specialisation opportunities for students, legal acts will be prepared which will enable the issuing of joint degrees and joint diplomas (2006).

#### Labour market feedback

1. The feedback from labour market changes into the study process will be introduced through the compilation of regular labour market overviews and forecasts regarding workforce demand, by professional group and economic sector, and taking account population trends.
2. Employers will be included in the development of study programmes and in assuring quality.

#### Career guidance

1. A career guidance system will be developed, which operates on common principles and will enable all young people to find study programmes that are suitable for their interests and talents. Such a system will make specialty choices simpler, thereby enabling a saving in resources in the entire educational system (2006).
2. There will be regular analysis of the implementation of higher education graduates on the labour market, by the link between economic sector, professional group and specialty studied, and by pay rate and unemployment.
3. Opportunities will be created for career guidance training for teacher training students and for working teachers.

#### Lifelong learning and access to education

1. In order to make higher education more accessible and to include non-traditional learners in the higher education system, measures will be developed which will enable the combination of studies, work and family life, and the taking into account of previous studies and work experience, as a significant part of completing the study programme. Universities will be autonomous in determining the conditions for entry and graduation.
2. The access to higher education by learners with special needs will be supported.
3. In order to improve the communication ability of young people, language-learning programmes will be initiated with the assistance of resources from the European Social Fund (ESF). Young people who do not speak Estonian as their mother tongue will have access with state support to Estonian language study of up to one extra year in duration. In the case of young people whose state language skills gave them a result of 60-80% in the state language test, ESF resources will be used in addition to state budget means.
4. Within the framework of a pilot project, young people will be provided with access to professional higher education study after the completion of secondary vocational education based on basic education, without sitting for state examinations. After an analysis of the experience, a decision will be made as to whether this opportunity should be made the rule.
5. The MER will cooperate with the higher education institutions to develop general national principles for the recognition of previous studies and work experience in the study process for all levels of study (together with career guidance).
6. For lifelong learning there will be a goal to ensure access by 12.5% of the 25–64-year old population to in-service training and retraining, and to adult formal education (also including vocational education). A relevant funding scheme will also be created.

In order to achieve this aim, the special benefit tax will be removed for formal education, state support principles for adult in-service training will be developed, access to state-commissioned education (SCE) will be ensured on the basis of secondary education for those adults who acquired secondary education before the implementation of state examinations, and it will be possible for persons with higher education to study part-time using a SCE student place in specialties preferred by the state.

7. In order to increase access to higher education in the counties, the opportunities provided by e-learning will

be actively utilised, developing higher education institutions' joint e-learning centres based on public law university colleges and the e-learning centres of the e-university project. In the centres it will be possible to study any of the programmes of the higher education institutions that have joined the e-university, and if this condition is filled, state support for education specialists and tutors will be guaranteed.

#### State-commissioned education

1. Student places financed from the state budget will be created on the first stage of higher education for at least 50% of those who have acquired general secondary education, enabling approximately 6300 young people to begin studies at the first stage of higher education with the support of the state (2005–2008). In order to better link secondary vocational education based on basic education with professional higher education, resources will be allocated to at least 10% of graduates from vocational education institutions, preferably in professional higher education.
2. In the period 2005–2008, the distribution between the fields of study will remain stable in the allocation of SCE. In the case of additional funding possibilities, resources will be distributed in the areas preferentially being developed by the state.
3. In the distribution of the SCE between educational institutions, the MER will proceed primarily from the quality of the study provided and the developmental needs of the state. In the allocation of the SCE, an effort will be made to avoid study programmes that duplicate in particular specialties with their academic competence and quality below a critical level.
4. In the regional planning of higher education, the educational institutions/structural units subject to SCE, and the university training centres, will be taken into account. The determining factors for a SCE allocation contract will be a critical mass of students, the provision of formal education in areas associated with the specifics of the region, the provision of in-service training at a reasonable level to specialists with higher education, the initiation of developmental projects in areas vital to the region, and a separate institutional assessment of the unit located in the region. For this reason, the educational institutions primarily in Pärnu, Narva, Kohtla-Järve, Võru and Viljandi will be seen as subjects of SCE.
3. For the provision of higher educational study programmes in population centres, the prerequisite will be interest on the part of the region to provide higher educational formal education or in-service training, which would be expressed by the preparedness to partially cover the infrastructure or running costs of the educational institution.

