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Cross-border Tertiary Education

A WAY TOWARDS CAPACITY DEVELOPMENT

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Foreword

Cross-border tertiary education has received growing attention in recent years as more and more students choose to study abroad, enrol in foreign educational programmes and institutions in their home country, or simply use the Internet to take courses at colleges or universities in other countries. This trend has led governments and education stakeholders to reconsider many aspects of their tertiary education systems and strategies. While many countries focus on the possible benefits of exporting education services, they often overlook the potential benefits of importing such services as a complement to existing domestic tertiary education offerings; importation of education services can help strengthen or accelerate national development goals. An import strategy for tertiary education considers the use of foreign education services, and encourages the outward mobility of domestic students and scholars or the inward mobility of foreign educational programmes and institutions. Governments are often ill-prepared to reap the benefits of cross-border tertiary education, as well as to assure education quality.

In 2002, in *Constructing Knowledge Societies: New Challenges for Tertiary Education*, the World Bank analysed how tertiary education contributes to building up a country's capacity for participation in an increasingly knowledge-based world economy and outlined policy options for tertiary education that have the potential to enhance economic growth and reduce poverty. Since 2001, the OECD has been examining the internationalisation of tertiary education, including trade in such educational services. This initiative resulted in several outputs, including: three international fora on trade in education services; two books published in 2004;[1] and a joint initiative with UNESCO which led to the *Guidelines for Quality Provision in Cross-border Tertiary Education* in 2005.

In this publication, the World Bank and the OECD combine their experience and knowledge to explore ways in which cross-border tertiary

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[1] *Internationalisation and Trade in Higher Education: Opportunities and Challenges* (2004); *Quality and Recognition in Higher Education: The Cross-border Challenge* (2004).

education could benefit developing countries' efforts to build capacity; the book also seeks to guide policy efforts related to the areas of quality assurance and trade negotiations. Internationalisation is indeed leading countries to revisit the spectrum of their tertiary education policies. Accordingly, donor countries should revisit their development aid agenda in the light of these new trends and opportunities. This publication provides valuable insights on cross-border tertiary education and capacity development for policy makers, stakeholders, donor agencies and recipients, and opens up new areas for research.

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ACKNOWLEDGEMENTS

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*What is cross-border tertiary
education?*

Cross-border tertiary education refers to the movement of people, programmes, providers, curricula, projects, research and services in tertiary (or higher) education across national jurisdictional borders. Cross-border education is a subset of educational internationalisation and can be part of development cooperation projects, academic exchange programmes and commercial initiatives. The focus of this volume is on the mobility of students, programmes and providers/institutions.

Student mobility remains relatively small, but has grown at an unprecedented pace in the past decade. The provision of tertiary education abroad, through academic partnerships, franchising, the opening of a branch campus or other arrangements, has also grown significantly. These trends raise new issues for policy makers and education stakeholders, in advanced economies as well as in developing countries.

*Why is tertiary education crucial to
capacity development?*

The recent emphasis put on basic education in development policy has sometimes led to overlook the importance of tertiary education for capacity development. Capacity development is the process whereby people, organisations, and society as a whole, create, adapt and maintain capacity over time, that is, the ability to manage their affairs successfully. Among other things, capacity development depends on the acquisition of high skills and on the monitoring of one's progress. Tertiary education contributes to capacity development by training a country's workforce in all fields relevant

to its development, including education, as well as statisticians and policy analysts, measuring and monitoring the progress achieved (or not).

Why should countries consider cross-border education in their capacity development agenda?

Some countries lack the domestic capacity to meet all their tertiary education demand or could benefit from foreign experience and knowledge to improve the quality of their tertiary education system. Cross-border education can typically help to expand quickly a tertiary education system and to increase the country's stock of highly skilled human capital. It also gives a benchmark to academics and institutions on the quality and relevance of their services and can lead to organisational learning, thanks to partnerships, both at the institutional and system levels. Finally, it adds variety and choice to domestic systems, which may lead to healthy competition and quality enhancement.

The mobility of students and academics has long been part of countries' capacity development strategies. Now they should also consider under which conditions programme and institution mobility could lead to positive spillovers in their specific context. Donor agencies should also consider how they could help countries reap the benefits of cross-border education.

Could cross-border tertiary education not lead to capacity development?

Cross-border tertiary education can help develop capacity, but it is not a panacea. It can also adversely affect capacity development: the *quality* of foreign programmes could be low, even if their domestic counterparts are well recognised, and rogue providers could use a foreign crest to operate more easily; foreign provision could be a mere imported capacity with no impact on the local system and its development; student mobility and the acquisition of foreign qualifications could lead to brain drain rather than an increase in the stock of qualified human capital available in the country; it could enhance equity problems if foreign programmes are only available to affluent families; it could be irrelevant to local needs or culturally inappropriate. Cross-border tertiary education may also not lead to capacity development because its scale is too small to have any noticeable impact. Finally, because of wage and cost of living differentials, cross-border education may not always be affordable and thus a realistic option in some contexts, unless it is supported by donor agencies. These challenges are

more or less important depending on the form of cross-border education and have to be addressed by countries with an appropriate regulatory framework for foreign (but also domestic) provision covering issues of accreditation, quality assurance, recognition of foreign qualifications, access to public funds for institutions and students, etc.

Is there any evidence of a capacity development impact of cross-border education?

Student mobility has certainly served capacity development: in 34 countries, domestic students studying abroad represent over 20% of domestic tertiary education enrolments. It is also widely recognised that student and scholar mobility allows developing countries to access recent knowledge and research methodologies. However, there is still little evidence that new forms of cross-border tertiary education have directly contributed to capacity development in tertiary education, mainly because it is still too recent and too small a phenomenon. While some countries such as Malaysia, China, Singapore, or Dubai deliberately and consistently use cross-border education to develop their capacity in tertiary education, it is still difficult to assess the impact of their strategy. Other countries such as South Africa have had less positive experiences about the quality and impact of foreign provision. Many others have not experienced any significant growth of cross-border education at all. The growth of cross-border education worldwide has nonetheless put quality assurance and the regulation of private provision under new scrutiny, even where the phenomenon is still limited or inexistent. This awareness raising is definitely a step towards capacity development.

Can commercial cross-border education contribute to capacity development?

Commercial arrangements are more likely to increase access quickly, especially as development aid and scholarship programmes typically face budget constraints. Moreover, commercial arrangements to some extent embody capacity-building principles and give countries and individuals more bargaining power and allow for more relevant supply. As for any private educational provision, if not supported by specific scholarship or loan schemes, commercial arrangements can raise inequity if they are only affordable to an elite, which ultimately hinders capacity development. With cross-border education becoming an export industry in some donor

countries, another risk is to see development assistance for cross-border education drop for all countries: in low income countries, commercial cross-border education is indeed unlikely to develop unless there is a large enough upper middle class. If a country chooses to use commercial cross-border education in its capacity development strategy, one option to consider is the use of trade agreements such as the General Agreement on Trade in Services (GATS).

Developing capacity in quality assurance

What is quality assurance and how does it assure quality?

