



Growing Inclusive Markets

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CASE STUDY

South Asia • Islamic Republic of Afghanistan

Afghan German Management College: Business Education via Distance Learning

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Sector • Higher Education

Enterprise Class • Nonprofit

Type of inclusion • Consumer

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Executive Summary

The Afghan German Management College (AGMC) provides a case study of the opportunities and challenges facing private online learning nonprofit organizations in the post-conflict environment of the Islamic Republic of Afghanistan.

The AGMC provides access to business and entrepreneurship education via an internet based learning platform. The curriculum content for the online platform is produced by lecturers located in Germany and delivered to students in numerous provinces and remote areas of Afghanistan. The low cost internet operations allow an inclusive pricing strategy for students from low-income households. The AGMC runs on a profitable basis, has reinvested all surpluses in the future growth of its student body and provided jobs for seven full time and part time employees in Afghanistan. The four-year study program grew from 12 students in 2006 to 350 students in 2011.

A business opportunity for AGMC arises in trying to tackle the problem of a higher education infrastructure that is unable to sustain a growing number of high school graduates preparing to transition into higher education. Currently, an estimated 600,000 students will be vying for 100,000 available spaces in colleges and universities. New private higher education models thus provide a viable alternative to bridging the gap.

Secondly, the highly qualified lecturing body of private models such as the AGMC, consisting of young professionals, PhD candidates and university professors, contrasts the low educational level of Afghan lecturers, where the majority only holds bachelor degrees. AGMC's online platform thus provides an opportunity to provide high quality education to meet the needs of the Afghan labor market. In addition, such an education is crucial in motivating young Afghans to pursue the path of entrepreneurship and thereby stimulate the local economy. The case shows that some employed students have progressed in their careers during the study time and the entrepreneurial approach of the practical study semester has already incubated some small market-driven businesses.

Thirdly the online component of AGMC's business model has proved to be inclusive for women, providing the security women need in a post-conflict environment.

Despite the strengths of the AGMC model, it does also have some shortcomings. A student survey has shown that a large portion of AGMC's customers belong to a well-educated elite which contrasts the original idea of the model. Secondly, the private model lacks integration in the government and political structure of Afghanistan, which makes a small NGO such as AGMC subject to a high degree of uncertainty as far as local accreditation is concerned. Such uncertainty threatens sustainable long term development and leaves employees and students at risk.



Introduction

“There is a huge backlog demand of students and the public university system cannot meet this growing demand on its own. Our government is opening up for all educational models available to meet the demand for university places.”¹ – Deputy Minister of Higher Education

Private business models in higher education² have always been a contentious and polarizing topic, raising many complex issues surrounding access to and quality of education. In particular, in Afghanistan where the higher education sector had to pass several shocks in the circumstance of war and crime, access, quality and the capacity of higher education is of primary public concern. Opponents of private models claim that control over education must be a generic task of the government. In contrast, supporting voices argue that private universities fill the niches where there is low quality in the public system and offer an alternative source of supply to a constantly growing backlog demand, caused by cohorts of school graduates leaving the secondary school system in the years to come.

While Afghan policy makers have given considerable focus to improving the quality and capacity of public universities, they remain aware of the benefits provided by the private higher education model. The Strategic Plan of the Ministry of Higher Education (MoHE) foresees education policies that leverage a diverse higher education landscape that comprises both public and private university models.

In this respect the MoHE plans to favor private nonprofit models rather than commercial models in an attempt to safeguard against commercial exploitation of students. However, private distance learning models in higher education are perceived as difficult to assess and monitor from the MoHE’s perspective and proof of concept is the current policy strategy in distance learning.

The Afghan German Management College (AGMC), an entitled nonprofit organization in Germany and Afghanistan, is one of the few entrepreneurial models that is trying to achieve business education in higher education via distance learning.

Context

AFGHANISTAN’S EDUCATION SECTOR

¹ Interview with Osman Babury, Deputy Minister of the Ministry of Higher Education, Kabul, 24 April 2010.

² There is a thin line in the usage difference for the terms higher education and tertiary education. Both describe similar parts of the education system and are widely used to express the same. In this case it is referred to the World Bank’s definition for tertiary education: “Tertiary education broadly refers to all post-secondary education, including but not limited to universities. Universities are clearly a key part of all tertiary systems, but the diverse and growing set of public and private tertiary institutions in every country—colleges, technical training institutes, community colleges, nursing schools, research laboratories, centers of excellence, distance learning centers, and many more—forms a network of institutions that support the production of the higher-order capacity necessary for development.” retrieved from

http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTEDUCATION/0,,contentMDK:20298183~menuPK:617592~pagePK:148956~piPK:216618~theSitePK:282386,00.html#what_why, website consulted on 12 August 2010.



“For nearly three decades, Afghanistan has been in a state of conflict, which has not only perpetuated poverty, but has also prevented the country from developing both socially and economically. The consecutive years of conflict have devastated the country’s social fabric as well as its social, economic, and political infrastructure.”³ (UNESCO)

However, regardless of its violent history and post-conflict situation, Afghanistan has made progress in several fields of development. Although still ranked among the least developed countries in the world according to the human development index, Afghanistan has achieved a number of major steps in the education sector, notably in school enrollment. Soon after the fall of the Taliban Regime in 2001, access to the education sector was improved tremendously. *“The [UNICEF-led] Back to School Campaign launched in 2002 targeted 1.5 million children enrolled in primary and secondary education. From under one million in 2001 the school population has grown to 5.7 million in 2007”⁴* The number of schools both for boys and girls rose from 3.389 in 2001 to 8.397 in 2005.⁵

In general the education sector in Afghanistan comprises three succeeding and interlocked sub-sectors: primary and secondary education, higher education, and skills development and technical vocational training. By setting up the infrastructure both in primary and secondary education, demand for capacity in the higher education sector is steadily increasing with population growth above the regional average.⁶

EXCLUSION IN THE EDUCATION SECTOR

Demand for education far outstrips supply across the education sector in Afghanistan. Only half of all school-age children are enrolled in schools and there are huge provincial, gender and rural/urban disparities.⁷ Research indicates that the higher Afghans climb the education ladder the more exclusive the education system becomes for women and rural people. *“The lack of access to education in the recent past has resulted in a massive backlog of illiterate people in Afghanistan.”* It is estimated that 28% of the people can read; disaggregated by gender the statistics reveal that only 17% of females are literate.⁸ In comparison to boys (6%) only 4% of women and only 6.8 % of people in rural areas compared to 41.8% in urban areas are enrolled in the higher secondary school system.⁹ Although a promising beginning has been made as more and more girls continue to enroll in schools, the higher education system in particular is far beyond inclusiveness. Out of the 62,000 enrolled students in higher education institutions in Afghanistan in 2009, only 21% were women.¹⁰

³ UNESCO, 2010, UNESCO Country Programming Document (UCPD) – Afghanistan 2010 - 2011, Kabul/Afghanistan, page V.

