Portfolio Review: *HESP Network Institutions*

Portfolio lead: Voldemar Tomusk

Moderator: Meredith Woo

Discussants: Christopher Stone

 Michael D. Kennedy

Introduction

During the six-year period of 1995-2000 the Hamburg-based Körber Foundation awarded the Hannah Arendt Prize to acknowledge outstanding examples of innovation in higher education in post-communist Europe and encourage further reforms. When the program was reaching its end in 1999, the jury realized a characteristic that “all finalists – and most of the other nominees had in common, not a ‘factor’ so much as a person: George Soros.” [[1]](#footnote-1) As Dahrendorf reports: “Wherever we went, Soros had been there before us”. The founders and the jury of the Hannah Arendt Prize changed their procedures and the protocol, awarding an extraordinary Prize to George Soros. Opening his acceptance speech, George Soros said: “Those who know me know that, generally speaking, I avoid awards. In particular, I find personal awards very embarrassing. But there are reasons why I feel honoured and pleased to accept the Hannah Arendt Prize. One of these reasons is precisely the one that prompted the award in the first place. The jury identified the excellence of some of the institutions we support. And I am very happy to draw attention to these institutions of excellence.”[[2]](#footnote-2)

Out of the six winners of the Hannah Arendt Prize, four were HESP institutional grantees, known at the time as HESP *supported institutions*. The first winner of the Hannah Arendt Prize was Graduate School for Social Research-Warsaw back in 1995, followed by Invisible College – Budapest, New Europe College – Bucharest, and OBTA-Warsaw. While the Invisible College discontinued its activities just a few years later, other institutions continue their activities. However, as the current report would also suggest, building independent institutions of higher education, which are sustainable while maintaining the necessary moment of novelty in the context of local public higher education systems as well as the increasingly open global opportunities, attracting highly qualified students and generating tuition revenue, is no easy task.

The difficulties of not only reforming, but even maintaining the relatively large higher education systems as they were inherited from the communist regimes in the conditions of a deep economic crisis and the economic reforms of the 1990s offered many opportunities to small independent institutions founded by charismatic academic entrepreneurs. However, as the mainstream adjusted itself to the new situation, benefitting from the government support and funding as well as from the reputation built often over centuries of history, finding their niche became shortly a difficult task for many of the new institutions. Invisible College-Budapest discontinued as a result of a leadership crisis shortly after receiving the Hannah Arendt Prize. Ironically, the Prize appears to have been one of the triggers of the crisis. GSSR has experienced several changes, however, as the last students funded by HESP are completing their studies, GSSR seems to be losing its international nature and is being absorbed by the structures of the Polish Academy of Sciences. While OBTA continues, it would be hard to imagine its functioning without its founder, prof. Jerzy Axer, who created a structure of multiple networks even the jury of the Hannah Arendt Prize found difficult to comprehend. At one stage HESP Board faced the same problem and declined funding. New Europe College became a center for advanced studies.

The portfolio currently under the review has grown out of the developments in higher education in the countries of Central –East Europe and the former Soviet Union (CEE-fSU) in the 1990s’. Perhaps somewhat surprisingly, in a long-term several of the institutions OSF have been supporting have succeeded better than some of those that attracted massive international attention at that time. I find it rather unlikely, however, that in the foreseeable future HESP might face a situation that would require and justify the kind of a response that was offered to the post-communist societies’ needs for a change in higher education – the limitations of such institutions appear far to obvious to repeat this approach at any significant scale. However, at that time in the 1990s in a matter of a few years hundreds of new universities were founded – representing perhaps one of the most unique developments in the history of higher education. Now we also know that very few of them have actually survived. Looking back at our own works in this area I will try to understand as to what some of the conditions for such institutions to succeed might be as well as our role in it. Thinking about the future, the question is how to improve the chances for the universities we still continue investing into to succeed. In broader terms it might be also worth discussing as to what role our current and former partner institutions individually as well as collectively could play in building and strengthening open societies.

