

Expanding Higher Education: Why? How?

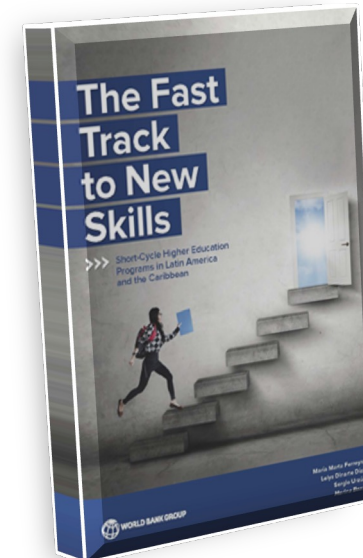
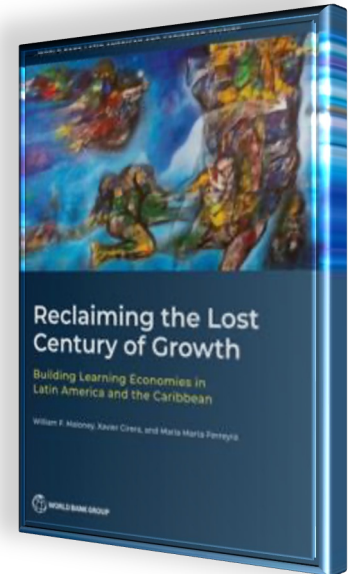
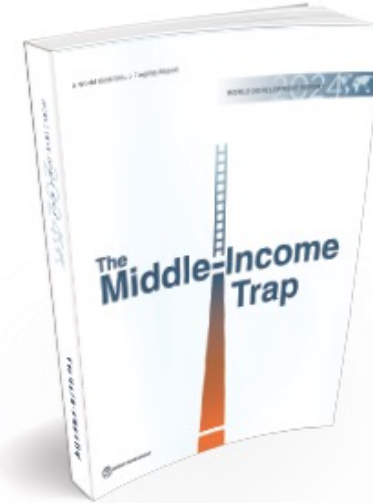
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Fibra Educa Day 2025



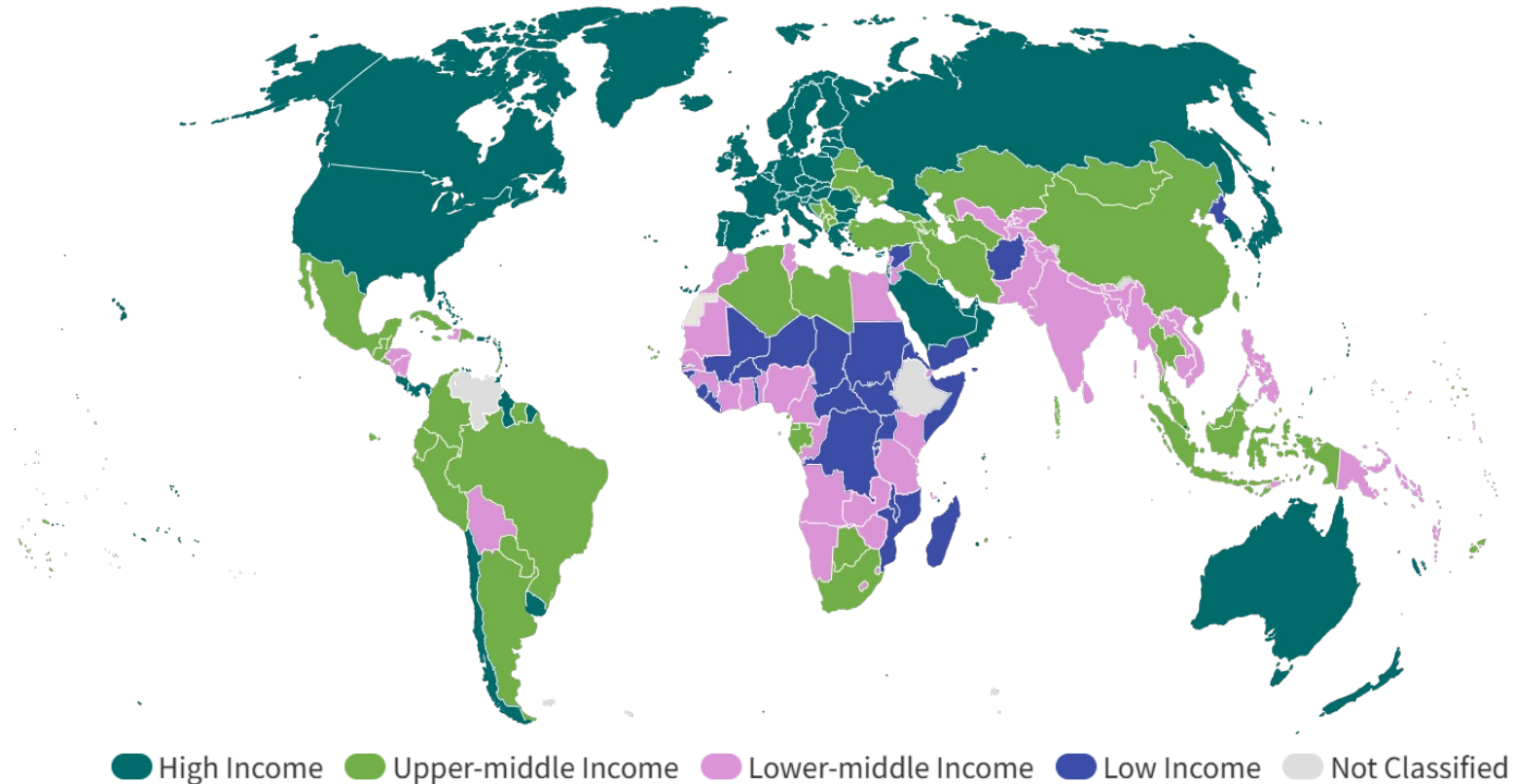
Sources (World Bank reports)