⁴ Afghanistan National Development Strategy 1387-1391 (2008-2014), Islamic Republic of Afghanistan, page 114.

⁵ National Education Strategic Plan for Afghanistan 1385-1389, Islamic Republic of Afghanistan, Ministry of Education, page 35.

⁶ Afghanistan National Development Strategy 1387-1391 (2008-2014), Islamic Republic of Afghanistan, page 35.

⁷ Afghanistan National Development Strategy 1387-1391 (2008-2014), Islamic Republic of Afghanistan, page 115.

⁸ Afghanistan National Development Strategy 1387-1391 (2008-2014), Islamic Republic of Afghanistan, page 115.

⁹ National Education Strategic Plan for Afghanistan 1385-1389, Islamic Republic of Afghanistan, Ministry of Education, page 29.

¹⁰ National Higher Education Strategic Plan 2010-2014, Islamic Republic of Afghanistan, Ministry of Higher Education, page 2.

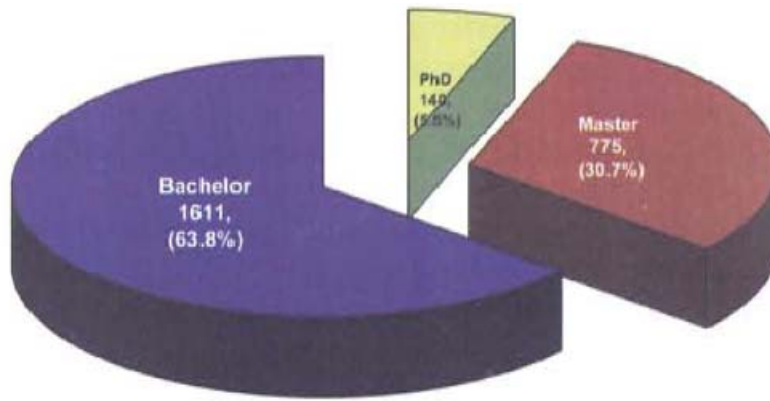


THE HIGHER EDUCATION SECTOR: CURRENT STATE - A GROWING BACKLOG DEMAND

“Tertiary education in Afghanistan deteriorated dramatically starting in the 1990s when it had a student population of 24,333. By 1995 the total number of students had fallen to 17,270, by 2001 it had dropped to 7,881. The enrollment rate in tertiary education was among the lowest in the world, in 1995 with less than 2% of the population over 25 years of age having any tertiary education.”¹¹

Since building up the capacity of primary and secondary education, demand for higher education today is four times higher than the available places in higher education institutions.¹² *“Every year between 40,000-70,000 youth graduate from high schools across the country but only 25-30% of them are able to enter tertiary education due to the severe shortage of places in higher education institutions. In 2006 there were 58,300 applicants for entry into tertiary education institutions. Only 17,700 were successful. Most of the universities have buildings that require rehabilitation and there is a drastic shortage of qualified lecturers.”¹³* Although, according to an official in the MoHE, legislation foresees that public university lecturers at the undergraduate level must possess at least a master level degree¹⁴, 63.8% (1,611) of professors teach on the basis of having a bachelor degree.

Figure 1: Number and percentage of professors on the basis of their academic degrees in public higher education



Source: NHESP, page 9

According to the National Higher Education Strategic Plan 2010-2014 (NHESP) there is consensus that higher education is central to the economic rejuvenation of Afghanistan and it became one of the 8 pillars of the Afghanistan National Development Strategy 2008-2014 (ANDS). According to the NHESP, in times of competing pressures on government budgets, investing in higher education provides one of the

¹¹ National Higher Education Strategic Plan 2010-2014, Islamic Republic of Afghanistan, Ministry of Higher Education, page 1.

¹² Afghanistan National Development Strategy 1387-1391 (2008-2014), Islamic Republic of Afghanistan, page 115.

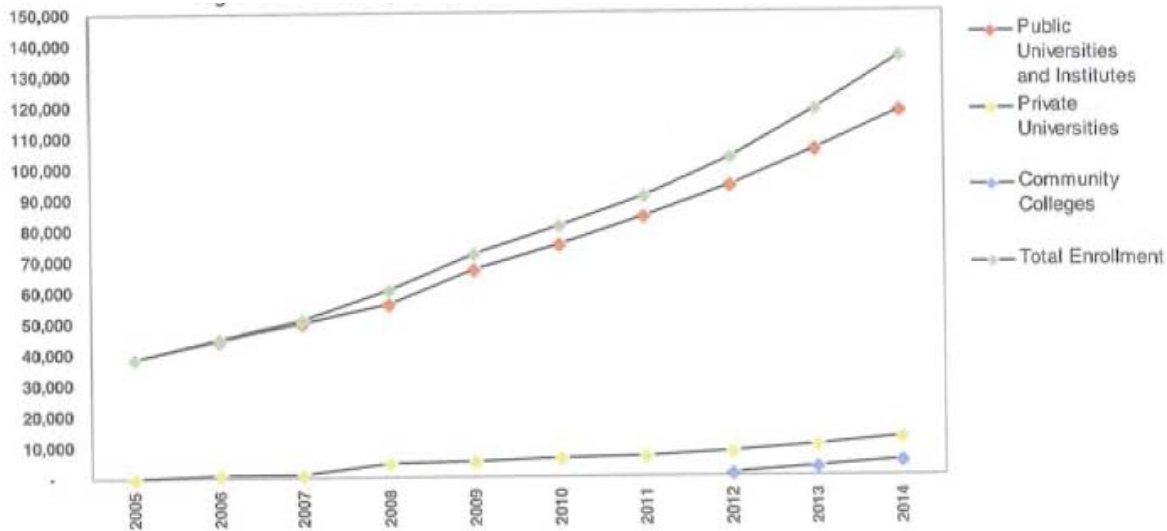
¹³ Afghanistan National Development Strategy 1387-1391 (2008-2014), Islamic Republic of Afghanistan, page 115.

¹⁴ Interview with Saied Askar Mousavi, Advisor of the ministre, Ministry of Higher Education, Kabul, 25 & 27 April 2010.



highest returns.¹⁵ The study argues that skills innovation and rising tax revenues through higher incomes of graduates stimulate the economy. There is mounting pressure on the higher education system, but it can be interpreted as success in terms of equity and access in primary and secondary school education.