There is no common definition of quality in tertiary education, and certainly no common metric with which to measure it. Yet, through the influence of the Bologna Process and the need for harmonisation of learning and recognition of credentials for the purposes of mobility, quality assurance has become important as a way to develop common metrics and provide information to stakeholders. There is clearly a convergence on quality assurance methodologies and increasing agreement on the general principles of good practice. Nevertheless, each country context is unique and therefore each country has its own purposes for quality assurance – whether to protect consumers from poor quality or encourage excellence. Systematic quality assurance practices provide information to governments, students, employers and society about tertiary education institutions and programmes. Such information increases accountability, transparency, and helps policy makers, institutional leaders, students and employers make informed decisions.

What are the characteristics of good quality assurance systems and practices?

Independence of operation is paramount to increase the legitimacy of the quality assurance process. A supportive legal framework must be in place to ensure that quality assurance can operate with sufficient support and away from government interference. In some countries the laws related to tertiary education are the only form of regulation and therefore substitute for a quality assurance system. A variety of mechanisms are available to conduct quality assurance. There is increasing international agreement on the general principles of quality assurance and convergence on methods which tend to

focus on quality assurance agencies to oversee the systems. Collection of accurate, timely and appropriate data remains a challenge, particularly in the area of student learning assessments at the tertiary level. Quality assurance requires both financial and human resources that determine the depth and breadth of quality assurance. To be meaningful, quality assurance processes must not only provide information, but be linked to both rewards and sanctions. Rewards are needed to provide institutions incentives for good performance and stimulate cultures of quality, and sanctions for poor performance are needed to protect stakeholders.

What are the implications for the quality assurance of cross-border higher education?

Many quality assurance bodies around the world have not even begun to consider how to address the cross-border issue. Quality assurance systems tend to seek foremost a quality enhancement role for existing local tertiary education institutions and programmes. In some cases, they do not cover the private domestic sector; in others, the public sector. Yet, governments wish to assure stakeholders that students are receiving a minimum standard of quality no matter the type of provision – whether public, private, domestic or cross-border. At a minimum, receiving countries should endeavour to develop clear policies and strategies toward foreign providers of cross-border tertiary education, particularly as they relate to issues of access, equity, relevance to the labour market and funding. Such a discussion can be viewed as an important part of an overall capacity-building agenda since cross-border provision can fill in the many gaps left by domestic offerings. All relevant government agencies (*e.g.* education, trade, science and technology, health, etc.) should be included in the dialogue. Compliance with locally determined policies by cross-border providers can be verified and monitored through an effective regulatory framework and quality assurance system. While policy makers should consider how quality assurance mechanisms can help to serve a regulatory role for local cross-border provision, such reflections should not be limited to cross-border issues, but should instead be made in a larger context related to key operational decisions for the overall quality assurance system.

Liberalisation of tertiary education services under the GATS: building capacity in trade negotiations

What are the benefits of making commitments under the GATS?

By creating a more transparent and predictable legal framework, the GATS can improve the investment climate and help attracting foreign investment in higher education. This new investment can in turn provide capital and expertise to help develop capacity in tertiary education. At the same time, it is important to recognise that the GATS cannot solve the issue of access to higher education services. It can only play a role in complementing policy decisions by enhancing investors' confidence when countries decide to allow private sector participation in tertiary education. Domestic factors including the state and features of the higher education system and the country's economic, social and political characteristics remain central.

What are the implications for governments' ability to regulate of being a Member of the WTO when commitments on higher education services have not been made?

If commitments have not been made in a particular sector, only limited disciplines apply, the most important of which is the most favoured nation (MFN) principle (provided that countries have not included the sector in question in their lists of MFN exemptions). MFN treatment does not seem to impinge on governments' ability to retain control over higher education services, given that governments retain the right to exclude any foreign participation.

If it is considered beneficial to make commitments on higher education services, what are the implications for public universities?

It is recognised that there are uncertainties on the exact scope of the carve-out for services provided under governmental authority (Article I:3). As such, a country that has made commitments on higher education services may find out for example through the dispute settlement that its

governmental services, thought to be outside the scope of the Agreement, are actually covered by the specific commitments.

What would this practically mean in terms of governments' ability to retain policy control over the provision of these services?

Once specific commitments are made, other more significant obligations kick in, especially on market access and national treatment. The main concern for higher education services relates to national treatment. The measures extended to public universities, should they unexpectedly fall under the Agreement, could trigger equal treatment of like foreign services and service suppliers. The government would then be required, in the absence of appropriate limitations, to extend financial and other benefits to the services and/or suppliers concerned. Otherwise it would need to renege on its commitment under Article XXI, which would entail paying compensation through trade concessions or retaliatory measures of commercially equivalent effect. Although it is difficult to see how foreign providers would be less suited than their domestic counterparts to meet the development objectives of tertiary education, governments should be aware of unintended consequences.

How is it possible to deal with these concerns?

Pending a clarification of terms and establishment of objective criteria of the carve-out clause, countries wanting to make commitments in higher education services should consider scheduling appropriate limitations in commitments on these services. The GATS allows for wide flexibility in this regard. Members can condition specific commitments to the private sector or exclude public funded institutions, or limit funds, subsidies and other public benefits to national institutions and citizens. These possibilities are reflected in the plurilateral request on private education services presented by a number of WTO Members in the spring of 2006.

What about other existing obligations, can they limit countries' ability to regulate higher education services?

Once commitments in a particular sector have been made, other disciplines apply. The most significant of such disciplines for higher

education relate to regulatory measures and are contained in Article VI, in particular paragraphs 1 and 5. A closer look at these provisions reveals that they do not seem to affect governments' policy space to regulate the provision of higher education services. Paragraph 1 only applies to the "administration" of regulation and not to its substantive aspects. And while paragraph 5 does include substantive aspects, it is subject to two important limitations: that the measures in question nullify and impair specific commitments and that they could have not reasonably been expected of that Member at the time the commitments were made. This means in practice that at least all measures that were already in place in 1995 would be excluded.

What about disciplines that are still under development?

Disciplines to be developed under the Article VI.4 mandate on domestic regulation can potentially have an impact on governments' freedom to regulate higher education services not only to ensure quality but also other policy objectives, such as equity. There are early indications that governments will not develop disciplines in this area that may limit their autonomy to regulate services provision. Nevertheless, in light of the importance of quality assurance and other social objectives in higher education, these negotiations require close monitoring and especially involvement by the education community and other relevant stakeholders.

How does the GATS relate to mutual recognition?

Current disciplines regarding recognition in the GATS framework leave considerable regulatory flexibility to Members to accord recognition as they see fit. New disciplines on domestic regulation to be developed under the Article VI.4 mandate might assist in promoting recognition multilaterally. In particular, progress on talks relating to qualification requirements and procedures could prove very helpful in this regard. Nevertheless, delicate issues of necessity and regulatory sovereignty are relevant here as well and call again for active involvement of the education community.