- *World Development Report 2024: The Middle-Income Trap*
- *Reclaiming the Lost Century of Growth: Building Learning Economies in Latin America and the Caribbean*
- *The Fast Track to New Skills: Short-Cycle Higher Education Programs in Latin America and the Caribbean*



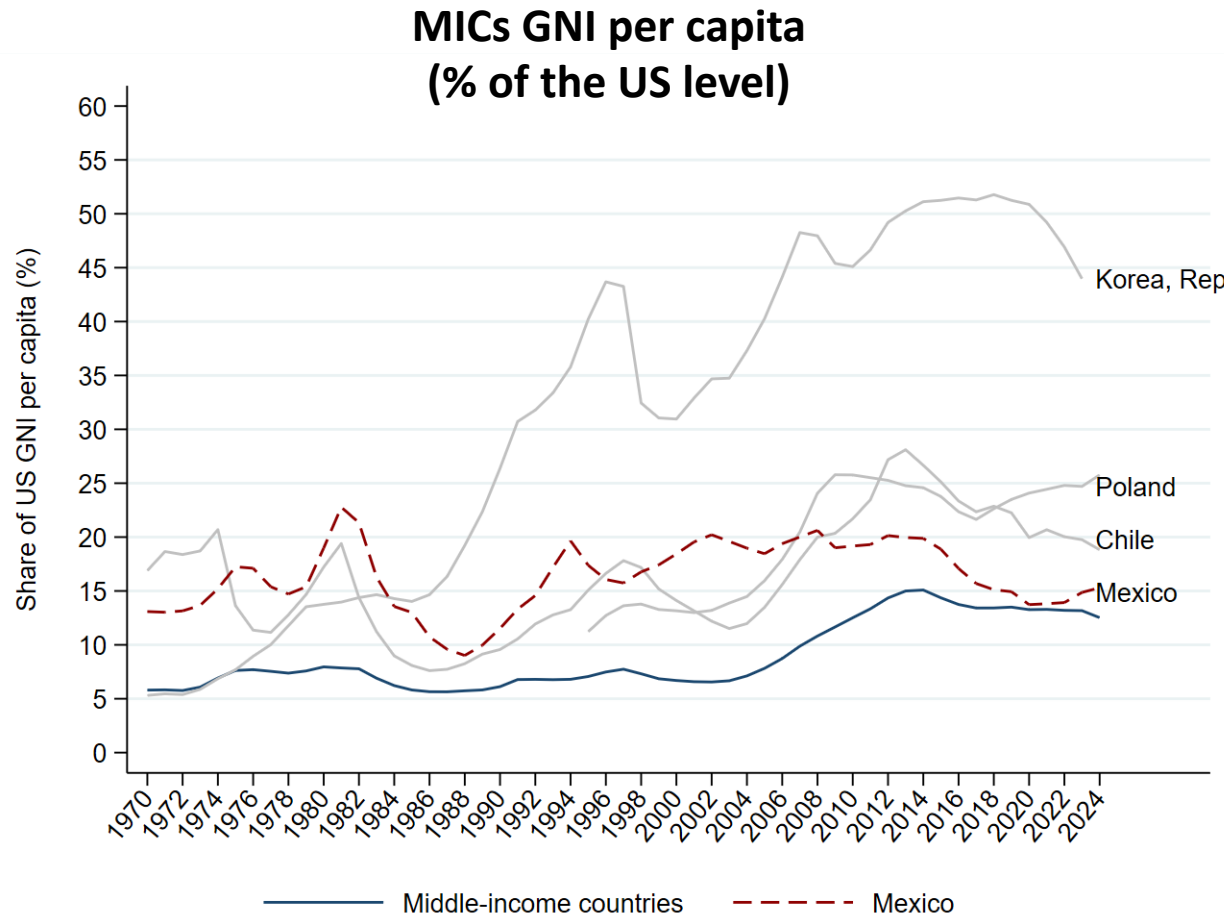
Mexico is a Middle-Income Country (MIC)