### **ACTIVITY 3**

#### **LINKING HIGHER EDUCATION WITH RESEARCH AND DEVELOPMENT ACTIVITY AND THE INNOVATION SYSTEM**

*Indicators: number of doctoral theses defended per year, proportion of foreign students in Doctoral and Master's study in areas preferred by the state, increasing the number of graduates from the areas of natural and exact sciences and technology.*

#### Doctoral studies in the higher education system

1. Doctoral study, based on a study programme registered by the MER, will take place in universities where a regular evaluation of research work suitable to the profile occurs, and where the relevant research area has received a positive general result in the most recent evaluation, according to the Organisation of Research and Development Act. A three-year transitional period will be set before the evaluation requirement comes into force, during which the previously introduced study programmes must be brought into accordance with the requirements. The university will be responsible for the quality and effectiveness of the Doctoral study, and the degree will be issued by the university.

2. In order to increase the effectiveness and quality of Doctoral studies, the following measures will be developed and implemented:

- Taking into account, in the evaluation of research, the effectiveness of Doctoral studies and the participation in Doctoral studies;
- The more effective involvement in Doctoral study of research institutions, other universities (primarily the centres of excellence, research and development centres and Doctoral schools) and non-university partners (incl. enterprises);
- Developing a concept for Doctoral schools after analysis of the pilot project for Doctoral schools;
- Stipulating the role and funding of Doctoral students in the research funding scheme;
- Including the resources of EU structural funds in the development of Doctoral studies;
- Providing social guarantees to Doctoral students that are not covered by an education allowance (e.g. parental benefit, etc).

#### Deciding the allocation of doctoral students in research areas

1. The state commissioning of education will be linked to the current effectiveness and will be funded, as of 2008, according to general principles on the basis of the university's three-year performance contract. The funding of Doctoral studies will include the cost of research of up to half of the per-head funding. The performance contract must also cover the results achieved through cooperation so that cooperation would be of benefit to all.
2. The substantially increasing proportion (increase of over 10%, or opening up a new field of study) of Doctoral studies in the state commissioning of education will be treated separately in the performance contract, and an increasing proportion will be set for each field of study, and its performance will be assessed after a sufficient time has passed. The goal will be to attain, by 2013, the EU average thesis defence rate, at least 300 thesis defences annually. The state commissioning of doctoral study, therefore, will be increased after the entering into force of the articles on quality contracts in the Universities Act, and after improvements in performance.
3. Until 2013, up to 50% of the SCE will not be set by the state according to field of study, and this part of the SCE will be allocated directly to the universities. For the remainder of the SCE, in determining the proportions for the field of study, the starting point will be the needs of society and international trends. In the initial implementation of this principle, the starting point will be proportionality in the *status quo* distribution for each university. Depending on the results, the algorithm may be amended after 2013. In determining the SCE, there will be an attempt to avoid the creation of duplicate study programmes of insufficient size.
4. An education allowance system will be developed for part-time students in Doctoral studies.

#### Internationalisation

1. In order to support internationalisation, a state programme will be developed whereby new instruments will be suggested for bringing highly qualified specialists (teaching staff, top specialists in particular professions) to Estonia, for supporting the mobility of our teaching staff and students, for starting up study programmes that have been developed in cooperation with foreign higher education institutions in Master's and Doctoral studies, and substantially increasing the number of foreign students in Estonian higher education institutions.
2. The goals for 2014: 3% of permanent teaching staff positions to foreigners; a scholarship for all Estonian Doctoral students of at least one semester in a foreign university; 10% foreign Doctoral students and post-doctoral students in Estonian universities; 5% of Master's study students to receive a state scholarship for study at a foreign university; state support for 3% of first level students for participation in EU mobility programmes; number of foreign students: 3000.
3. English-language doctoral studies will be developed for reasons of language, promoting mobility and for bringing foreign Doctoral students to Estonia. During the course of two years, a scheme will be initiated

whereby every Doctoral student defending a degree at an Estonian university must work abroad for up to one semester in the specialty area. The cost for the Doctoral student to study for a short period abroad will be covered for the universities from the resources allocated to Doctoral studies.

4. Bringing foreign Doctoral students to Estonia will be supported, opening SCE student places to foreigners on the same basis as for Estonian residents (education allowances and other social benefits).
5. The results and effect of the Kristjan Jaagu scholarship programme will be analysed, proceeding from the position of the necessary human resource required to increase the number of qualified top specialists and to maintain the numbers of higher education teaching staff. Based on the assessments, the future scholarship numbers, and the organisational scheme, will be decided for the scholarship programme.
6. The existing instruments will be extended with the goal of implementing a sufficiently extensive post-doctorate system, which would also be open to foreigners.

#### Ensuring innovation and renewal capacity in society

1. In order that a career in research be valued in society, new methods of motivation for the effective defence of degrees in sufficient numbers will be developed, and the existing ones supported. Efforts will be made to increase the interest of young people in research work.
2. Higher education institutions providing professional higher education studies will be active regarding applied research and innovation.