When we talk about HESP supported or HESP partner institutions, particularly as far the independent or non-state part of it is concerned, we sometimes address them has HESP *Network Institutions*. The idea of a network has been with us for the most part of the past two decades, although it has not materialized in any strict meaning of the term. There was, however, a period when we brought representatives from the institutions together in a rather regular manner for the annual meetings of the leaders of the institutions as well as for various workshops and other activities.

The Portfolio

The majority of the institutions under the consideration were founded in the early to mid-1990’s, as a response to a deep institutional crisis in the post-communist countries in the CEE-fSU region. At that time the thinking was that most of the higher education institutions in the region would eventually follow the suit of many other institutions of the old regime – from the communist parties and their committees, their youth organizations, fake peoples’ representatives to collective farms. There was a perceived sense of urgency to come up with organizational models of higher education for the emerging free and democratic societies as well as to train as soon as technically possible a significant number of intellectual and political leaders for the new societies, and create a knowledge base for such societies. The latter raised the issue of scholarship and advanced training in social sciences and humanities. These were the goals that led to the founding of CEU first, and almost in parallel with it – supporting new, independent higher education institutions across the region.

A few years on the way it became obvious that university, even under communism, was a rather special kind of institution. While the political regimes they had been supporting and feeding, though often reluctantly, for decades faded away and many of the graduates in the top positions lost their reputations as well as positions, a few years down the road the formerly communist universities were back, sometimes having experienced only minor cosmetic changes. With this the newly established independent institutions, or at least those among them that had aims other than making a quick profit on the recently opened markets of higher education, acquired an additional mission - to serve as examples against which quality and integrity could be assessed in teaching, learning and research as well as the practices running the universities.

The total number of institutions we have chosen for the “big picture” in this report is 13. This comes out of approximately 50 major institutional grantees HESP has had in its history – independent institutions – graduate schools and institutions offering liberal arts programs, development platforms at public universities and *invisible colleges.* Compiling the sample I have kept in mind the diversity of the group as well comparability between the individual cases. Although discussing the initial strategic intent takes us back to the early years of 1991-1992, we are not looking at the institutions, which discontinued over a decade ago or in which HESP had lost its strategic interest. Instead, our main interest would be to think how to increase the chances for such work to succeed as well as eventually to reflect upon the possibilities to use such institutions in strengthening open societies.

The largest institution in our sample is New Bulgarian University (NBU), which with its 8.5 thousand students, unlike the rest of our partner institutions, has never relied on a significant donor support, as it started from the very beginning generating significant tuition revenue. Accordingly, HESP funding to NBU has been limited. South-East European University (SEEU) in Tetovo is a medium size institution in our sample, initially created for the purposes of meeting the educational needs of the Albanian minority in Macedonia, but grown eventually into an international institution. Five institutions in our sample (American University in Bulgaria, American University of Central Asia, the Faculty of Liberal Arts and Sciences of the St.Petersburg State University/Smolny, European Humanities University, Al Quds – Bard College of Arts and Sciences) all focus on liberal arts undergraduate education, although being rather different from each other and following rather distinct courses in their development. Two of them – AQB and Smolny - are units within larger institutions, while EHU is a Belorussian university in exile in Lithuania. We also have five different graduate training institutions in our sample, witnessing the weakness of graduate training in the region. One of them – Graduate School of Social Research in Warsaw operates within a larger structure of the Institute of Philosophy and Sociology of the Polish Academy of Sciences. European University at St.Petersburg is fully independent, while New Economic School has been recently hosted by the Skolkovo Innovation Centre. Majority ownership of the Riga Graduate School of Law was as a result of an acute financial crisis of the institution transferred to Latvian State University. These varied forms of ownership and partnership have emerged as the results of years of searches for a balance in any given situation between economic stability, institutional autonomy and academic freedom. Finally, the sample also includes Nepa School of Social Sciences and Humanities as an attempt to apply one of the HESP *models* in a radically different environment. The outcomes of that attempt have not been encouraging.