Conclusion

Cross-border tertiary education can be a helpful capacity development tool that countries and donor countries and agencies should consider in their

development strategies. An appropriate regulatory framework in importing countries is important to reap its benefits. Addressing the cross-border challenges and opportunities will typically lead to reconsider tertiary education policies as a whole and not only foreign provision. As outlined in the *Guidelines for Quality Provision in Cross-border Education*, an appropriate framework of quality assurance will be essential, but it can take many forms according to countries' contexts. Finally, with the growth of trade in education services and the inclusion of the sector in the GATS, countries and their education community should develop a better technical understanding of trade agreements. These agreements can be a tool in their capacity-building strategy, but the consequences and uncertainties of making certain commitments should be well understood. Whatever development strategy they chose, countries should consider whether cross-border tertiary education should be part of it, and if yes, how.

Chapter 1
Cross-border Tertiary Education: An Introduction

Jane Knight[*]

The purpose of this chapter is to provide a general introduction to the different types, forms, modes, rationales and providers of cross-border education. This will facilitate the discussion in the following chapters of cross-border education as a national capacity-building tool.

1.1. Growth and complexity of cross-border education

In most countries, especially those in transition, the demand for postsecondary education including professionally related courses is increasing. This is due to a number of reasons: changing demographics, greater number of secondary school graduates, the movement to lifelong learning, and the growth of the knowledge economy. While demand is growing, the capacity of the public sector to satisfy this need is being challenged. Alternative ways to provide education are being developed. These include a growth in the private education sector, a greater emphasis on distance education given the recent innovations in information and communication technologies but also new developments in cross-border education.

The *Global Student Mobility 2025* Report (Bohm *et al.*, 2002) foresees that the demand for international education will increase from 1.8 million international students in 2000 to 7.2 million international students in 2025. By all accounts these are staggering figures and present enormous opportunities and new challenges. There is no doubt that the number of

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students moving to study in foreign countries will continue to increase; but it is not clear what proportion of the forecasted demand will be met by student mobility or through other forms of cross-border education. In tandem with the escalating rate of student mobility, there is a definite increase in the numbers of academic programmes and education providers/institutions moving across national borders to deliver courses to students in their home countries (OECD, 2004a).

The purpose of this chapter is to provide a general introduction to the different types, forms, modes, rationales and providers of cross-border education. While students, professors and researchers have been moving internationally for years, if not centuries, though not at the same scale as in past years, it has only been in the last two decades that there have been substantial new developments related to the mobility of academic programmes and different types of education providers. Moreover, it has only been in the last ten years that education has been included in international trade agreements such as the General Agreements on Trade in Services (GATS). An overview of the major elements and dimensions of cross-border education will facilitate the discussion of cross-border education as a national capacity-building tool, an internationally tradeable service under the new trade regulations of GATS, and the issues related to quality assurance – all of which are dealt with in the following chapters.

A fascinating but very complex world of cross-border higher education is emerging. For instance, Phoenix University has become the largest private university in the United States (owned and operated by the Apollo Group company) and is now present or delivering courses in Puerto Rico, the Netherlands, Mexico and Canada. Other Apollo companies are offering courses in Brazil, India and China. The Netherlands Business School (*Universitiet Nijenrode*) has recently opened a branch campus in Nigeria and Harvard is planning to develop two branch campus initiatives in Cyprus and the United Arab Emirates. Furthermore, Jinan University will be the first Chinese university to open a branch campus outside China and will do so in Thailand. Laureate Education (formerly Sylvan Learning Systems) has purchased whole or part of private higher education institutions in Chile, Mexico, Panama and Costa Rica and owns universities in Spain, Switzerland, and France. Dubai has developed a "Knowledge Village" in the Dubai Technology and Media Free Zone and to date the London School of Economics, India's Manipal Academy of Higher Education and the University of Wollongong from Australia are offering courses through franchising agreements and branch campuses. The University of Westminister (United Kingdom) is the key foreign academic partner in the new private Kingdom University of Bahrain and plays a similar advisory/provision role with new institutions in Nigeria, Uzbekistan and

Kazakhstan (OBHE, 2004). At the same time, the number of students going abroad for their full academic programme has dramatically increased in the last decade (OECD, 2004a). The recruitment of international students has become an important business in popular receiving countries such as the United Kingdom, the United States, and Australia. But European countries including Germany and France, and more Asian nations such as India, China and Malaysia are becoming more competitive and strategic in their recruitment efforts. Finally, the last decade has clearly been a hotbed of innovation and new developments in international academic mobility.

Drawing on recent documents by the author (Knight, 2005a-b, 2006a-c), this chapter will propose an introduction to the landscape of cross-border education, by clarifying the related terminology and concepts and stressing a few trends and issues that raise questions in terms of what regulatory frameworks need to be put in place.

1.2. Terminology

The growing interest in the international dimension and delivery of higher education has spawned an increase in the number of terms used to describe the changes. It is important to be clear at the outset how these terms are used and relate to higher education crossing borders. The following list provides a description of related terms.

Globalisation is described as a process that is increasing "the flow of people, culture, ideas, values, knowledge, technology, and economy across borders resulting in a more interconnected and interdependent world". Globalisation affects each country in different ways. It can have both positive and/or negative consequences, according to a nation's individual history, traditions, culture, priorities and resources. Education is one of the sectors impacted by globalisation and the growth in cross-border education is seen as one of the direct results of globalisation.

Internationalisation of higher education is also a process, albeit a different process than globalisation. Internationalisation of higher education is described as "the process of integrating an international, intercultural, and global dimension into the purpose, functions (teaching, research, service) and the delivery of higher education". It refers to all aspects of internationalisation, whether it involves cross-border mobility or not (Knight, 2004).

Internationalisation activities can include: international development projects; institutional agreements and networks; the international/intercultural dimension of the teaching/learning process, curriculum, and research; campus-based extracurricular clubs and activities;

mobility of academics through exchange, field work, sabbaticals and consultancy work; recruitment of international students; student exchange programmes and semesters abroad; joint/double degree programmes; twinning partnerships; branch campuses, etc. Internationalisation activities apply to both campus-based activities and cross-border initiatives. This publication addresses the cross-border aspects of internationalisation.

Cross-border education refers to the movement of people, programmes, providers, curricula, projects, research and services across national or regional jurisdictional borders. Cross-border education is a subset of internationalisation and can be part of development cooperation projects, academic exchange programmes and commercial initiatives. The focus of this volume is on the movement of students, programmes and providers/institutions. Cross-border is a term that is often used interchangeably with other terms such as transnational, offshore, and borderless education. There are some conceptual differences among these terms but usually they refer to similar types of activities. The preferred term is cross-border education given the importance of jurisdictional boundaries when it comes to policy frameworks and regulations.

Trade of education services is a term used by both the education and trade sectors, but primarily the former. It focuses on those cross-border education initiatives that are commercial in nature and are usually intended to be for-profit in nature – though this is not always the case. This term coincides with the advent of the General Agreement on Trade in Services which includes the education sector as a tradeable service and is discussed in Chapter 3. It is also sometimes used in relation to the revenues generated or spent related to cross-border higher education in countries' balance of payments, regardless of whether the cross-border initiative is for profit or not.