- 104 middle-income countries
 - From US\$1,136 to 4,495: Lower middle income (LMIC)
 - From US\$4,496 to 13,935: Upper middle income (UMIC)



Source: [World Bank Income Classifications FY26](#). Notes: The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of the World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.

Growth in MICs is slower than in LICs or HICs

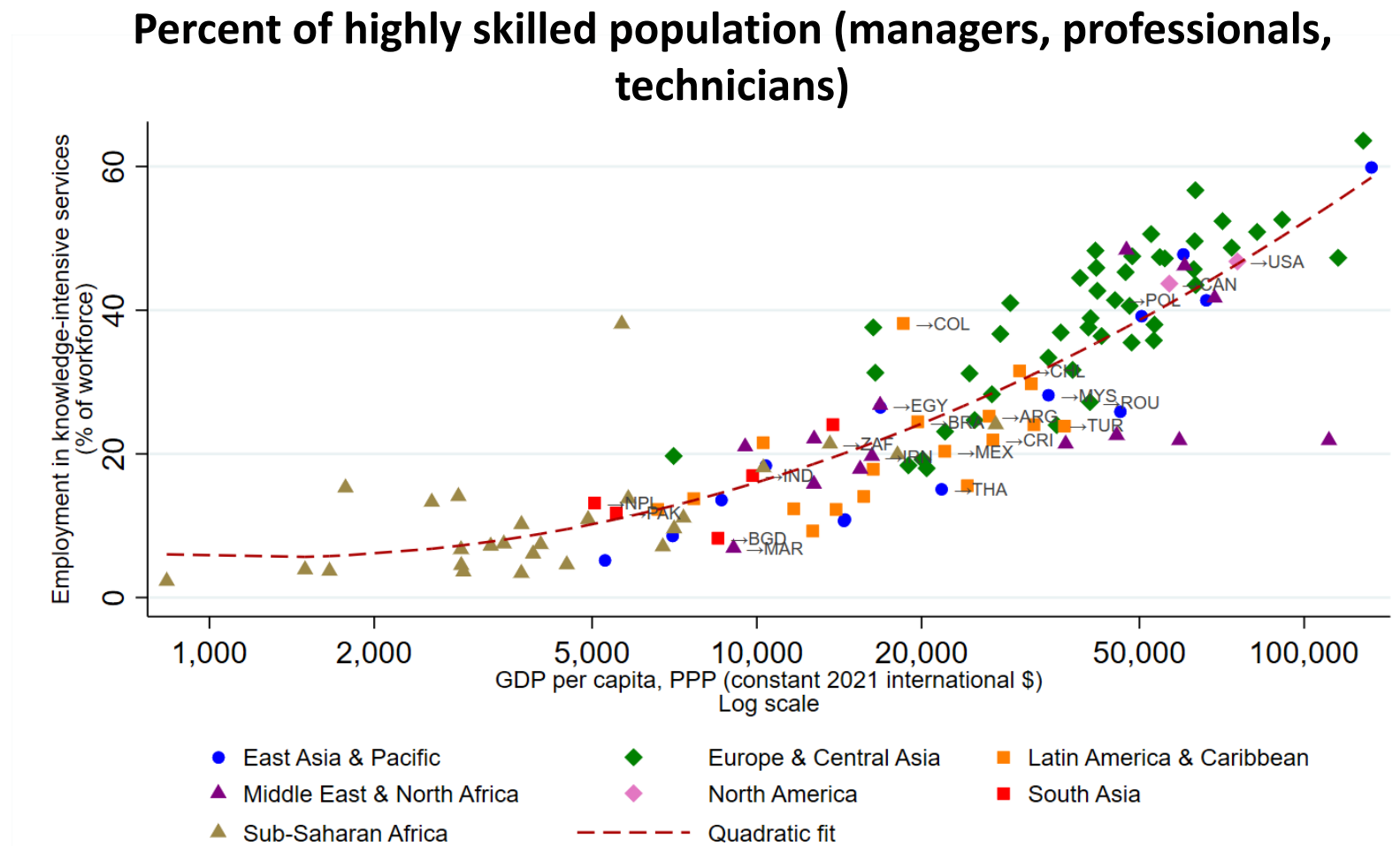


Source: WDR 2024 team using the WB World Development Indicators.