Figure 2: Actual and projected enrolments in Higher Education Universities and Institutions in Afghanistan: Public, private, and community colleges (2005-2014)



Source: NHESP, page 20

PRIVATE HIGHER EDUCATION IN AFGHANISTAN

To gain a grasp of public perceptions and attitudes about higher education in Afghanistan after 25 years of war, researchers conducted a study for the MoHE based on 14 focus groups with high school and college students, parents, college and university instructors, school teachers, business people, and women professionals:¹⁶

“Respondents had mixed views about private education providers. Some saw them as supplying useful services that government could not afford to provide such as computer training. It was thought that private businesses and private colleges and universities could create competition that would lead to improvement in public education. Some believed that private colleges and universities would provide up-to-date instruction and technology. On the other hand, many feared that opening the door to private colleges and universities would hurt public higher education and limit quality education to wealthy elites.”¹⁷

¹⁵ National Higher Education Strategic Plan 2010-2014, Islamic Republic of Afghanistan, Ministry of Higher Education, page 2.

¹⁶ Hayward, F.M., and Amiryar, S., 2004, Afghanistan: Challenges and Attitudes, in International Higher Education – The Boston Center for International Higher Education, No. 35, p.22-23. No. 35.

¹⁷ Results of a focus group study undertaken by Fred M. Hayward and Sara Amiryar in 2003, retrieved from http://www.bc.edu/bc_org/avp/soe/cihe/newsletter/News35/text013.htm website consulted on 16 August 2010.



On average each of the 22 public universities have been allocated 1.5 million USD. These funds do not enable the provision of high quality tertiary education. The MoHE argues that the benefits of higher education are both public and private and expects “*that its costs in the future will be covered from multiple sources including private funding tuition fees, entrepreneurial activities, donors, and other sources*”¹⁸. But still, the Constitution of Afghanistan limits the ability of public universities to carry out entrepreneurial activities to enhance their financial sourcing by not allowing them to charge fees for undergraduate university education. On the other hand, the MoHE states, private institutions must also accommodate part of the students and provide the needed capacity. Although the MoHE acknowledges the diversity of education models the prospected capacity of private sector models in higher education is predicted to remain comparably small. Till 2014 public universities will cover the major capacity expansion from 67,000 to 110,000 students and private universities (and community colleges) are predicted to provide around 20,000 places.

*“[...] there is a need to fill the niche, but in Afghanistan it takes time for the government structure to catch up, and of course the norm is that education is a responsibility of governments, even if there is private initiative they have to be operating within that system.”*¹⁹

An Academic Coordination Committee was set up to introduce accreditation to enforce quality assurance and control of institutions in the higher education sector. To enforce quality standards private universities will need to apply to the same accreditation principles, i.e. educational credentials of lecturers. According to a MoHE official, the experience with private institutes is still vague and quality variances and commercial exploitation still raise strong doubts within the Ministry.²⁰ However, it is planned to encourage and assist nonprofit higher education institutes, and in particular the growth of nonprofit universities in rural areas and cities other than Kabul will be supported.²¹

Moreover, the MoHE explicitly considers taking into account the scalability and benefits of distance learning models reaching remote areas and underprivileged people. It acknowledges the comparative advantages of distance learning to reach people with full time employment, mobility problems, and women with childcare responsibilities. In its 2014 strategy the MoHE refers to support distance-learning models that partner with well-established distance learning education universities in the UK, Malaysia, Thailand or India. Besides, priority for accreditation would be given to models including “face-to-face” instruction. Nonetheless, according to the NHESP, these models must be developed cautiously by testing pilot models before they get scaled up.

The MoHE counted 28 officially registered private institutes in 2010 of whom some had accredited bachelor programs and not one an accredited master program. In comparison the NHESP listed 22 public

¹⁸ National Higher Education Strategic Plan 2010-2014, Islamic Republic of Afghanistan, Ministry of Higher Education, page 2-3.

¹⁹ Interview with Saied Askar Mousavi, Advisor of the Minister, Ministry of Higher Education, Kabul, 25 & 27 April 2010.

²⁰ Interview with Saied Askar Mousavi, Advisor of the Minister, Ministry of Higher Education, Kabul, 25 & 27 April 2010.

²¹ National Higher Education Strategic Plan 2010-2014, Islamic Republic of Afghanistan, Ministry of Higher Education, page 22.



universities as in 2008 all over Afghanistan. The majority of private institutes, however, were based in Kabul. The leading cutting edge institution is the American University, set up with an investment of around 100 million USD with up to 25,000 USD²² for a four-year undergraduate program. In general institutes are much smaller, sometimes known for their good quality like the Kateb Institute, which chairs the association for private higher education institutions with its 28 registered members. The role of the association is to connect the diverse and emerging field from within the population of private institutes in order to foster collaboration and build a common voice towards the MoHE. According to the chancellor of the Kateb Institute, the nature of collaboration so far between these members has been highly competitive, and quality improvements should be of more importance. The AGMC is not a member of this association nor is it registered at the MoHE.

In comparison to public institutions, lecturers at private institutes can account for almost 80% of lecturers having a master level degree, which is one indicator for a comparably good quality of the faculty body. Still, the majority of programs offered by both private and public universities is at the undergraduate level. With their better-equipped faculty members, private institutions could explore teaching at the graduate level, which is almost absent in Afghanistan. Surprisingly, a big proportion of lecturers is recruited from Pakistan and India. According to the dean of Maiwand University²³, local teachers are too expensive as prices are driven by international donors that recruit the few available master and PhD graduates for their own operations. Other observers of the field mention that incentives for emigration for the few Afghans that graduate at the master level or above are high and lead to severe brain drain.

It can be assumed that there are many other not yet registered private institutions operating in Afghanistan, most likely with vague quality standards and it is of primary concern for the MoHE to develop enforcement mechanisms to control and monitor the emerging private field. There are many non-connected private institutions, which are in economic terms too small and not efficient.

Business Model

"We are convinced that education is the key to eradicating poverty and enabling people to acquire self-reliance and dignity. By providing business education, we want to train well-skilled employees for the Afghan market. We encourage our students to search for innovative business models that benefit whole villages and regions. Our goal is to empower the Afghan people to have a positive impact on their country" – AGMC

HISTORY

The AGMC was inaugurated in June 2006 by a small group of military officers²⁴ of the Armed Federal Forces of Germany who served the International Security Assistance Force (ISAF), a NATO-led security mission in Afghanistan. During their field operations in Afghanistan from 2005 till 2007 they had realized that especially in the rural areas education possibilities in the field of business were extremely rare or

²² 120 Credits, 10,000 AFN per credit (1/0.02 AFN/USD), calculation based on information from website of American University of Afghanistan, retrieved from <http://www.auaf.edu.af/academic/programs>, website consulted on 30 April 2011.