1.3. Elements of cross-border education

Table 1.1 provides a framework to understand the nature of cross-border education and illustrates two significant trends. The first trend is the vertical shift downwards from student mobility to programme and provider mobility. It is important to note that numbers of students seeking education in foreign countries is still increasing and by far the largest component of cross-border higher education; but more emphasis is currently being placed on delivering foreign academic courses and programmes to students in their home country. The second shift is from left to right signifying substantial change in orientation from development cooperation to competitive commerce, or in other words, from aid to trade. Countries' positions still vary in this respect and few countries have adopted a full blown trade approach so far.

Table 1.1. Framework for cross-border higher education

Category	Forms and conditions of mobility		
	Development ⟶	*Educational* ⟶	*Commercial* ⟶
	Cooperation	*Linkages*	*Trade*
People Students Professors/scholars Researchers/ Experts/consultants ⟶	Semester/year abroad Full degrees Field/research work Internships Sabbaticals Consulting		
Programmes Course, programme sub-degree, degree, post graduate ⟶	Twinning Franchised Articulated/validated Joint/double award Online/distance		
Providers Institutions Consortia Companies ⟶	Branch campus Virtual university Merger/acquisition Independent institutions		
Projects Academic projects Services ⟶	Research Curriculum Technical assistance Educational services		

Source: Adapted from Knight (2005b).

People

The first category of cross-border higher education covers the movement of people whether they are students, professors, scholars, or experts. Students are mobile in a number of ways. They can take whole degrees in another country, participate in a study abroad exchange programme, undertake fieldwork or an internship, register for a semester/year abroad programme, etc. The funding for such cross-border education can be through exchange agreements, scholarships from government, public or private sources and self-funding. Professors, scholars and experts can be involved in teaching and research activities, technical assistance and consulting assignments, sabbaticals, seminars and other

professional activities. These types of initiatives can be self- or institution-funded, based on exchange agreements, involve contracts and fee for service, or supported by public and private funding.

Programmes

The programme, not the student, moves in this category. The delivery of the programme is often done through a partnership arrangement between foreign and domestic providers or can be an independent initiative by a foreign provider. The programmes can be delivered by distance, face-to-face, or mixed mode. Franchising, twinning and new forms of articulation and validation arrangements are most common. In some cases, the programme and qualification awarded is provided by the foreign country institution but the teaching and support is done in part or totally by a local institution. In other cases, the foreign provider takes complete responsibility for the delivery of the academic programme but may have a local business partner investing in the operation. Distance delivery of a programme involves yet another set of circumstances. Virtual universities are yet another example of the programme moving across borders through distance delivery of a selection of programmes.

Providers

The term provider includes all types of higher education institutions as well as companies and networks involved in cross-border education. The key factor in this category is that the institution moves to have physical or virtual presence in the receiving/host country. It is not the student who moves, the provider moves to serve the student. The movement of a provider can involve a more substantial range of programmes and academic/administrative support services moving. A provider can develop a satellite campus or establish a full institution. In other scenarios the provider moves by purchasing or merging with a local institution. The providers can include private and public, for-profit or non-profit, educational institutions, associations and companies.

Projects/services

There are a wide range of education related projects and services that need to be considered when analysing cross-border education. Such activities could include a diversity of initiatives such as joint curriculum development, research, bench marking, technical assistance, e-learning platforms, professional development and other capacity-building initiatives especially in the information technology area. The projects and services

could be undertaken as part of development aid projects, academic linkages, and commercial contracts.

1.4. A diversity of cross-border providers

The increase in worldwide demand for higher education has resulted in a diversity of providers delivering education across borders. The providers are classified into two categories: 1) the traditional higher education institutions which are normally oriented to teaching, research and service/commitment to society; and 2) the "new or alternative providers" which primarily focus on teaching and the delivery of education services.

Traditional higher education institutions include public non-profit, private non-profit and private for-profit institutions. Many countries have a mixed system of publicly and privately funded higher education institutions. There is a definite blurring of the boundary between public and private institutions. Private funds represent an increasing share of public universities' financing and public universities are sometimes engaging in for-profit activities. On the other hand, in many countries private institutions are eligible for public funds and engage in social non-profit activities.

One important factor is whether the higher education institution is part of a home national education system and recognised by a national bona fide licensing/accrediting body. In cross-border education recognition/ registration is critical to ensuring the legitimacy of the institution and the qualifications provided. The majority of traditional universities are bona fide institutions that comply with domestic and foreign regulations (where they exist). But, there is also an increase in rogue or low quality providers who are not recognised by bona fide accreditation/licensing bodies in either the sending or receiving countries. "Rogue providers" are often accredited by self-accrediting groups or by agencies that sell accreditation (accreditation mills). In addition, there is a worrisome increase in the number of "degree mills" operating around the world (Garrett, 2005). These are often no more than web based companies that are selling certificates based on "life experiences" and are not delivering any education programmes.

New or alternative providers. The new providers are diverse in nature, but are typically described as a company or consortium that provides education programmes and/or services for profit purposes. They are more oriented to delivering education and training programmes than undertaking research and scholarly activities. The new providers include publicly traded companies such as Apollo (United States), Informatics (Singapore) and Aptech (India), corporate universities such as those run by Motorola and Toyota, and networks of universities, professional associations and

organizations. These new types of cross-border providers can be bricks and mortar institutions or virtual universities and can complement, compete, collaborate or simply co-exist with domestic higher providers (and other cross-border providers).

1.5. Typology of programme mobility

Cross-border mobility of programmes can be described as "the physical or virtual movement of individual education/training courses and programmes across national borders through face to face, distance or a combination of these modes. Credits towards a qualification can be awarded by the sending foreign country provider or by an affiliated domestic partner or jointly". Franchising, twinning, double/joint degrees and various articulation models are the more popular methods of cross-border programme mobility (Knight, 2005b). A short description of each follows:

Franchise. An arrangement whereby a provider in the source country A authorises a provider in country B to deliver their course/programme/service in country B or other countries. The qualification is awarded by the provider in country A. Arrangements for teaching, management, assessment, profit-sharing, awarding of credit/qualification, etc., are customised for each franchise arrangement and must comply with national regulations (if they exist) in country B and sometimes national regulations or codes of good practice of country A (if they exist and are applicable to the provider).

Twinning. A situation where a provider in source country A collaborates with a provider located in country B to develop an articulation system that allows students to take course credits in country B and/or source country A. Only one qualification is awarded by provider in source country A. Arrangements for twinning programmes and awarding of degree usually comply with national regulations of the provider in the source country A.

Double or joint degree. An arrangement where providers in different countries collaborate to offer a programme for which a student receives a qualification from each provider, or a joint award from the collaborating partners. Arrangements for programme provision and criteria for awarding the qualifications are customised for each collaborative initiative in accordance with national regulations in each country.

Articulation. Various types of articulation arrangements between providers situated in different countries permit students to gain credit for courses/programmes offered by all of the collaborating providers. This allows students to gain credit for work done with a provider other than the provider awarding the qualification, but with a much looser collaboration between providers than twinning.

Validation. Validation arrangements between providers in different countries allow provider B in receiving country to award the qualification of provider A in source country. In some cases, the source country provider may not offer these courses or awards itself.