Notes: Aggregate growth rates are calculated using GDP weights and market exchange rates.

- Countries fall into “traps” for decades
- Previous strategies (e.g., investment in physical capital) yield diminishing returns
- To grow, MICs need to innovate
- *Education is key to overcoming the middle-income trap*

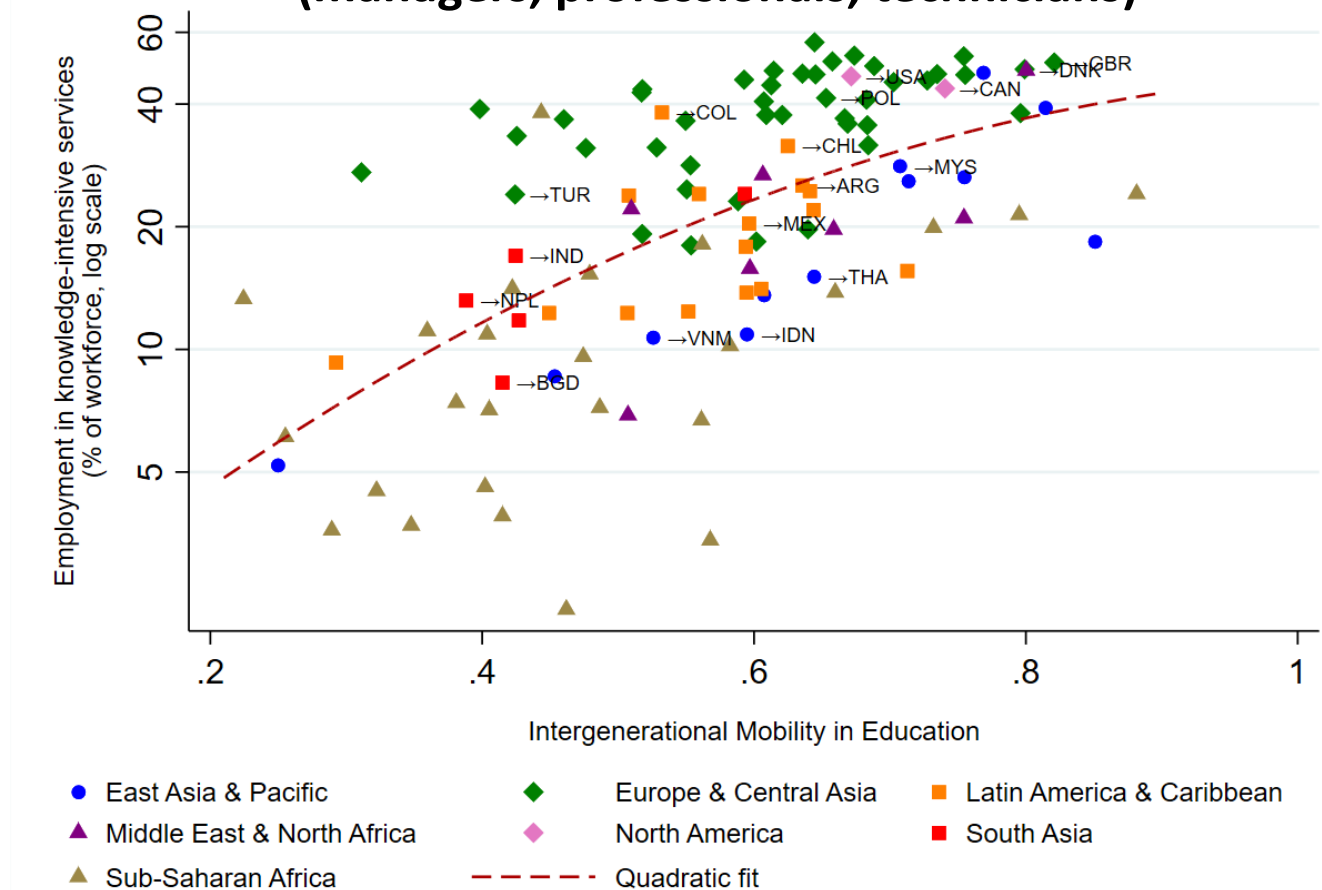
More developed countries employ more highly skilled workers



Source: International Labour Organization (ILO), ILOSTAT Database of Labour Statistics (<https://ilostat.ilo.org>), and World Development Indicators. Notes: For every country, the figure shows the workforce share employed in knowledge-intensive occupations, which include managers, professionals, technicians, and associate professionals (categories 1 to 3 in the International Standard Classification of Occupations (ISCO)). Skilled workers data for the last year available in 2011–2021. GDP per capita data is for circa 2022.