As shown in the Appendix 2, the 11 institutions for which we have current data available accommodate 18 thousand students and have graduated 38.2 thousand students over the past decade; their combined annual budgets being $92.5 million. Even if one excludes New Bulgarian University, which with its much larger size distorts the general picture, we are still talking about 9.5 thousand current students, roughly 20.6 thousand graduates over the past decade, and the combined budgets of $69.7 million, out of which OSF covers app. $3 million.

The four cases chosen from the HESP institutional support portfolio cover a variety of practices of building and operating independent higher education institutions, with a mix of outcomes that allow drawing a number of lessons.

American University in Bulgaria

Having received more than $32 million over the period of 23 years, AUBG is the second largest recipient of OSF-HESP funding. But it is most likely also the most successful among the institutions HESP has been supporting. Having built solid international faculty, a strong organization, substantial endowment and a modern campus in Blagoevgrad, AUBG has become sustainable as well as gained strong international reputation. Reaching that point has not, however, been easy.

What have been characteristic to AUBG from the outset are its strong vision as well as a strong funding commitment from George Soros and OSF. Our initial funding commitment at the level of $1.5 million yearly from the very beginning appears as highly unusual. Particularly if one compares this with a pattern that emerged later in the 1990s with some of the grantees applying for a variety of small grants - often *emergency*, *cushion* and similar funding. However, USAID commitment matching our commitment was also unusual. It is, however, indicative that George Soros committed his funding only after a feasibility study had been conducted. Bill Newton-Smith was the primary link between OSF-HESP and AUBG. He also served as a member of the AUBG Board of Trustees and for some period as its Chair. HESP program staff were implementing the funding decisions as agreed between George Soros and Bill Newton-Smith.

To achieve its goals, AUBG had to make certain strategic choices. Although AUBG was initially established in partnership with the University of Maine and covered by the latter’s accreditation, AUBG took early on a view that it should gain its independence as soon as possible – a decision that must have created significant additional work for several years. But proceeding in such a manner AUBG was able to reach its accreditation with the New England Association of Schools and Colleges as early as in 2001. In the same year AUBG was also accredited by the Bulgarian higher education accreditation agency. These two together gave AUBG a huge advantage. It is actually remarkable that the Bulgarian accreditation agency was open to accredit an American style liberal arts institution at that point in time. In this context the presence of the third party in the initial founding agreement – the city of Blagoevgrad, must have played a helpful role.

Running a University in Bulgaria, or for that matter anywhere in the post-communist world, with a nearly 50% of expatriate faculty and the infrastructure development needs to be met and no public subsidies available poses even in the best of the days a massive challenge. However, with Bulgaria’s EU accession in 2007 and with this access to European universities becoming available for free for Bulgarian students, AUBG applicants’ pool contracted abruptly while the need for financial aid rose. The situation worsened further as a result of an unsuccessful choice of a president – AUBG hired the person who a few years earlier had run into major difficulties as the President of AUCA.

After three years the Rector left before completing his term and the previous one, who had earlier stabilized the University, including building a notable endowment, was brought back for an extraordinary two-year term to stabilize the institution. Michael Easton fully met the goals set for him. The combined effect of an environmental change and of an unsuccessful choice of a leader for OSF was the need to continue our funding for an additional three cohorts of students.

American University of Central Asia

The founding narrative of AUCA is somewhat similar to that of AUBG – in 1997 George Soros and the US government reached an agreement to establish and independent institution with a liberal arts profile in Kyrgyzstan. However, as the plan was moving ahead the deadlines become extremely tight, allowing very little preparatory work, if any, before Mrs. Hilary Clinton was to travel to Bishkek in October 1997 to open the university. There was no time for a feasibility study such as in the case of AUBG. While President Akaev supported founding the University, very soon he became interested in it in rather different manner, assuming that his daughter would make a suitable university president. The intrigue that followed led to the departure of both the provost as well as the president of the university. AUCA leadership remained, however, weak until hiring the current president in 2010. Perhaps even more importantly, AUCA now also has a highly capable Provost and a strong Board of Trustees in place.