E-learning or distance. Arrangements where providers deliver courses/programme to students in different countries through distance and online modes. May include some face-to-face support for students through domestic study or support centres.

A critical factor in programme mobility is "who" awards the course credits or ultimate credential for the programme. As the movement of programmes proliferates, there will undoubtedly be further changes to national, regional and even international regulatory frameworks. The question of "who grants the credits/awards" will be augmented by "who recognises the provider" and whether or not the programme has been "accredited or quality assured" by a bona fide body. Of central importance is whether the qualification is recognised for employment or further study in the receiving country and in other countries as well. The perceived legitimacy and recognition of the qualification at home and abroad are fundamental issues yet to be resolved in a systematic way.

Given that several modes for programme mobility involve partnerships, there are questions about who owns the intellectual property rights to course design and materials. What are the legal roles and responsibilities of the participating partners in terms of academic, staffing, recruitment, evaluation, financial, and administrative matters? While the movement of programmes across borders has been taking place for many years, new types of providers, partnerships, awards and delivery modes are challenging national and international policies.

1.6. Typology of traditional and new provider/institution mobility

Cross-border mobility of providers can be described as "the physical movement of an education provider (institution, network, company) across a national border to establish a presence in order to offer education/training programmes and/or services to students and other clients". The difference between programme and provider mobility is one of scope and scale in terms of programmes/services offered and the local presence (and investment) by the foreign provider. There is more limited local presence in programme mobility than in provider mobility. Credits and qualifications are awarded by the foreign provider (through foreign, local or self-accreditation methods) (Knight, 2005b). Different forms of cross-border provider mobility are as follows.

Branch campus. Provider in country A establishes a satellite campus in country B to deliver courses and programmes to mainly local students in country B. Country A students may also take a semester/courses abroad. The qualification awarded is from provider in country A.

Independent institution. Foreign provider A (a traditional university, a network or commercial company) establishes in country B a stand alone higher education institution to offer courses/programmes and awards. There is usually no "home" institution in country A.

Acquisition/merger. Foreign provider A purchases a part of or 100% of local higher education institutions in country B.

Study centre or teaching site. Foreign provider A establishes study centres in country B to support students taking their courses/programmes. Study centres can be independent or in collaboration with local providers in country B.

Affiliation/networks. Different types of "public and private", "traditional and new" and "local and foreign" providers collaborate through innovative types of partnerships to establish networks/institutions to deliver courses and programmes in local and foreign countries through distance or face-to-face modes.

The movement of providers to other countries raises many of the same registration, quality assurance and recognition issues that programme mobility does, but there are additional factors to consider if a network or local partnerships are involved. Setting up a physical presence requires attention being paid to national regulations regarding status of the entity, total or joint ownership with local bodies, tax laws, for profit or not-for-profit status, repatriation of earned income, boards of directors, staffing, granting of qualifications, selection of academic programmes and courses, etc. For some countries, it means that strict regulations are being developed to closely monitor, and in some case restrict, new providers coming into the country. In other instances, incentives are being offered to attract high quality providers to set up a teaching site or full campus. This is especially true where "knowledge parks" or "technology zones" or "education cities" are being developed to attract foreign companies and education and training providers.

1.7. Rationales and impact

An examination of the rationales and impacts related to the increase in cross-border education requires a 360 degree view of the issues. This involves giving serious consideration to the diverse and often contradictory

perspectives and expectations that different groups of stakeholders may have. This is not a straight forward or linear task of analysis as the viewpoints differ depending on whether you are a student, a provider, a governmental or non-governmental body and whether you are in the country that is exporting or importing the programmes and services. In short, the analysis of rationales and impacts is rather complex.

Rationales at the national/country level

In the past several years, much has been written about the changes in rationales for internationalisation in general and cross-border education in particular (OECD, 2004a and b; Vincent-Lancrin, 2005; Altbach and Knight, 2006). The chapters which follow will discuss rationales in more depth but a generic description of the rationales includes the following (Knight, 2004).

Human resources development

The knowledge economy, demographic shifts, and mobility of the labour force are factors which are driving nations to place more importance on developing human capital and recruiting brain power through cross-border education. In general, there is a positive stance towards what is being called "brain circulation" due to increased student and professional mobility. However, this phenomenon affects small and large, developed and developing countries in different ways. For some countries there is currently a risk of brain drain attached to the mobility of students across borders, especially when international student recruitment policies are linked to aggressive immigration policies. Therefore, the smaller countries on the receiving end of cross-border programmes education often see the imported programmes as effective means to lessen the chances of their tertiary education graduate staying abroad after they have finished their studies.

Strategic alliances

The international mobility of students, academics, and programmes as well as collaborative research and education initiatives are seen as productive ways to develop closer geo-political ties and economic relationships between countries and to enhance competitiveness. Over the past ten years there has been a definite shift from alliances for cultural purposes to economic and political purposes. The development of strategic alliances is attractive to both sending and receiving countries and providers.

Income generation

For sending countries there is a strong motivation to use cross-border education as a means of generating income from fee based education programmes and services. New franchise arrangements, foreign or satellite campuses, on-line delivery, and increased recruitment of fee paying students are examples of a more commercial approach to internationalisation. While more emphasis is now being placed on economic and income generating opportunities it is usually not seen as the primary motivation by traditional higher education institutions. Yet, the fact that education is now one of the 12 service sectors in the General Agreement on Trade in Services under the World Trade Organisation is positive proof that importing and exporting of education programmes and services is a potential trade area for commercial companies.

Nation building and capacity building

While some countries are interested in the export of education for income generation, there are other countries that are interested in the importing of education programmes and institutions for nation building purposes. The fact that the increased demand for education cannot always be met by domestic capacity makes the importing of foreign programmes and providers an attractive option to help increase access to education and to augment/improve national capacity and quality of the higher education system.

Social/cultural development and international understanding

The social and cultural rationales, especially those that relate to promotion of intercultural understanding and national cultural identity, are still significant, but perhaps their importance has been diminished in comparison with the current emphasis given to economic and political rationales. There are mixed views and sometimes conflicting opinions related to social/cultural rationales. On the one hand, there is the belief that by having students stay in the home country while studying for a foreign qualification there is a greater chance that national identity and indigenous customs can be maintained. Yet, there is always the question about how relevant and culturally appropriate course content and teaching/learning processes are when they are imported from other countries. Another opinion emphasises the advantages for students who live and study in a different country than their own. Such an experience opens their eyes and increases their international understanding and cross-cultural skills, while at the same time learning about how their own country relates to the rest of the world.

These kinds of experiences and insights are difficult to replicate in virtual or cross-border provision.

Rationales at institution/provider level

There are a myriad of factors which influence the institutional/provider level rationales. These factors range from mission, student population, faculty profile, geographic location, funding sources, availability of resources, degree of institutional autonomy, orientation to local, national and international interests. The rationales for internationalisation in general, and cross-border education in particular, which are emerging as most important are the following.