Countries with more educational opportunities develop more talent

Intergenerational mobility in education and skilled workers (managers, professionals, technicians)



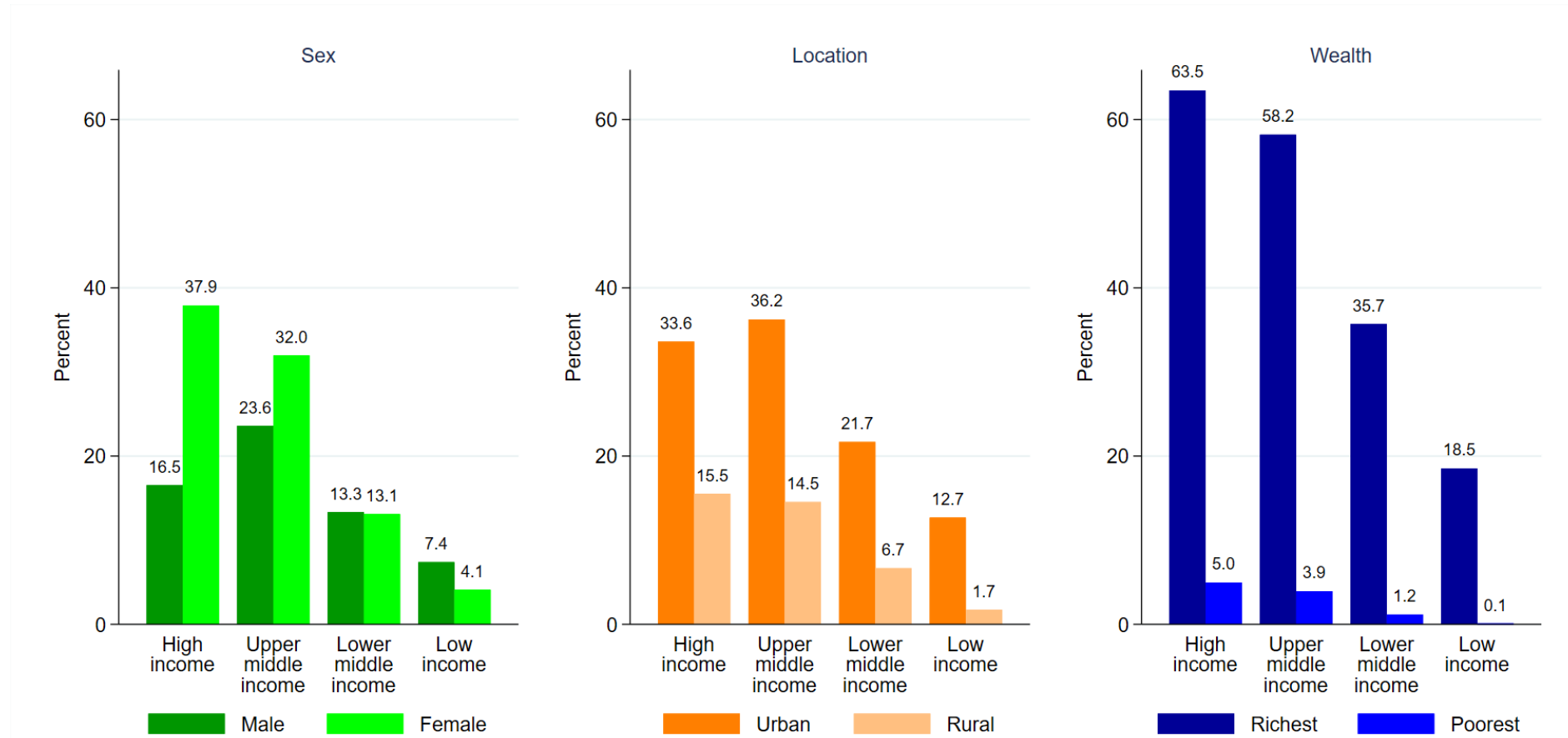
Source: International Labour Organization (ILO), ILOSTAT Database of Labour Statistics (<https://ilostat.ilo.org>), and GDIM (Global Database on Intergenerational Mobility) (dashboard). Notes: For every country, the figure shows the workforce share employed in knowledge-intensive occupations, which include managers, professionals, technicians, and associate professionals (categories 1 to 3 in the International Standard Classification of Occupations (ISCO) in the vertical axis and the intergenerational mobility in education defined as $1 - \text{the coefficient estimate from a regression of children's schooling on parents' schooling, corresponding to the generation born between 1980 and 1989}$.

Question 1: Why expanding higher education?