Given the urgency of the task, HESP staff spent significant time in Bishkek in 1997-1998 working directly on solving many issues related founding the university, including working with the Ministry of Education and the Presidential Administration. As the university started its operations, Bill Newton-Smith assumed the role of the Chair of the AUCA’s Board of Trustees. Since 2010 AUCA has also developed a major line of cooperation with Bard College, funded by HESP. This, among the others, includes a dual degree arrangement between AUCA and Bard College, to the effect that a majority of AUCA graduates receive in addition to a locally recognized AUCA degree a Bard College degree.

The environment in Kyrgyzstan has been considerably less friendly to AUCA than Bulgaria has been to AUBG. The political turbulence has been taking its toll on it as the political support that AUCA initially enjoyed under President Akaev soon turned against it, as the latter was removed from the office. While Akaev’s administration had granted AUCA a 30 years free lease on its building, the agreement has been continuously challenged later, leading to the need to build the university’s own campus. In the context of the Kyrgyz economy it is difficult to sustain a university with the full tuition established at the level of $ 5,000 a year. The expectations that might have been there in the 1990s for a rapid economic growth are no longer present.

What perhaps saved AUCA was the extremely low reputation of Kyrgyz higher education even among the Kyrgyz population. In the 1990’s several public institutions had turned into outright diploma mills, diplomas being sold and from those ready to meet the price no learning was required. Price lists were freely available.

In that context AUCA became immediately known as the best higher education institution in Kyrgyzstan, although objectively looking at it, its resources, including intellectual resources were not much better than those in the rest of the higher education system. Being called “American” made, however, a huge reputational difference and despite all the difficulties, the institution stayed free of corruption. Within a year AUCA became the first choice among Bishkek students capable of meeting the fee. HESP made available limited scholarship funding to offer means-tested scholarships.

Despite its relatively high reputation, passing the accreditation process in Kyrgyzstan was an extremely hard task for the university, and it was only the example of Smolny and the Russian higher education standard that included “liberal arts and sciences” among its list of the fields of studies, that convinced the Kyrgyz educational authorities to accredit AUCA.

With time passing the higher education market in Kyrgyzstan has become even more difficult for AUCA. At the time of founding AUCA, President Yeltsin had sanctioned creating “Slavonic” universities in several countries of “near abroad”, including Kyrgyzstan. Opportunity to acquire decent quality higher education in the Russian language has been an attractive option for local elites. One of the opportunities this opened being access the Russian labor market. In the years to follow, several Turkish universities have also being founded in Bishkek, subsidized by the Turkish government. Some of them charge no fee. This has put huge pressure on AUCA to develop a strategy to survive on the market where the cost of AUCA education appears high. Capitalizing on its reputation, AUCA is, however, attracting a significant number of Afghan students, whose studies are mostly covered by the USAID.

One of the main challenges AUCA has had over the years has been the standing of its faculty. As attracting international faculty to Bishkek is a massive, if not an impossible task, at least within the limits of funding AUCA has available for the faculty compensation, AUCA has been relying on the local faculty, which raises questions regarding the substantive value of the degrees they offer.

The initial partnership, which AUCA had with the Indiana University allowed training a group of faculty at the MA level. HESP AFP program spent approximately 10% of its resources over a 10-year on AUCA, providing fellowships under the Returning Scholars’ as well as the International Scholars’ schemes. A small number of AUCA faculty have also benefitted from the CEU modular PhD program. However, to achieve its expected position in Kyrgyzstan and Central Asia, AUCA should significantly improve its academic standing and most likely also acquire its own accreditation in the US independently of Bard College.