Research and knowledge production

The complexity and costs involved in higher education institutions' role in the production and distribution of knowledge should not be minimised. Given the increasing interdependence among nations, it is clear that there are global issues and challenges that cannot be addressed at the national level only. International and interdisciplinary collaboration is central to solving many global problems such as those related to environmental and health challenges, international crime and others. Institutions and national governments are therefore making the international dimension of research and knowledge production a primary rationale for internationalisation and cross-border education and many institutions are articulating this as a key rationale.

Student and staff development

At the institutional level, it appears that there is renewed emphasis on internationalisation in the largest sense and cross-border education in particular, as a means to enhance the international and intercultural understanding and skills for students and staff. There are a number of factors contributing to this. The escalating numbers of national, regional, international and cultural conflicts are pushing academics to help students understand global issues and appreciate international/intercultural diversity. The growing emphasis on the knowledge society makes continuous upgrading and highly developed knowledge and skills important for students. The mobility of the labour market and the increase in cultural diversity of communities and the work place require that both students and academics have an increased understanding and demonstrated abilities to work and live in a culturally diverse or different environment. On the other hand, the increased emphasis on accountability and outcomes-based

education is resulting in a substantial effort towards identifying student and staff competencies developed through internationalisation initiatives. Lastly, the development of information and communication technologies, especially the Internet, has highlighted the need for deeper knowledge and understanding of the world and has provided new opportunities to do so.

Income generation

On the other side of the ledger from human (student and staff) development is the motivation of economic development. There is no question that some institutions are increasingly looking for internationalisation activities as a way to generate alternative sources of income. Public institutions are caught in the squeeze of decreased public funding and increased operational costs, all taking place in an environment of increased accountability and growing competition. The motivation to undertake internationalisation in order to generate income is a complex issue. The purpose or use of the income generation is often questioned not in terms of where or how the money is being spent, but in terms of whether it is profit oriented or for cost recovery. This is not an issue that has clear answers, as most public institutions would argue that they are by definition not for profit and that therefore any surplus from internationalisation activities would be used to subsidise other initiatives on campus. Many would suggest that any income generated from internationalisation activities should be reinvested to enhance under-funded aspects of internationalisation but of course, this is an institutional matter. Another factor related to income generation is the emergence of new commercial corporate providers (Garrett, 2005) who operate on a for profit basis. Thus while there is more importance being attached to the economic rationale for internationalisation at the institution/provider level, the issue is becoming more complicated as it is part of the larger questions of commercialisation/commodification of education with cross border delivery of education programmes and services playing a major role.

International profile and reputation

Traditionally, prominence has been given to the importance of achieving international academic standards (however they may be defined). This motivation is still important but it appears to have been subsumed by the overall drive to achieve a strong worldwide reputation as an international high quality institution. This drive relates to the quest for name recognition in an attempt to attract the brightest of scholars, a substantial number of international students and of course high profile research and training projects. One could say that education institutions have always been

competitive in trying to achieve high academic standards and more recently an international profile. However, there has been a shift towards developing an international reputation in order to successfully compete in a more commercial environment. Institutions and companies are competing for market share of international fee-paying students, or for-profit education and training programmes, or for education services like language testing and accreditation services. The interest in branding is leading institutions to seek out accreditation or quality assurance services by national and international accrediting bodies, some of which are very trustworthy, and some of which are not so reputable. Accreditation is becoming an industry unto itself and, and it is clear that institutions and providers are making serious efforts to create an international reputation and "name brand" for themselves or a network of partners in order to gain competitive advantage. Therefore, the desire to have international recognition whether it is for academic, economic, social or political purposes is clearly growing.

Quality enhancement/international standards

For most institutions, internationalisation is not an end unto itself but a means to an end. The contribution that the international dimension makes to improve the quality and relevance of higher education in relation to international standards is often articulated as a rationale and goal of internationalisation. Given the more interconnected and interdependent world of today, it is important that higher education, through a strengthened international dimension in teaching and research, serves the needs of individuals, communities, countries and society at large. At a more practical level, cross-border education is proving to be a useful tool to assist institutions to benchmark and gain innovative solutions to ongoing management, academic and research related challenges. This is yet another aspect where cross-border education can help to strengthen the quality of higher education institutions and the primary functions of teaching/learning, research and service.

Strategic alliances

The number of bilateral or multilateral educational agreements has increased exponentially in the past decade. During the early stages of the internationalisation process, institutions are often reacting to the multitude of opportunities to establish international institutional linkages. These linkages can be for different purposes: academic mobility, bench marking, joint curriculum or programme development, seminars and conferences, joint research initiatives. It is often the case that institutions cannot support a large number of agreements and thus many are inactive and mainly paper-

based arrangements. As institutions mature in their approach to internationalisation and cross-border education, there is more effort put into developing strategic alliances with clear purposes and outcomes articulated. An important trend is the development of networks. Networks tend to have clearer and more strategic objectives but in many cases are more difficult to manage than bilateral agreements because of the complexities of working with so many different education systems and cultures. All in all, the rationale for developing key strategic international education alliances at both the national and institutional level is not so much an end unto itself but a means to achieving academic, scientific, economic, technological or cultural objectives.

Student and provider/institution perspectives on programme and institution mobility

Given the recent emergence of programme and institution mobility compared to people mobility, it is important and revealing to examine its rationales and anticipated impacts from the viewpoint of the students enrolled in these cross-border courses/programmes and of the institutions/providers involved in delivering the education. Table 1.2 presents differing perspectives on several key factors.

Table 1.2. Different perspectives on rationales and impacts of programme and provider mobility

Rationales and impact	Enrolled students in receiving country	Institution/provider in sending country	Institution/provider in receiving country
Increased access/supply in home country	Ability to gain foreign qualification without leaving home. Can continue to meet family and work commitments Students' opportunity for labour mobility and migration may be lower if they stay in home country and study with foreign provider	Attracted to unmet need for higher education and training	Competition, collaboration or co-existence with foreign providers
Cost/income	Less expensive to take foreign programme at home as no travel or accommodation costs Tuition fees of quality foreign providers may be too high for majority of students	Strong imperative to generate a profit for cross-border operations (unless provided with development assistance funding). Fees could be high for receiving country	Varied rationales and impacts depending on whether institution/provider is competing or co-operating with foreign providers

Table 1.2. Different perspectives on rationales and impacts of programme and provider mobility (*continued*)

Rationales and impact	Enrolled students in receiving country	Institution/provider in sending country	Institution/provider in receiving country
Selection of courses/ programmes	Increased access to courses/programmes in high demand by labour market	Tendency to offer high demand courses which require little infrastructure or investment	Need to offer broad selection of courses which may not have high enrolments and/or have major lab or equipment requirements
Language/cultural and safety aspects	Can have access to courses in foreign and/or indigenous language. Remain in familiar cultural and linguistic environment. Post 9/11 students have stronger concerns about safety and security	Language of instruction and relevance of curriculum to host country important issues. If foreign language used additional academic and linguistic support may be needed	Provide courses and programmes according to local cultural and linguistic norms
Quality	Can be exposed to higher or lower quality course provision	Depending on delivery mode, quality may be at risk. Assurance of relevant and high quality courses may require significant investment	Presence of foreign providers may be a catalyst for innovation and improvement of quality in courses, management and governance
Recognition of qualification	Foreign qualification has to be recognised for academic and employment purposes	May be difficult for academic award and for institution to be recognised in foreign country	Recognised home providers have an advantage and are attractive to foreign providers for award granting powers
Reputation and profile	Due to massive marketing campaigns international profile is often mistakenly equated with quality of provider/programme	Profile and visibility are key factors for high enrolments and strategic alliances	Home (domestic) providers are challenged to distinguish between those providers with high/low profile and high/low quality

Source: Knight (2005b).