²³ Interview with Rashid Marajuddin, chancelor Maiwand University, Kabul, 26 April 2010.

²⁴ Founding team: Thomas Brackmann, Sascha Hertel, Bastian Kuhl, Markus Mayer and Ronny Rose



non-existent. People in local government and business positions were often lacking basic management skills which made training and collaboration in the military and development field difficult. On the other hand the Afghan people were striving for knowledge in that field and many discussions had shown that obtaining good education was among their top priorities. The growing number of internet cafes and mobile phone networks usage additionally fueled the idea of offering business education via distance learning. The initial idea of the model was to serve rural communities through a small fee model of 10 USD per month, adding up to a semester fee of 60 USD and thereby strengthening the Afghan labor market, but also stimulating entrepreneurial activities in rural communities.

The first class started with 12 Afghan students and a simple homepage, where interested students across Afghanistan could sign up. The first students had close relationships to the founding team and also served as continuous sparring-partners and feedback providers to the newly constructed learning materials. In autumn 2006 the founding team reached out to the business faculty of the Witten/Herdecke University in Germany to acquire four more Master students for the core lecturer team.

Figure 3: AGMC student population in 21 provinces



Source: AGMC, 2010

By the end of the year 2010 the student body had grown to 70 students and three years later it had reached a size of 350 students. Among the key resources of AGMC are a growing Afghan staff body, well trained faculty members educated in Germany, and an asynchronous online lecturing system operating on a Moodle²⁵ platform solution (see illustration of AGMC business model in Annex 1). In 2007 the AGMC was recognized for the first time by the UNESCO DESD (Decade of Education for Sustainable Development) for its contribution to sustainable development in Afghanistan. In 2007 the AGMC developed its first governance structure with both a nonprofit entity in Germany and one in Afghanistan.

²⁵ Modular Object-Oriented Dynamic Learning Environment: Moodle is a Course Management System (CMS), also known as a Learning Management System (LMS) or a Virtual Learning Environment (VLE).

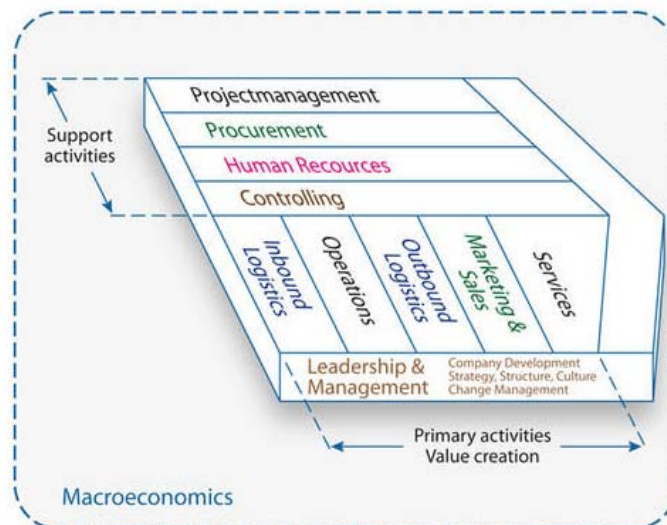


A student survey conducted by the end of 2010 showed that AGMC covers 21 provinces out of total 34 provinces in Afghanistan.

CURRICULUM STRUCTURE

The 4-year management curriculum is composed of 9 courses which are based on the Value Chain by Michael Porter.²⁶ Each course takes five months to complete with a one-month break and each consists of 10-12 paper-based modules. While every module can be downloaded at a determined time frame they consist of 13-25 pages with commented slides in English. Additionally, the students can listen to audio files that accompany the slides. Some modules also contain videos that support the material presented. The modules finish with a multiple-choice test and the last module of a course is composed as a final exam case study. The case study allows students to apply their skills in a “real business life” context and assures that the students’ grading is based on a variety of criteria. Additionally to the curriculum, a practical semester is offered and a bachelor thesis supervised. For the practical semester students are asked to conduct a six months social or entrepreneurial project. The semester ends with a written project report, which in some cases has also turned out to become successful entrepreneurial start-ups. In the last semester the students have to write a final (bachelor) thesis in order to conclude their studies and obtain the AGMC Bachelor Degree of Business Administration.

Figure 4: AGMC Curriculum (according to the Value Chain by Michael Porter)



Source: AGMC, 2010

DEVELOPING COUNTRIES WEB PLATFORM

The college uses asynchronous distance learning and the education is delivered to students who are physically not “on site”. Rather than attending the courses in person, lecturers and students communicate at times of their own choosing by email or Web 2.0 tools such as Skype and the AGMC Moodle platform. Moodle is an open source Course Management System (CMS) that can be scaled to very large

²⁶ Michael Porter (1985): Competitive Advantage: Creating and Sustaining Superior Performance.



deployments for hundreds of thousands of students and provides AGMC with the perspective to allocate with a growing student body. In general all content delivered and the interaction between students and AGMC staff is channeled through the multisided Moodle web based platform, which brings together the Afghan students, the local administration staff, and the German lecturers. AGMC thereby uses the features of the activity modules such as forums, databases and wikis to build collaborative communities of learning around the subject matter and also uses Moodle as a way to deliver content to students and assess the learning through quizzes.

SELECTION OF LECTURER BODY

One of the key resources of the college is the volunteer lecturer body. At the beginning the core team was assembled out of military officers and graduate students of Witten/Herdecke University. On average lecturers invested between 10 and 20 hours per week in updating their course material, and lecturing and tutoring the students. It turned out that the nature of the business model was attractive to many potential lecturers. AGMC provides a well-trained lecturer body with the possibility to get in contact with people from a country that was very present in the political arena and the media and at the same time share their skills set and thereby contribute to the future of a young Afghan generation. The attractiveness of becoming a lecturer in their field proved to be especially attractive to PhD candidates and PhDs which made the second generation of AGMC lecturers to 90% of at least PhD candidates. Hence, compared to public university lecturers in Afghanistan the AGMC has a very qualified lecturing body.