European Humanities University

Having been established in 1992, EHU’s connections to HESP date back to 1994 when EHU approached HESP with a request for funding for the renovation of its premises in Minsk. While this grant was eventually awarded (though by Soros Foundation – Belarus) and EHU was included among HESP supported institutions in 1996, the pattern of HESP early grants to EHU shows a degree of hesitation - EHU’s way into HESP network went through HESP emergency grants and also approaches through other OSF programs, notably Institute of Local Government and Public Services (ILGPS, later becoming LGI). In 1996 HESP Board approved annual funding to EHU at the level of $ 300,000 a year for five years. EHU was also seeking additional HESP funding for other purposes, such as library development and computer infrastructure. Some of the concerns we see being expressed at this early stage was EHU’s partnership with the Russian Orthodox Church, as well as lack of a business plan and charging tuition fees well below the level of the cost of the education it provided.

While EHU was founded to serve as an example of a higher education institution in free and democratic Belarus, democratic reforms in Belarus did not last for long. In the 1990’s EHU was one of over twenty private universities in Belarus. With time passing Lukashenka’s regime tightened its grip on the society and eliminated step by step the independent higher education sector through establishing particularly restrictive accreditation requirements and regime of controls and government audits.

In such a manner, by the end of the 1990’s independent higher education institutions had lost their control over the education they provided. This, however, was not enough for President Lukashenka – he could no longer tolerate the presence of even nominally independent institutions in the country, though the substance of that independence had already been removed by means of having established de facto national curricula in higher education. When EHU refused to accept a government appointee in the position of its rector, EHU in Minsk was closed in 2004, and the university moved to exile in Vilnius by the invitation of Government of Lithuania.

Having joined their forces, European Commission and the Nordic Council of Ministers agreed to set-up a Trust Fund that was to provide a significant part of EHU funding from the contributions made by European Commission as well as various European governments. In such a manner the Trust Fund has been able to make regular contributions to EHU at the level of 2.8-2.9 million Euros per annum.

While the university was rescued by Government of Lithuania, European Commission and the Nordic Council of Ministers, it remains unstable. Its funding base remains fragile and over the past couple of years its internal tensions have attracted a lot of media attention. EHU has also had difficulties defining its mission regarding Belorussian academic and intellectual communities, civil society actors and opposition politics, particularly as it also finds itself under an urgent need to generate tuition revenue and make major savings on its budget.

Recently EHU has experienced a major leadership crisis, as the institution has been facing a need to hire a new rector to take over from the founding rector Anatoly Mikhailov, who had lead the institution since its founding in Minsk in 1994. The process has been complicated in many ways creating, among the others, mixed feelings among its donors. However, on April 10 the new rector – David Pollick was confirmed by the General Assembly of the Part-Owners. It remains to be seen whether the recent appointment of the rector might have resolved the issue and restored the conditions for the university to continue its development and restore its position as a Belorussian University in exile.

Being one of the three part-owners of EHU together with the Institute for International Education and the Eurasia Foundation, OSF participates in the most fundamental decisions concerning the University – hiring the Rector and appointing the members of the Governing Board. As since 2012 our funding to EHU has been included in the Bard Omnibus grant, Bard College assists EHU on issues related to their faculty, staff and program development.

OSF’s position regarding the university in exile has been clear since the beginning – we have not been interested in investing into establishing a permanent university in Vilnius, but instead funding activities related directly to Belarus, mostly the distance education program, working outside of the framework of the Trust Fund. Recent developments at EHU demonstrate, however, that closer communication between OSF and the community of EHU donors, particularly at the level of GAPO, would be highly desirable.