These are but a few of the aspects that contribute to the complexities of delivering courses and programmes in other countries.

1.8. Emerging issues and challenges

This section introduces emerging issues involved in this dynamic arena of cross-border higher education and identifies some of the challenges with respect to capacity building, trade agreements and quality assurance.

Student access

Demographic changes, lifelong learning, changing human resource needs created by the knowledge economy as well as increasing number of graduates from secondary level education are increasing the unmet demand for post-secondary education and training. Does cross-border higher education help countries satisfy this growing demand for further education? Increased access for students is often considered a driving motivation for all forms of cross-border education. But there remain the issues regarding the equity of access and the quality and relevance of the education provided. While student mobility is well documented no precise data exist on the rate of participation of students in cross-border programme or provider mobility at the national or international levels. Only a few countries such as Australia; Hong Kong, China; the United Kingdom; Singapore; and Malaysia collect reliable data on enrolments in cross-border education programmes. This is an area requiring further national and international attention as without solid data it is challenging to develop appropriate policy and regulatory frameworks.

Quality assurance of cross-border education

In the last decade, increased importance has certainly been given to quality assurance at the institutional and national levels. New regional quality networks have also been established. The primary task of these groups has been quality recognition and assurance of domestic higher education provision by public and private higher education institutions. However, the increase in cross-border education by institutions and new private commercial providers has introduced a new challenge (and gap) in the field of quality assurance. Historically, national quality assurance agencies have generally not focussed their efforts on assessing the quality of imported and exported programmes, with some notable exceptions. The question now facing the sector is how to deal with the increase in cross-border education by traditional higher education institutions and the new private commercial providers who are not normally part of nationally-based quality assurance schemes (OECD, 2004a and b; OECD, 2005; Knight, 2006c).

It is probable that sectors, in addition to education, will be interested in developing international quality standards and procedures for cross-border education. ISO standards, or other industry-based mechanisms such as the Baldridge Awards, are examples of quality systems that might be applied or modelled for cross-border education. The education sector has mixed views on the appropriateness of quality standards being established for education by those outside the sector: some see merit to this idea and others see

problems. At the same time, there are divergent opinions on the desirability and value of any international standards or criteria for quality assurance as this might jeopardise the sovereignty of national level systems or it could contribute to standardisation – not necessarily the improvement of quality standards.

New developments in accreditation

The increased awareness of the need for quality assurance and/or accreditation has led to several new developments in accreditation. Many countries have made efforts to establish criteria and procedures for quality assurance recognition systems and the approval of bona fide accreditors. At the same time, the number of self-appointed accreditors has increased and there is some concern that accreditation mills simply selling "bogus" accreditation labels might expand.

Market forces are making the profile and reputation of an institution/provider and their courses more and more important. Major investments are being made in marketing and branding campaigns in order to get name recognition and to increase enrolments. The possession of some type of accreditation is part of the campaign and assures prospective students that the programmes/awards are of high standing. The desire for accreditation status is leading to a certain commercialisation of quality assurance and accreditation as programmes and providers strive to gain as many "accreditation" stars as possible in order to increase competitiveness and perceived international legitimacy. The challenge is how to distinguish between bona fide and rogue accreditors, especially when neither the cross-border provider nor the accreditor are nationally based or recognised as part of a national higher education system.

At the same time, there are networks of institutions and new organisations that are self-appointed and engage in accreditation of their members. These are positive developments when seen through the lens of trying to improve the quality of the academic offer. However, there is some concern that they may not be totally objective in their assessments. While this can apply to both cross-border and domestic provision, it is particularly worrisome for cross-border provision as attention to national policy objectives and cultural orientation is often neglected.

Another development that is worrisome is the growth in accreditation mills. These organisations are not recognised or legitimate bodies and they more or less "sell" accreditation status without any independent assessment. They are similar to degree mills that sell certificates and degrees with little or no course work. Different education stakeholders, especially the students, employers and the public need to be aware of these accreditation (and

degree) mills which are often no more than a web address and are therefore out of the jurisdiction of national regulatory systems.

Recognition of qualifications

Increased academic mobility raises the issue of credential recognition to a more prominent place in international education policy. The credibility of higher education programmes and qualifications is extremely important for students, their employers, the public at large and of course for the academic community itself. It is critical that the qualifications awarded by cross-border providers are legitimate and will be recognised for employment or further studies both at home and abroad. This is a major challenge facing the national and international higher education sector in light of new cross-border providers and programmes. The *Guidelines for Quality Provision in Cross-border Higher Education* jointly developed by UNESCO and the OECD have started to address these issues (see Annex 1).

Brain drain/gain

Brain power is an increasingly important issue for many countries due to technological progress, changes in the economy and the growing mobility of professional/skilled workers. The increase in cross-border movement of scholars, experts and teachers/professors is due in part to the increasing competitiveness for human capital in the knowledge economy. Not only is there a trend for higher education personnel to move from country to country, they are also attracted to the corporate sector where benefits can be more attractive than in the education sector. The higher education sector is affected by this mobility both positively and negatively depending on whether a country is experiencing a net brain drain or gain effect and the level of brain circulation. It is important to be aware of the long-term implications in terms of human resource capacity in specific fields for instance, medicine, at both the national and institutional levels. There are implications for education policies but also for immigration, science and technology, trade, employment and foreign relations. There are also probable links between foreign student recruitment/mobility and the immigration needs for skilled labour of the recruiting country. Thus, the complex and increasingly inter-related dynamics between national policies for international education, migration policies and nation building/human capacity-building efforts are areas worthy of serious investigation.

The General Agreement in Trade in Services (GATS) and higher education

The GATS has been a wake-up call for higher education leaders around the world. Higher education has traditionally been seen as a public service. But with the advent of new international trade agreement, higher education is also recognised as a tradeable service that can be subject to WTO rules. Academic mobility (students, programmes, providers) is considered by many as an important economic stake and is expected to increase exponentially as the demand for higher and continuing education escalates (Larsen, Morris and Martin, 2002). The GATS has been seen by many as presenting new opportunities and benefits, and by others as introducing new risks. Thus, while international academic mobility is not new, the presence of international trade law to regulate is new and causing interesting debates within the higher education community (OECD, 2004a and b; Knight, 2006b).

1.9. Key questions

These emerging trends raise questions in terms of what institutional, national and regional level policies and regulatory frameworks need to be put into place. The following list of questions help to guide the analysis in the following three chapters and shape the findings and conclusions presented in the final chapter.

