

## Demand-Side Financing for Thai Higher Education: A Reform Towards Sustainable Development

**Authors :** Daral Maesincee, Jompol Thongpaen

**Abstract :** Thus far, most of the decisions made within the walls of Thai higher education (HE) institutions have primarily been supply-oriented. With the current supply-driven, itemized HE financing systems, the nation is struggling to systemically produce high-quality manpower that serves the market's needs, often resulting in education mismatches and unemployment – particularly in science, technology, and innovation (STI)-related fields. With the COVID-19 pandemic challenges widening the education inequality (accessibility and quality) gap, HE becomes even more unobtainable for underprivileged students, permanently leaving some out of the system. Therefore, Thai HE needs a new financing system that produces the “right people” for the “right occupations” through the “right ways,” regardless of their socioeconomic backgrounds, and encourages the creation of non-degree courses to tackle these ongoing challenges. The “Demand-Side Financing for Thai Higher Education” policy aims to do so by offering a new paradigm of HE resource allocation via two main mechanisms: i) standardized formula-based unit-cost subsidizations that is specific to each study field and ii) student loan programs that respond to the “demand signals” from the labor market and the students, that are in line with the country's priorities. Through in-dept reviews, extensive studies, and consultations with various experts, education committees, and related agencies, i) the method of demand signal analysis is identified, ii) the unit-cost of each student in the sample study fields is approximated, iii) the method of budget analysis is formulated, iv) the interagency workflows are established, and v) a supporting information database is created to suggest the number of graduates each HE institution can potentially produce, the study fields and skillsets that are needed by the labor market, the employers' satisfaction with the graduates, and each study field's employment rates. By responding to the needs of all stakeholders, this policy is expected to steer Thai HE toward producing more STI-related manpower in order to uplift Thai people's quality of life and enhance the nation's global competitiveness. This policy is currently in the process of being considered by the National Education Transformation Committee and the Higher Education Commission.

**Keywords :** demand-side financing, higher education resource, human capital, higher education

**Conference Title :** ICHE 2022 : International Conference on Higher Education

**Conference Location :** Paris, France

**Conference Dates :** June 23-24, 2022