Moscow School of Social and Economic Sciences

Moscow School of Social and Economic Sciences (MSSES) grew out of the Multidisciplinary Academic Centre for Social Sciences (InterCentre) established in 1992 by Teodor Shanin – a Vilnius-born Israeli-British sociologist, previously professor of sociology at the University of Manchester. Related to the project we see also two advisors to President Mikhail Gorbachev – sociologist Tatyana Zaslavskaya and economist Abel Aganbegyan. Until 2002 Aganbegyan was the Rector of the Academy of the National Economy (ANE) – the organization that still hosts MSSES in its premises.

MSSES never developed into an independent institution in its own rights. It begun as a part of the development periphery, to borrow Burton Clark’s term, of other institutions – notably ANE, but also attracting intellectuals from across Moscow. The position in the periphery of a much larger organization has given the School certain benefits, but also provided the ground for not entirely transparent interactions between the two organizations, sometimes described in terms of a public-private partnership. The non-transparent nature of the latter led to discontinuing HESP funding to MSSES in 2012.

MSSES developed its particular strengths offering MA degrees in applied social sciences accredited in the Russian Federation as well as validated by the University of Manchester. MSSES attracted a number of entrepreneurial academics in Moscow who involved MSSES students in research projects that had been funded from other sources. Through programs with a significant research component MSSES students gained unique work experience highly appreciated among the employers, not available elsewhere in Russian higher education.

One of the greatest successes we had with MSSES was its Center for Educational Policy Studies that was conceptualized jointly by MSSES and HESP staff. The aim of the project was to offer modular training to middle level education administrators from Russian oblasts. This attracted significant additional funding from the Russian regions as well as from the World Bank and made a major impact. It was successful to the extent that the head of the Centre became the Rector of the School when the Position of the President was created for Teodor Shanin. Unfortunately that did not prove to be a successful leadership change. The next Rector further strengthened the connections between ANE and MSSES further.

Similar to other institutions discussed in this report, leadership issues have played a significant role in MSSES. For HESP, Teodor Shanin has exemplified the proverbial “charismatic leader”, having been a legend on the Moscow intellectual scene already in the 1990’s. However, he tended to see the organization he was leading in terms of his own extension, so that discussions on MSSES issues, particularly from any critical angle, were mostly not well received. By the time we were able to review the School in 2008 it had developed a shadow life, which, to the extent we were could see it, became a cause for a considerable concern. It took, however, over three years after completing the review until the Higher Education Sub-Board reached the decision to discontinue our funding to the School. My understanding is that while Teodor Shanin was confidently acting as the Rector of the School, but spending only limited time in Moscow, the second leadership tier – the entrepreneurially minded vice-rectors - developed their own practices of running the institution without involving the Rector in many of thee decisions they made.

A degree of controversy developed over ANE’s request to MSSES to pay a full rental fee for the premises that were previously given to their use for free as Vladimir Mau took over from Aganbegyan as the Rector of ANE in 2002. Bill Newton-Smith represented OSF in the related negotiations. Eventually $ 400,000 was added to HESP annual grants to MSSES to cover the cost. This was paid until 2011. The argument MSSES’s made was that ANE put the School in an impossible situation, threatening to take over its library in case of a non-compliance.

The main issue of non-transparency with MSSES, however, was that ANE had in its structure a faculty called “Moscow School of Social and Economic Sciences”, while MSSES official Russian title has been “Moscow Higher School Social and Economic Sciences”. The overlapping structures allowed hiding from our sight revenue generating programs in law and business administration and demonstrating us a potentially greater need for funding than the real.

My own assessment in 2012 was that discontinuing HESP funding of roughly $ 1 million per annum would most likely lead to closing the School. This did not happen, as ANE (now as RANHIGS – having been merged with the Academy of Public Service, the former Communist Part Schools network across the country, now operating under the President of the Russian Federation) stepped in and bailed the School out. Teodor Shanin still serves as the School’s President.