- **Key to growth, development, and social mobility**
- **But, on average, higher education in MICs is underperforming in this mission**
 - **Despite its great enrollment expansion in the past few decades**

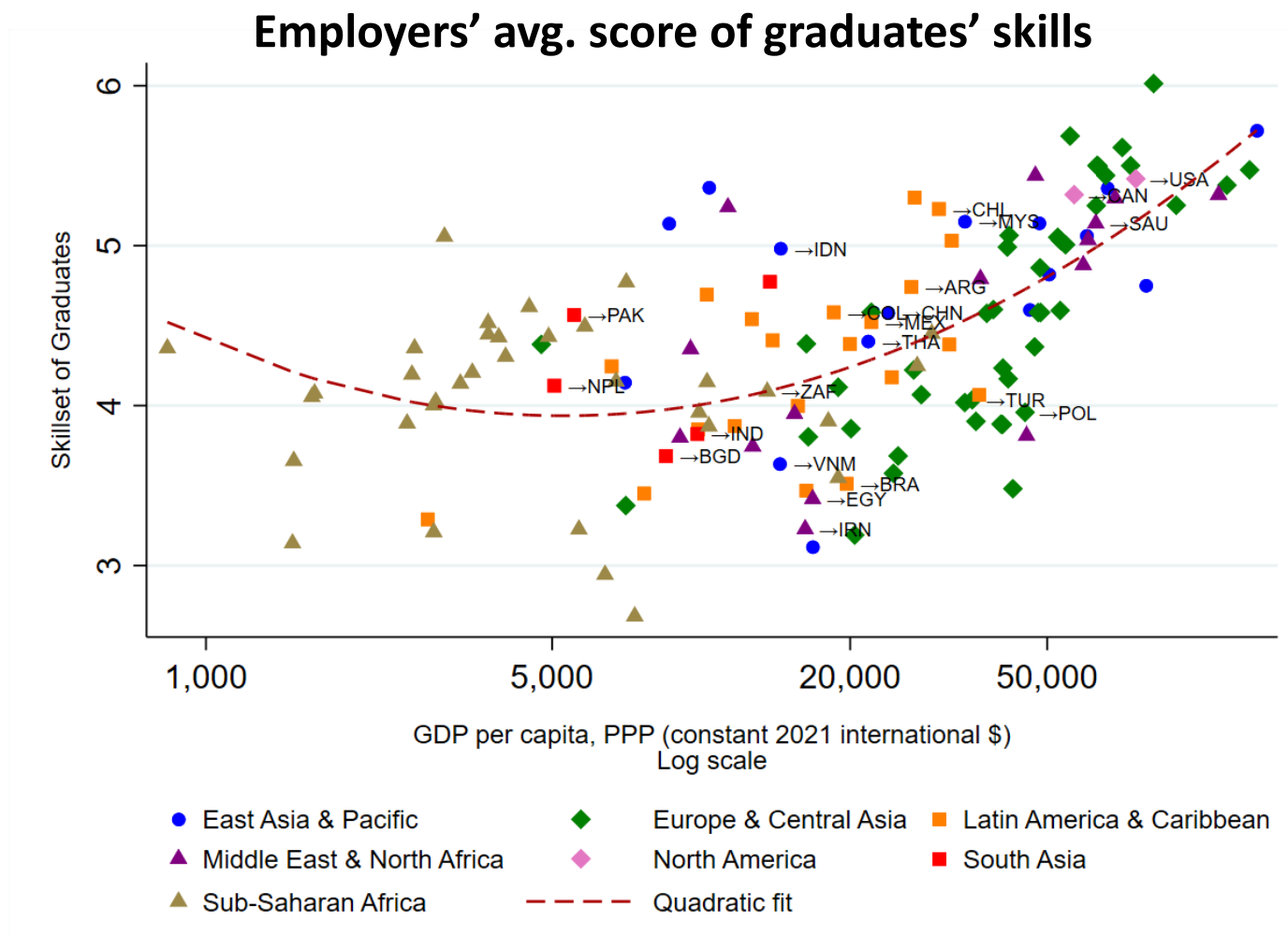
Higher education access is not equitable

% of students who completed at least two years of higher education



Source: UNESCO education inequalities database based on household surveys. Figure shows the median percentage by sex, location and wealth of people aged 25–29, who have completed at least two years of higher education across countries in each income group. Richest and poorest refers to the top and bottom quintiles of the wealth distribution, respectively. Number of countries: 3 high-income, 30 upper-middle income, 36 lower-middle income, and 24 low income.