#### Promoting natural and exact sciences, and engineering, amongst young people

In order to increase the interest of young people regarding studies in the field of natural and exact sciences, and in technology, and to increase the proportion of graduates, systematic measures will be initiated, such as the provision of state scholarships to students, offering innovative programmes as elective subjects in upper secondary schools and vocational education institutions, which would provide advantages in entrance to the relevant specialties in higher education institutions, state support to technical and youth clubs, and training in pedagogy for teaching at higher education institutions for the teaching staff in relevant areas.

## **ACTIVITY 4 FUNDING HIGHER EDUCATION**

*Indicators:* level of funding per student, number of higher education institutions with internationally competitive study environments, access to modern research and information systems.

#### Funding principles

The actual competitiveness of Estonia in the European higher education space is becoming increasingly dependent on investments in higher education and research, which is also the basis of innovation and development for the state. With the increase in national wealth, investments into higher education must also constantly increase. Both the public and private sector must invest, but the inclusion of private capital must not reduce the expenditures by the public sector on education, but should be in addition to state funding. Proceeding from this:

1. By 2008, the situation should be achieved where the proportion held by the public sector in the funding of higher education is 1.3% of the Estonian GDP, not taking into account the subsidies paid by the state;
2. By 2008, a level of public and private funding per student should be achieved comparable to the average of OECD countries, at the same time preserving access to higher education at a level comparable to OECD countries. As a vital component in the funding of higher education, as of 2007, an increase proportional to the

increase in GDP will be guaranteed in the basic cost of a student place formed on the basis of state-commissioned education, thereby valuing investments in higher education, research work and innovation;

3. Support the division of resources between institutions and fields of study using quality control and financing principles, so that the concentration of quality is ensured and ineffective duplication is avoided. Since the institutions hold joint responsibility for their sustainability, each institution has the responsibility for assessing the effectiveness of the use of its resources, as well as the obligation to carry out, within the limits of the existing budget, any resulting reorganisation in both the general structure and infrastructure as well as in the fields of study that are provided.
4. The proportion of resources from the state higher education expenditures allocated for education allowances will be kept at least at the current level. At the same time, analysis of the socio-economic situation of students will be set as a goal, as well as the assessment of the effectiveness of the support system operating on the basis of study performance in the creation of equal opportunities regarding access to higher education.
5. The necessary resources for continuing investments into basic assets will be planned, as of 2007, as a percentage of the amount for the state commissioning of education, and will be added to the support activities for institutions. In 2006, an additional state programme for the updating of higher education infrastructure will be prepared and approved, which is planned as approximately 400 million kroon annually over 10 years.
6. In order to improve the effectiveness of the use of the resources of the European Social Fund within the framework of the measure for the development of human resources, there will be support for the strengthening of the implementation structure by initiating central projects and by employing relevant project managers. Within the framework of the European Regional Development Fund's infrastructure development measure, state co-financing will be guaranteed.
7. The bases for supporting the activity of research libraries, as well as the joint supply of databases, information system and e-learning software platforms will be developed, ensuring, by 2008 at the latest, an increase in state support for the supply of information materials and the development of ICT. The continued implementation of the Tiger University programme will be supported.
8. The proportion of finances directed to higher education via targeted state programmes will be maintained at 10–20% of the total expenditures by the state in higher education.
9. In order that higher education expenditures be more clearly determined, those expenditures, which according to international statistics are not part of educational expenditures, will be transferred from the budget of the Ministry of Education and Research to the budget of the Ministry of Social Affairs, by 2007 at the latest.
10. On the basis of an analysis of the amount of educational expenditures funded by the private sector, proposals will be developed during 2006 on encouraging the inclusion of private capital. The possibilities for implementing alternative funding models, and the effects as demonstrated by other countries, will be analysed, also taking into account the activity of European Union states in the relevant areas.

#### State commissioning of education

1. The system for the state commissioning of education will be extended, by adopting three-year performance contracts for the financing of higher education institutions from the state budget (2008), also taking into account, in the determination of operational support, the actual number of graduates, the effectiveness and quality of the study. It will also be taken into consideration that the content and structural logic of the funding model must reflect the values and goals as expressed in the Higher Education Strategy.
2. The state commissioning of education for the regional colleges of the universities, and their obligations regarding the development of the regions, will be stipulated separately in an annex to the contract concluded between the MER and the university. During the transitional period to the new 3-year performance contracts, the necessary stability will be ensured with the allocation of state-commissioned education.