According to official figures of the MoHE, only 30.7% of university lecturers in public universities hold a master degree and 5.5% a PhD.²⁷ In private institutes the qualification of faculty is much stronger (on average 80% holding a masters' degree)²⁸ but still lower than the AGMC's faculty. Since 2008 the College has established an HR function to manage the talent flow and the selection process of potential candidates. The HR Director screens the incoming applications and conducts phone interviews. The final decision is made by a joint committee of the Managing Director, the HR Director and an existing faculty member. In May 2011 AGMC counted 15 lecturers and two professors that supervised the content of the overall curriculum. The German lecturers are part of the leadership team, which meets bi-annually including the founding team and the managing director in a venue provided free of charge by Witten/Herdecke University in Germany.

AFGHAN ADMINISTRATORS

The second main resource of the College is the Afghan administrative body with five administrators and two head administrators. All administrators were former AGMC students and work on a part-time basis. They were part of the first incoming class and have grown with the college and thus are very familiar with the processes and values. They are regionally distributed across Afghanistan to serve the diverse and widespread locations of the student body. The administrators are the primary contact persons for the students and handle all administrative processes such as student registration and fee collection. Shifting

²⁷ National Higher Education Strategic Plan 2010-2014, Islamic Republic of Afghanistan, Ministry of Higher Education, page 9.

²⁸ Interview with Saied Askar Mousavi, Advisor of the ministre, Ministry of Higher Education, Kabul, 25 & 27 April 2010.



responsibility from Germany to Afghanistan was not only a matter of scarce resources, but a matter of trust and reward for the entrepreneurial leadership shown by the student administrators. The administrators became ambassadors of the AGMC and initiated an effective marketing strategy. By word-of-mouth advertisement the student community rose to 200 students in only one year from 2006 to 2007. The leadership of the college is based on a mutual level of trust and direct communication between the Managing Director and the administrative body.

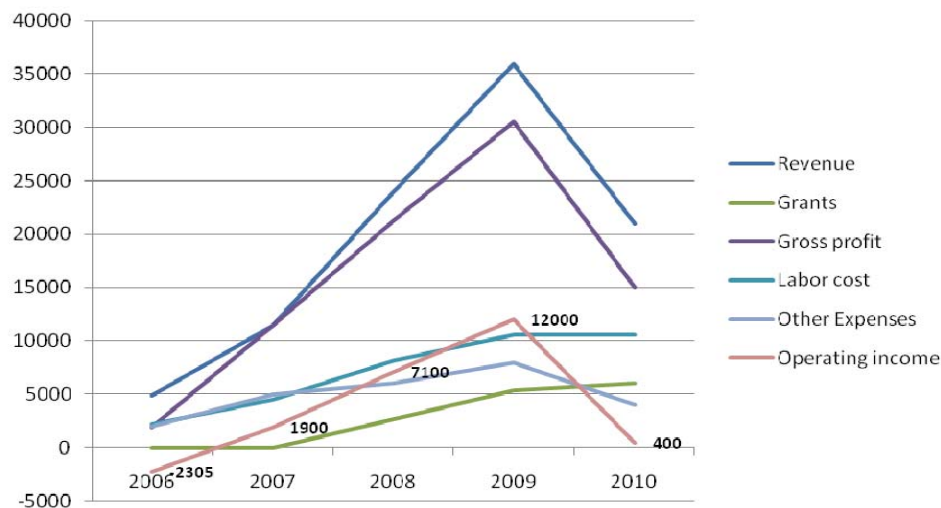
FINANCIAL MODEL

The tuition fee equals a subscription fee of 60 USD for one course equaling 540 USD for the nine semesters study program. Low income levels, in particular in rural areas, and available household budgets for women distinguishes the model from many private higher education models. Although the management team realized the strong demand for the model developed they kept the tuition fee as low as it was in the beginning. The fee is the major source for financing the AGMC, but equally important it serves as a formal registration enforcement instrument and allows the AGMC to maintain control over its expanding student body.

In 2008 the AGMC granted its first scholarships both for men and women. By 2009, 10% of all students received grants and could study for free. The selection criterion for scholarships is based on financial situation of the student and on the student's capacity to complete the AGMC courses. The AGMC administrators use their personal networks and propose potential candidates to the managing director who eventually grants the scholarships.

The Afghan administrative body shared the overall success through earning 12% of the tuition fee per administered student plus a monthly base salary and a bonus component at the end of the semester. One obstacle of the model is highlighted by the other expenses which are mainly expenses including IT infrastructure and IT support and administrative expenses in Germany.

Figure 5: AGMC financial model in USD



Source: AGMC, 2010



Role of other actors

INTERNATIONAL BUSINESS MACHINES Corp. (IBM)

In December 2008 the AGMC partnered with IBM Germany in a temporary project in which a group of IT students reviewed the IT architecture of AGMC's online learning system.²⁹ The cooperation was established with the faculty of business informatics at the IBM University of Cooperative Education in Germany.

Furthermore, the usage of this practical case was a strong incentive for IBM employees to apply their skills not only for a good purpose project, but also to learn from this intercultural setting by dealing with IT challenges in the context of Afghanistan.

The AGMC delivery model is mainly virtual and was stretched intensively during its phase of growth. Before the project operations relied on conventional email exchange and delivery of educational content through downloading documents on the AGMC website. The project aimed at the implementation of a learning and communication platform, mirroring the automation of the current processes of content delivery and student-lecturer relationships.

Within the AGMC leadership team there was little IT competence and IBM brought in the expertise on how to adapt a standard IT platform to the needs of the AGMC teaching and communication processes. IBM assembled a team of 18 IBM experts who were undertaking their corporate studies at IBM University. Their expertise is in the field of implementing social networks and learning platforms, architectural IT designing and teaching the AGMC lecturers in using the new tools. The achieved result was a standalone virtual learning platform, based on the free and open source Moodle learning software³⁰.

²⁹ Kuhl, B. 2009, Afghan German Management College – Strategy development for a non-profit organization, MBA Thesis, Reutlingen University, Reutlingen/Germany, page 50.

³⁰ In General, the Moodle environment pursues a participatory approach to education, emphasizing that teachers and students can contribute to the educational learning environment. According to Moodle statistics it has more than 50.000 registered sites in 215 countries with more than 37 mio users and 3 million courses, retrieved from <http://moodle.org/stats/>, website consulted on 17 August 2010.



PARTNERSHIPS WITH PRIVATE UNIVERSITIES IN AFGHANISTAN



Discussions with Maiwand University (*Photo credit: AGMC, 2010*)

Maiwand University in Kabul was interested in building a partnership with the AGMC. Maiwand intended to leverage the AGMC's German branding by offering the AGMC their newly built facilities in Kabul for face-to-face lecturing. Moreover, in line with the general statistics, AGMC's lecturing body is better qualified than the private university lecturers and Maiwand's chancellor asked the leadership team to support their faculty development by training Maiwand's lecturers (see Annex 3). Partnerships with private universities offer the advantage that AGMC students can be part of face-to-face lecturing but the disadvantages prevail as AGMC would be forced to give up its inclusive model by adapting to the higher

price structures of private universities. Maiwand University charges 1,000 USD per semester for instance.³¹ Also the determination to a university campus in Kabul would debase AGMC's original value proposition with its focus on rural communities.