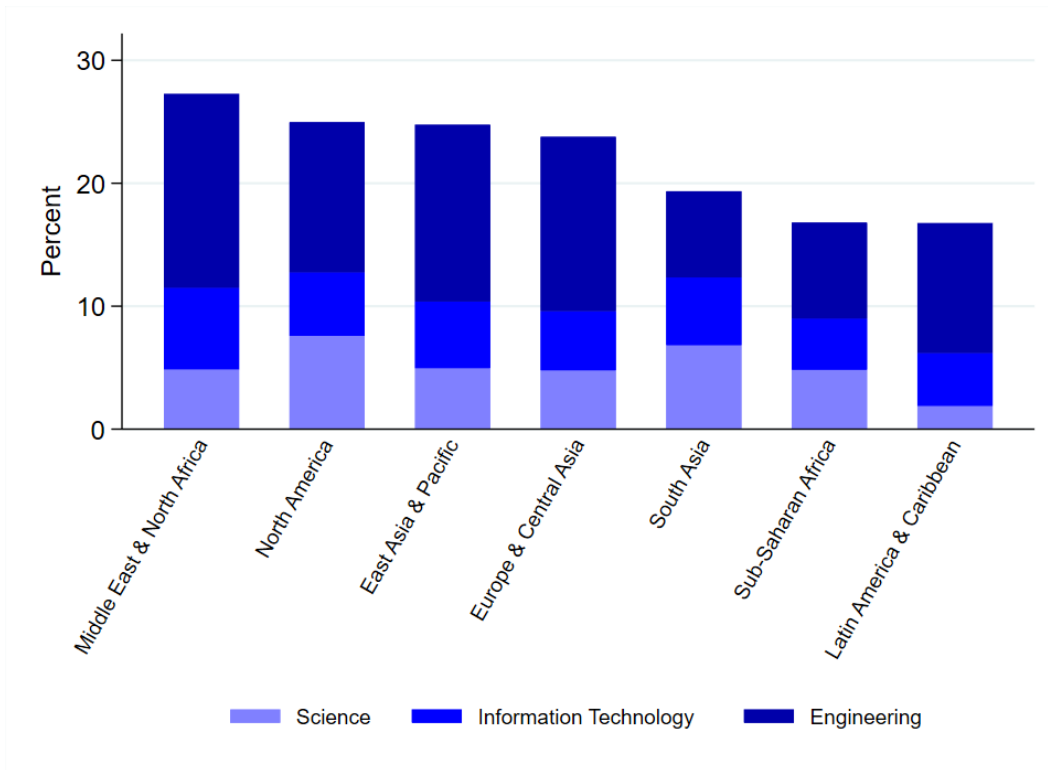
Students don't learn relevant skills in higher education



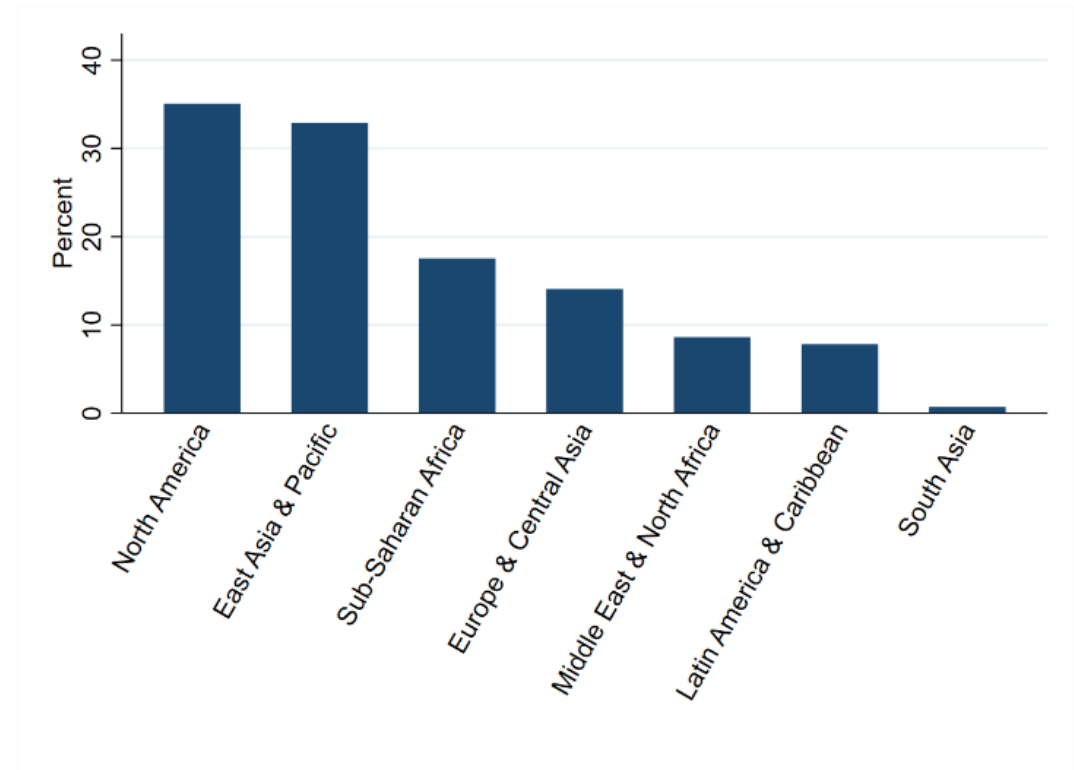
Source: World Economic Forum, Executive Opinion Survey, and World Development Indicators, World Bank. Data is from 2019. Skillset of graduates is the average score of the following question: “In your country, to what extent do graduating students from university possess the skills needed by businesses?” The answer ranges from 1 (not at all) to 7 (to a great extent).