Discussion

As we are drawing lessons from the largest part of HESP work so far, the question regarding the outcomes of that work is a significant one. One simple metric for the impact we have often used is the number of students studying at our institutions. But in a long run this is not particularly informative. Darvas in his earlier study on Hannah Arendt Prize finalist institutions for example argues that institutions can easily drift away from their initial mission[[3]](#footnote-3). This may happen either when facing unexpected challenges or identifying new opportunities.

*Sustainability* of the institutions is the issue we have raised repeatedly, trying to figure out how sustainable any of the institutions had become while HESP continued its funding. However, as we also see, limiting our funding may be a part of the road towards sustainability. The proxy most often used to assess the sustainability is the percentage of funding from non-OSF sources. Most interesting for us has been the capacity of the institutions to raise tuition income, as this appears most adequately demonstrating how the institutions have been able to connect to the real markets.

Here we have faced major challenges over the years. Leaders of many, or perhaps the majority of our institutions found it initially hard to comprehend that students may actually need to pay for their studies. As the economic situation worsened dramatically in the 1990s and with this the educational budgets of the post-communist countries shrunk, several heads of our institutions thought that it was indeed the responsibility of OSF and its founder to pick up a part of that cost and with this the role the State had previously played offering free of charge education – whatever the meaning and the quality of that education ultimately was. It took us years to make ourselves understood in such conversations with institutions such as MSSES, EHU and others some others. As Bologna Process, that to a significant degree was to serve the purpose of creating a single higher education market across 47 countries, has been pushed back and higher education is once again seen as an instrument in the service of building exclusive national identities (one may think here about Hungary, Macedonia as well as Russia and several others) and for that purpose to be offered for free, our institutions often fight a uphill battle. The extra value they should be able to demonstrate would be noticeably higher quality and opportunities for further studies as well as for employment for the graduates.

Taking a long-term perspective, *sustainability* assessed at a particular point in time does not tell much about the strength of the institutions and their ability to adjust to changing environmental conditions. Looking at our sample of institutions we can, however, identify the most successful ones among them as well as identify a few sources of that success. But before moving to this, I would like to note that Darvas was most likely after all not correct seeing institutions drifting away from their initial mission as a threat. Our sample demonstrates that the institutions surprisingly strongly adhere to their initial missions. I would actually argue that some of the institutions, such as MSSES and EHU have perhaps followed too closely their initial mission, losing their critical edge or even relevance in the changing world.

Sandra Romenska in her 2008 PhD thesis that looked at the institutional innovation in five HESP supported institutions[[4]](#footnote-4) developed a model of innovation that offers some insights to the success. Although the current report is not interested in the institutional innovations as such, Romenska’s model offers us some insights into the makings of an institution adhering to its values as well as capable adjusting to changing environmental conditions. It is most interesting to notice that four out of the six variables in her model are related to leadership – team leadership, individual leadership, culture and empowerment.

As the brief case studies included in this report also tend to suggest, leadership is one of the significant sources of a long-term institutional success. But Romenska is also correct suggesting that it takes more than a charismatic leader to build a stable and sufficiently flexible institution. The case of MSSES shows as a strong leader may lose contact with the organization he or she is leading. The case of EHU in my view demonstrates that a leader paying too much attention securing his or her own position within the organization may lead to creating a massive dysfunctionality, particularly when, if one may put so, the ship is sailing in the unchartered waters. Building an effective leadership team is important, though the role of the leader, as the case of AUBG suggests, should not be be underestimated either. Identifying the next leader by means of an open process often requires a major cultural shift, which some of the institutions we have worked with have not yet made. It also appears to be the case that after having the same leader in place for 15 or 20 years, leadership change tends to become an extremely painful experience.