Results

THE AGMC DEGREE'S LABOR MARKET VALUE

As long as the student cohort has not graduated the real value of the degree in the market is difficult to measure. The value of a university/ college degree is often determined in terms of the ratio of tuition fees and invested study time related to student benefits on the labor market such as wage increase, career progress, or new job opportunities. However, anecdotal evidence demonstrates that some students have progressed in their careers during their study time at the AGMC. AGMC provides certificates after each semester which state the content of the course and the performance the student has achieved. This has proven to be very valuable to students as many students have changed jobs already during their 4-years program or have gained better positions within their organizations.³²

WOMEN INCLUSIVENESS

³¹ Interview with Rashid Marajuddin, chencelor Maiwand University, Kabul, 26 April 2010.

³² Interview with Sadaqat Sadiq, head administrator AGMC, telephone interview, 21. May 2011.



“The access to higher education and especially management education for women in Afghanistan is still difficult.” – Sajia Wais (female student at AGMC)

It is estimated that only 28% of the Afghan population can read, this number increases within gender statistics that reveal that only 17% of females are literate.³³ The above mentioned section about “exclusiveness in the education sector” already acknowledges that women are dramatically underrepresented in higher education. Out of the 62,000 enrolled students in higher education institutions in Afghanistan in 2009, only 21% were women.³⁴ Comparing the country average with the 22% of the female AGMC student body, with the youngest 20 years old and the oldest 73 years old, AGMC’s number doesn’t seem to provide any feature to address women in particular. But a closer look at the country statistics reveals that higher education for women still means to study subjects considered by many to be ‘female subjects’, such as languages and Islamic studies.³⁵ Management education thereby is still “*a taboo, when families decide about the future of their daughters*”.³⁶

It has been a special focus of AGMC to strengthen the access of women to higher education and management training. Already in 2008 AGMC provided the first female scholarships, after the management team recognized the striking decrease in enrollment of female students after the first and second semester. Research revealed that families financed the study fees of their daughters during the first semesters, but discontinued payment in ensuing semesters. The reasons cited for inability to pay tuition was mainly unsuspected economic changes within the families and female higher education as the top point of the list to cut.

The AGMC women scholarships not only provide full tuition but also involve a mentoring component. The mentoring component of the scholarship ensures that women are supported in their personal and professional development by the female staff of AGMC. The women have direct access to the female Managing Director through Skype and email. “*I have all the mobile phone numbers of the female scholarship holders and usually check back on them at least once a month,*” describes Kathrin Hamm, Managing Director of AGMC. Intensive discussions and interviews have also revealed that the online component is very favorable for women’s education as they can study in privacy which releases social constraints and pressure on their families. “*When I was studying at another private university, my brother had to accompany me to the lectures. I couldn’t go when he didn’t have time. Also I never could attend the late classes in the afternoon, as they finished when it turned dark already and the neighbors would criticize my family if I came home when it was already dark.*”³⁷ While the high density of educational institutes in Kabul makes it easier for women to study³⁸, women in Kandahar still have little to no access to education.³⁹ AGMC’s web platform allows women to study anonymously with a student number.

³³ Afghanistan National Development Strategy 1387-1391 (2008-2014), Islamic Republic of Afghanistan, page 115.

³⁴ National Higher Education Strategic Plan 2010-2014, Islamic Republic of Afghanistan, Ministry of Higher Education, page 2.

³⁵ Interview with Sajia Wais, student at AGMC, Kabul, 21 May 2011.

³⁶ Interview with Sajia Wais, student at AGMC, Kabul, 21 May 2011.

³⁷ Interview with Sajia Wais, student at AGMC, Kabul, 21 May 2011.

³⁸ UNOPS (2011): 4000 female students of a total student population of 1000 at Kabul university, retrieved from <http://www.unops.org/english/whatwedo/unopsinaction/pages/women%60sdorm.aspx>.

³⁹ Interview with female AGMC student from Kandahar, Kandahar, 20. May 2011.



Women can choose if they want to publish their profile in AGMC's social network platform, where students can communicate with each other, but which also serves as a recruiting platform for companies and NGOs. To prevent disadvantages women are separately informed about job offers via email.

However, business management education is very rare for women and also not supported by traditional cultural hierarchies. In fact there are limited career options for women after their studies as women often don't find jobs after their studies in the typical management field.



The AGMC has given me the opportunity to learn management skills, but more importantly it has provided me with a vision for the future. I have already learnt how to manage an organization and even more importantly how to start my own business”

– Zakia Mari Wafi (female student at AGMC)

Although some of the families in our research let their daughters study online, they remain opposed to letting them work during their studies or afterwards which is also represented by the high unemployment rate of AGMC's female student body (25% compared to 11.4% for the male student body).⁴⁰ A possible opportunity for women after their management studies is self-employment, which is fostered by AGMC through their practical semester where students work on their own business plans. Zakia Mari Wafi is one of the women scholarship holders who used her management training at AGMC to start her own company. During her practical semester she worked on a business plan for a children daycare in Kabul that serves 37 children as of today.⁴¹ *“My personal experience has shown me that daycare for small children is extremely rare in Kabul. Through my studies at AGMC I learned how to quantify that demand and the research conducted during my practical semester proved that people are also willing to pay for it.”*⁴² Zakia Maria's daycare employs two more female half-time employees. Through the profit (approximately between 300-500 USD per month) of her business she is able to support her 7-headed family to a substantial part.

It can be noted that online learning functions are enablers for women in higher education. It provides privacy and thereby guarantees the security that women in post-conflict Afghanistan still need to develop independently from societal pressures. But it is also obvious that online education itself is certainly not enough as the acquired education needs to be translated into economic opportunity to strengthen the position of women in the long run.

Constraints

CHANGING SHAPE OF THE BUSINESS MODEL

“What started as a bottom of the pyramid model developed to a program for an already well-educated elite” – Student Survey, 2010

⁴⁰ AGMC student survey 2010

⁴¹ Interview with Zakia Mari Wafi, student at AGMC, telephone interview, 22 May, 2011.

⁴² Interview with Zakia Mari Wafi, student at AGMC, telephone interview, 22 May, 2011.