Few higher education students choose STEM or short-cycle programs

a. Share of STEM graduates



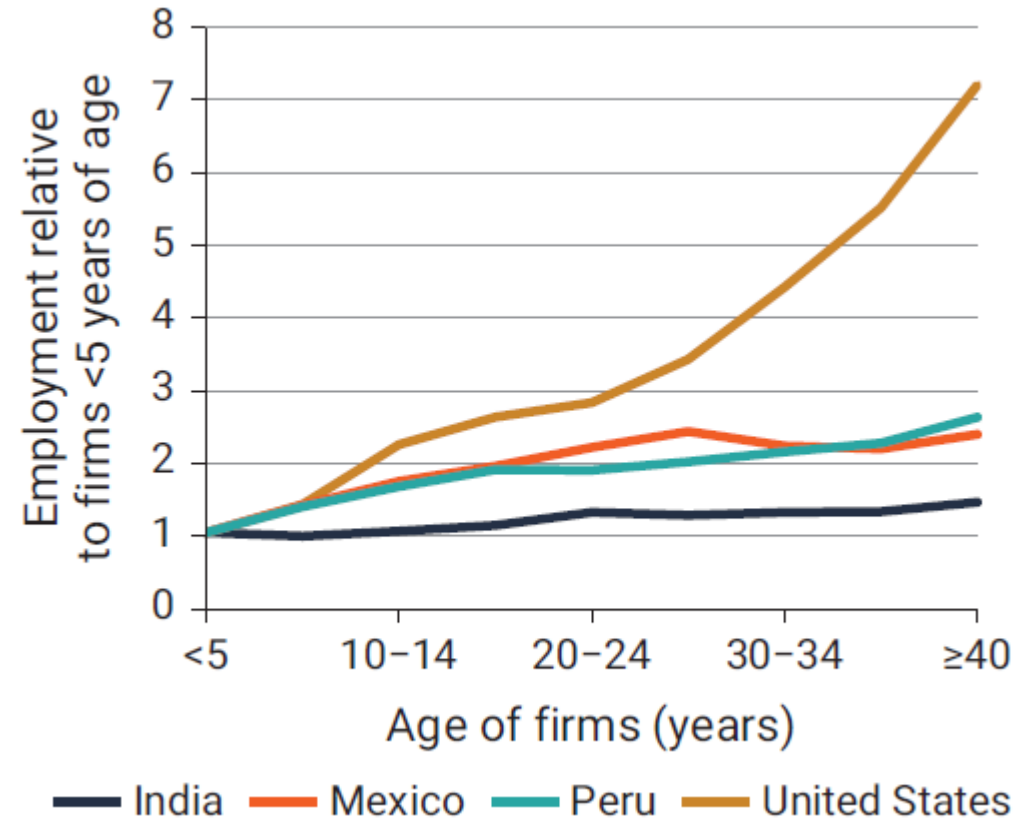
b. Enrollment share in short-cycle programs (2-3 years long)



Source: UNESCO Institute of Statistics (<http://data.uis.unesco.org>). Notes: In panel a, for every region the figure shows the median field share over the countries in the last year available between 2000-2021. Shares are normalized to add up to 100 percent. Science includes natural sciences, mathematics and statistics. In panel b, the figure shows the weighted (by population) average of the share of tertiary education students enrolled in short-cycle programs (ISCED 5) across countries in each region for the last year available per country.

Students don't learn the entrepreneurial and managerial skills related to firm growth

In MICs, efficient firms do not expand, and inefficient firms do not exit the market



Source: India, Mexico, and the United States: Hsieh and Klenow 2014; Peru: World Bank 2015. Notes: Figure illustrates the average employment across a cohort of firms of different ages in the cross-section of firms. The number of employees serves as a proxy for firm size. The y-axis axis reports the average employment of each cohort relative to the average employment across firms under five years of age.

Question 2: How to expand higher education

- A “good” expansion should include:
 - **Equity** in access
 - **Variety** of options (short v. long programs; variety of fields and majors)
 - **Quality** training, relevant for today’s needs
- Our challenge:
 - Enabling a “good” expansion of higher education

Thank you!

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