Most of the institutions sooner or later experience a crisis in their leadership. Sometimes a leader may lose a connection with the organization or became unable to lead it in a radically changing environment. Sometimes, even if adequate structures and processes are in place, a wrong person may be chosen. From the Foundation’s point of view the cost of such a crisis may appear significant. Foundation’s room to act in such situations, particularly with academic organizations, is extremely limited. Although OSF previously had a policy to be represented in the governing bodies of the major institutional grantees, that has not always prevented the crisis from occurring and it cannot even be expected to allow this always and everywhere. However, in a couple of cases information available to us should have led to better and less costly solutions to be reached.

Returning to the opening of this report, in his acceptance speech of the Hannah Arendt Prize in 1998, George Soros said: “I believe we were able to make a greater contribution in those countries where we were able to work in conjunction with the authorities than in countries where we relied entirely on organizing or supporting civil society.”[[5]](#footnote-5) I believe that this is also true about working in higher education, particularly building new institutions. For AUBG gaining Bulgarian accreditation was a significant step establishing itself locally, and the US accreditation for the international recognition. Alternatively, EHU lost much of its innovative nature under the oppressive political regime in Belarus by just following the increasingly restrictive “standards” of higher education. Building strong institutions in a hostile environment is an almost impossible task. Recent developments in Russia demonstrate that even relatively stable institutions may face major difficulties when hostility grows. We had a rather naïve view in the early days that all that matters is excellent education and that sooner or later the quality will be noticed and appreciated. This is not necessarily so. It would require significant additional work to establish strong institutions, including working with bureaucracies, such as the quality assurance agencies. But then, there are also points at which radical changes should be made and radically different working methods identified. In some unfriendly environments, for example, institutions of non-formal education may offer a viable alternative to institutions exchanging their core values for survival.

Looking back at the history, it appears that HESP may have followed two rather different models of OSF engaging with new institutions - thorough preparation and planning to be followed by a significant funding commitment, as in our sample the case of AUBG demonstrates; or careful entry and trust-building by means of small grants, emergency funding, etc. EHU perhaps represents the latter. It may well be the case that MSSES gives us a third model – significant commitment being made without major preparation. Clearly, one would argue for the first option, while the success of the second and third depend on the successful strategy development at the later stages. This, however, has two major preconditions – initiative and competence demonstrated by the Foundation staff to encourage the grantees launching such processes, and the openness of leaders of the particular institutions to such recommendations. Particularly as the leaders of such organizations are often individuals with very strong views, as both Dahrendorf and Darvas have confirmed.

I do believe that an institutional review, even if it is not nearly as thorough as the ones conducted for the purposes of accreditation, serves as the best tool for identifying problems, a measure of confidence building as well as a ground for a productive dialogue with a grantee organization. It was the review of GSSR back in 2005 that convinced HESP staff as well as the Higher Education Sub-Board that the School offered high-level doctoral training at a reasonable cost and that its operations were basically sound. In a similar vein, the review of MSSES revealed major problems. The latter review was, however, long overdue, partly for the reason that the head of the institution perceived such a review as a sign of personal mistrust and made that view well known. If there would be one significant lesson to take home from here, this is that all major grantees, independently of their positions and statuses, should fall under the same regular regime of reviews and that no process, formal or informal, to negotiate out if it should be available,

1. Ralf Dahrendorf, *Universities after Communism: The Hannah Arendt Prize and the Reform of Higher Education in East Central Europe*, Hamburg: Edition Körber-Stiftung 2000, p. 83. [↑](#footnote-ref-1)
2. *Op. cit*. p. 159. [↑](#footnote-ref-2)
3. Peter Darvas, Institutional Innovation in Central European Higher Education. Vienna: IWM, 1998, p.76. [↑](#footnote-ref-3)
4. Sandra Romenska, *Processes of Institutional Innovation in Higher Education in Central and Eastern Europe in the Period of 1989-2005: Five Higher Education Institutions Supported by the HESP/ Open Society Institute Network.* Summary report of the thesis submitted to the University Oxford for the degree of D. Phil. 2010. [↑](#footnote-ref-4)
5. Dahrendorf 2000, p. 161. [↑](#footnote-ref-5)