Due to the nature of the online model the AGMC found it difficult to determine which customer group they are actually serving. A student survey with a 98% respondent rate at the end of 2010 revealed that a substantial part of the student body belongs to an already well-educated elite. The median age of students is 29 years old. The youngest female student is 20 (male 15) years whereas the oldest female student is 73 years old (male 46). 41 male students (24.8%) studied in another program and only 5 female students (18.5%) pursue other studies. When asked about their future plans 83 (43.2%) respondents consider taking the chance to move abroad. 135 (70.3%) students are willing to study in a master degree program. 20.3% of the AGMC student body is studying in parallel in another program. 4.5% of this group is pursuing their studies outside of Afghanistan. 10.7% are conducting their parallel studies at other private universities in Afghanistan.

The majority of the student body works for international organizations or NGOs (61.4%). 15.8% work in government positions. These jobs are considered extremely well-paid compared to the GNI per capita of 370 USD in 2009.⁴³ According to the student survey half of the student population makes more than 1,000 USD per month which is well above the country's average (see figure 6). The mean income per year of 11,400 USD per student compared to an annual GDP per capita of around 2,700 USD⁴⁴ illustrates a ratio of 4.2. Thus, the AGMC students earned 4 times the national average not yet reflecting the unequal distribution of income with 36%⁴⁵ of Afghans living below the poverty line. Around two-thirds of the students come from urban provinces (Kabul, Herat, Badakhshan, Kunduz) with the remainder distributed over the rest of Afghanistan.

The high salary of AGMC students is not only reflected by the type of organizations they work in but also the position they obtain within their organization: 76.8% claim to have a leading position within their organization. Out of this group 4.4% have more than 100 people reporting to them (see figure 7).

There might be several reasons for the low enrollment of low-income people the AGMC faces to struggle with. First, the need for students to be proficient in English; second, the need to have good access to the internet; third, a limited reach of the word-of-mouth marketing strategy delineating the predominating middle and higher income student body from lower income households.

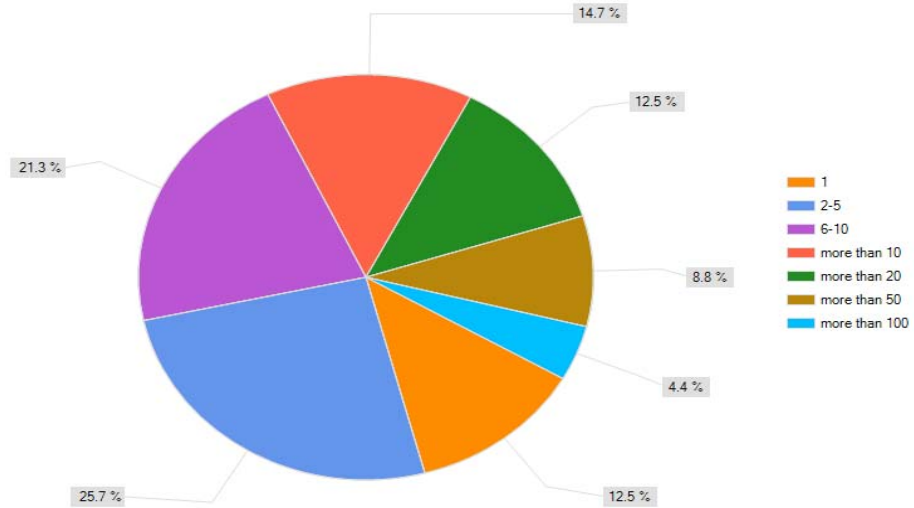
⁴³ Unicef (2011): Info by country: Afghanistan; from http://www.unicef.org/infobycountry/afghanistan_statistics.html#79, retrieved 13.05.2011

⁴⁴ World Bank (2008). World Bank website consulted on 17 August 2010 <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/AFGHANISTANEXTN/0,,menuPK:305990~pagePK:141159~piPK:141110~theSitePK:305985,00.html> own calculations on real terms.

⁴⁵ World Bank website consulted on 17 August 2010 <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/SOUTHASIAEXT/AFGHANISTANEXTN/0,,menuPK:305990~pagePK:141159~piPK:141110~theSitePK:305985,00.html> own calculations on real terms.

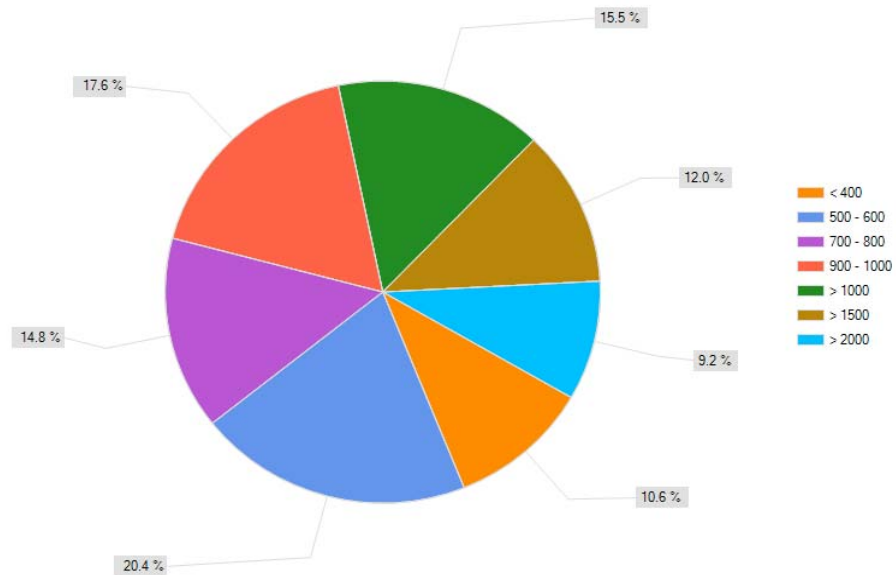


Figure 7: Managerial responsibility of AGMC students



Source: AGMC student survey (2010): How many people are reporting to you?

Figure 6: Monthly income (US\$) AGMC students



Source: AGMC student survey (2010)



STRUGGLE FOR ACCREDITATION AND LONG TERM IMPLICATIONS

Education in Afghanistan is perceived as a public good and is foremost a government matter, thus quality assurance and institutional supervision is a primary concern for the MoHE. From a market perspective, formal accreditation of a university is of utmost signaling importance for the value of the educational products and services. On the other hand from the students' perspective it is almost impossible to estimate the quality of an educational product such as a 4-year study program. Hence, accreditation provides important information on the market. In a student survey 82.9% of the AGMC student population rated the accreditation of AGMC as "very important". However, so far only few private institutions have obtained formal accreditation for their programs. Up until today no online distant program has been accredited. The MoHE, however, demands a formal registration of institutes. Without an accredited degree by the MoHE students are prevented to be employed by government institutions. In 2010 MoHE's criteria for private distance learning models had not been formalized.



Meeting between the AGMC leadership team and the Afghan Deputy Minister for Higher Education (*Photo credit: AGMC, 2010*)

Since 2007 the AGMC has been actively seeking communications with the MoHE and was in constant contact with Saied Askar Mousavi, Advisor of the Minister for Higher Education. One essential criterion dominated the dialogue with the MoHE: The formal protocol requires a distance-learning model to offer face-to-face lecturing. Mousavi suggested to AGMC to find a strategic partner in Afghanistan with institute facilities and to offer 50% of their courses face-to-face. Two models were thought through. First, the AGMC could offer each semester the final lecturing and exams in facilities at a private institute in Kabul or preferably in Kunduz, as most of the private and public higher education institutions

were located in Kabul and demand for student places in Kunduz was more obvious. Second, out of eight semesters half of them could be chosen to be taught the entire semester in Kabul.

The AGMC leadership team could not comply with the rules without compromising their inclusive model. Adapting to the MoHE's requirements of face-to-face teaching does not allow the model to reach remote areas and less privileged people. Regulatory requirements for an accredited distance learning college operating at least 50% in facilities would not unfold the potential of inclusive distance learning: delivering its educational services to Afghans who are socio-economically not able to afford investing into temporarily leaving their financially dependent families or people who are culturally not allowed to move freely, e.g. women not allowed to be with non-relative men. On the other hand it would neglect the economies of scale of a virtual education platform, which allows the model to operate with low costs and to control quality.



In February 2011 AGMC received the final notification that it will not receive the formal accreditation as a college by the MoHE for an indefinite time. This led the AGMC to change their business model to an open source model.

CHANGE INTO OPEN SOURCE MODEL

Three main factors influenced the decision of the management team to adapt their existing business model to a no fee open source model with a stronger entrepreneurial focus. First, the high degree of political and economic uncertainty; secondly, the willingness to correct the tendency to serve a well-educated elite and continue to bridge the model to poorer customers; and thirdly, the significant drop of the student body since the announcement of the final no accreditation policy.

The ongoing struggle to receive accreditation imposed uncertainty and a certain degree of risk to both students and employees of the AGMC as they basically were forced to operate in a law free environment, with no formal guidelines or regulations and the constant threat to be victimized through random procedures. By operating a no fee model, the administrative procedures and structures such as the fee collection, wage payments and certificate distribution in Afghanistan disappear. The reduced remaining operating structure could be transferred to a familiar and regulated legal and economic environment such as Germany. At the same time these significant cost savings allow the AGMC to concentrate on the original inclusive idea of a pro-poor model and correct the tendency to serve a rather well educated elite by providing education for free. The services and the quality continue to remain on the same high level as the incentives for volunteers in Germany do not change and they continue to deliver the educational content. However, the significant drop in student numbers underlines the importance of the accreditation for the students as an accredited degree provides access to government jobs and enables long term development such as obtaining graduate degrees.

Conclusion

The business model of the Afghan German Management College (AGMC) has proven that online education is a viable way to serve a broad customer basis in remote areas. It provides a low cost solution that enables flexible access to education in a post-conflict environment. Especially women and minorities can benefit from the online model. Private online models can also have significant impact on strengthening the labor market, providing education opportunities in a scarce higher education environment with limited places for students and therefore bridging the gap between public and government initiatives. The practical component of the AGMC fosters entrepreneurship and led to the foundation of some small and micro enterprises.

However, despite its low fees the model has attracted a rather well educated elite that contrasts the original idea of the AGMC. The change into an open source platform is a consequent step to provide education for free, but not a sufficient step to reach a poorer customer base. Accordingly, the AGMC should consider providing translations of their material in the local language Dari to reach a broader and less educated customer base; secondly, the AGMC could partner with local Internet cafes or IT kiosks to



offer discount rates for AGMC students; thirdly, to reach poorer customers a new advertising strategy is needed that goes beyond an exclusive word-of-mouth communication between the existent students and their networks.

The AGMC should also put mechanisms in place that ensure priority of student places is given to poor customers, i.e. through formalizing selection criteria. The enforcement of selection criteria would control the student body and allows the AGMC to be in control of the inclusiveness of their educational model. The AGMC should also be aware of the students' demonstrated need for accreditation and certification and presume that low-income people have similar preferences. The participation in a course and the successful passing of the tests should continue to be rewarded by a certificate.

In summary, the case of the AGMC has shown that private models tend to lack government support in a post-conflict environment. The necessary formal and informal relationships to initiate support and trust building processes contradict the inherent nature of private education and decrease its advantages of flexibility and inclusiveness. Distance online education on the other hand provides many positive aspects in a conflict and post-conflict environment, such as access in remote areas, knowledge transfer of highly skilled lecturers, low infrastructure and investment requirements and the inclusiveness of minorities and women. Therefore combining existing education models with an online component in post-conflict environments provides significant opportunities.



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Annexes

Annex 1: AGMC Business model

<i>Key partners</i>	<ul style="list-style-type: none"> • International Business Machines Corp. • Strategic outlook: private university partnership
<i>Key activities</i>	<ul style="list-style-type: none"> • Online lecturing • Establish didactic dialogue between students and lecturers • Producing educational content • IT platform and community building • Incentivizing local administration staff
<i>Key resources</i>	<ul style="list-style-type: none"> • Lecturers • Local administrators • It platform
<i>Value Proposition</i>	<ul style="list-style-type: none"> • Access via distance learning & executive learning • Low cost - pricing • Vision-branding (German background)
<i>Customer Relationships</i>	<ul style="list-style-type: none"> • Quick email response and building shared community online
<i>Customer Segments</i>	<ul style="list-style-type: none"> • Multi sided platform a) students b) lecturers and c) in between admin staff
<i>Channels</i>	<ul style="list-style-type: none"> • IT based product delivery • Sales force → admin staff: mouth to mouth spread of sales
<i>Cost structure</i>	<ul style="list-style-type: none"> • Low cost driven • Cost drivers: IT platform, staff meetings in Germany
<i>Revenue streams</i>	<ul style="list-style-type: none"> • Subscription fee • One list price no differentiation • Volunteer time contributed by management staff and lecturing body • Fundraising

Source: Authors



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The case was completed in June 2011.

The information presented in this case study has been reviewed by the lead organization to ensure its accuracy. The views expressed in the case study are the ones of the author and do not necessarily reflect those of the UN, UNDP or their Member States.

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