- Under what conditions and for what purposes should cross-border higher education activities be encouraged by receiving and/or sending countries? Are different types of arrangements (development cooperation, academic partnerships or commercial trade) or specific forms (*i.e.* twinning, franchise, double degree, branch campus) more appropriate for some purposes, countries or contexts?

- As education/training programmes move across borders what are the implications for quality assurance and accreditation of programmes and providers? What are the different roles that institutions, national quality assurance and accreditation agencies play in the monitoring of incoming and outgoing programmes? Is there a need for regional or international mechanisms to augment national and institutional efforts to monitor the increased cross-border delivery?

- What are the appropriate regulatory frameworks that need to be put in place to ensure quality, equity, knowledge/sharing, access, research, recognition of qualification? Would it be appropriate to

have a dual regulatory system – one for domestic/another for foreign? Should there be minimal requirements that foreign providers must meet and should they be mandatory or based on incentives? Should student aid be extended to foreign provision?

- The emergence of new types of providers brings new actors to the world of cross-border education. How will these new providers of education programmes and services collaborate, compete, complement, or change the work of domestic traditional public and private post-secondary institutions in providing access to quality higher education opportunities? What regulatory processes need to be in place to ensure quality, financial stability and relevance of foreign providers? What, if anything, facilitates or hinders that cross-border provision serves local interests of receiving countries?

- How does cross-border education contribute to or decrease brain drain or brain gain? What mechanisms can help to enhance the benefits of increased academic and professional mobility and the expertise of the diaspora but mitigate the negative impact of the imbalances in the talent flowing out of countries?

- What are the connections between academic mobility, labour mobility and temporary or permanent immigration? Are targeted international student recruitment campaigns linked to migration patterns? Does delivering education to students in their home country decrease the chances for emigration?

- What are the implications of increased academic mobility for the recognition of academic and professional recognition of credentials? What national policies need to be in place to determine the validity of domestic and foreign degrees offered through cross-border provision? What is the role of the existing regional UNESCO conventions on credential recognition?

- The international dimension of higher education is gaining more profile in policy arenas outside of education, such as immigration, trade and commerce, culture, economic development. How can the education sector work collaboratively with these sectors at the national/regional level to ensure that cross-border education is understood and contributes to human, social, cultural, scientific and economic development?

1.10. Conclusion

The mobility of students, professors, knowledge, values has been part of higher education for centuries, but it has recently grown at an unprecedented pace. Moreover, it has only been in the last two decades that there has been a significant growth in the mobility of programmes and providers through physical and virtual modes of delivery. This presents many new opportunities – for increased access to higher education; for strategic alliances between countries and regions; for the production and exchange of new knowledge; for the movement of graduates and professionals; for human resource and institutional capacity building; for income generation; for the improvement of academic quality; and for increased mutual understanding. The list of potential benefits is long and varied. But so is the list of potential risks. Risks can include: an increase in low quality or rogue providers; a potential decrease in public funding if foreign providers are providing increased access; non-sustainable foreign provision of higher education if profit margins are low; foreign qualifications not recognised by domestic employers or education institutions; elitism in terms of those who can afford cross-border education, increasing emphasis on English as the language of instruction; and national higher education policy objectives not being met.

Risks and benefits vary between sending and receiving countries, between developed and developing countries, for students, institutions, companies and employers. The purpose of this book is to cast light on these opportunities and challenges, especially for developing countries willing to use cross-border higher education as a lever of development, both academically and economically.

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Chapter 2
Developing Capacity through Cross-border Tertiary Education

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While several OECD countries compete to attract foreign students, some pioneering emerging economies show that an innovative strategy for the import of cross-border education can form a part of a national capacity-building strategy. Could this be a suitable model for developing countries to build capacity in tertiary education, and more generally, to accelerate economic development? This chapter argues that this is the case.

2.1. Introduction

The emergence of new forms of cross-border higher education and the establishment of capacity-building approaches towards this type of provision are a recent phenomenon. Consequently, little empirical data exist to evaluate its effectiveness as an educational and economic development tool. However, considering the growing scale of cross-border education, this chapter examines the potential impact of these activities in a capacity development context based on available indicators and the theoretical perspectives vis-à-vis this approach to development.

Tertiary education has become increasingly international in the past decade as more and more students choose to study abroad, enrol in foreign educational programmes in their home country, or simply use the Internet to take courses offered by institutions in other countries. Students going abroad to study have traditionally constituted the most common form of cross-border higher education. In the last decade, however, new types of cross-border post-secondary education have emerged. Cross-border education

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does not only include international student mobility, but also the mobility of educational programmes and institutions across borders (see Table 2.1).

Cross-border tertiary education refers to situations where students, teachers, programmes, institutions/providers or course materials cross national borders. It can take several forms, such as students (and teachers) travelling to study (teach) in foreign countries, educational institutions partnering with foreign institutions to offer joint educational programmes or degrees, educational institutions operating abroad, and educational courses being supplied across borders through e-learning or distance learning (Knight, 2003, 2005; OECD, 2004a; and Chapter 1 of this book). All forms of cross-border education are currently delivered under a variety of contractual arrangements: development aid, not-for-profit partnerships, and, increasingly, trade (OECD, 2004a).

The number of foreign students in OECD countries[1] has more than tripled over the past 25 years to 2.3 million in 2004. OECD countries received around 85% of the world's foreign students in the same year (OECD, 2006a). Conversely, two thirds (66%) of all foreign students studying in OECD countries were from outside the OECD area in 2004. Asia heads the list of regions sending students abroad for higher education, accounting for almost half (48%) of all international tertiary-level students in the OECD area. Europe is a close second, accounting for 27%, followed by Africa (12%), South America (7%), North America (4%) and Oceania (1%). The bulk of cross-border post-secondary education through programme and institution mobility occurs in the Asia-Pacific region. Singapore, Malaysia and Hong Kong, China are probably the main importers of cross-border education through institution and programme mobility. This type of activity is also increasingly being developed in mainland China. From 1996 the Malaysian government has encouraged foreign universities to establish branch campuses on its soil. There are currently five branch campuses of foreign universities and over 600 private colleges offering both local and foreign qualifications. In Hong Kong, China approximately 165 foreign educational institutions and professional bodies offered a total of 856 courses in June 2003, alone or with local partners (Garrett and Verbik, 2003). Finally, China has reported a nine-fold increase between 1995 and 2003 in foreign programmes (all offered in co-operation with local institutions as required by Chinese legislation). In early 2003, there were 712 such programmes, 37% of them at post-secondary or higher education level.

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[1] A list of the 30 member countries of the OECD is available at:
http://www.oecd.org/pages/0,3417,en_36734052_36761800_1_1_1_1_1,00.html

This growth stems from several different, but not mutually exclusive, factors in importing and exporting countries: the fall in the cost of transport and communications, the globalisation of economies and of the labour market, the development of multinational enterprises and the emergence of an international segment in the labour market facilitating the migration of highly skilled people; a desire to promote mutual understanding; a need for the migration of skilled workers in a knowledge based economy; the desire to generate revenue for the higher education sector; or the need to build a more educated workforce (generally found in emerging economies). These factors and others have led to the emergence of four different policy approaches to cross-border higher education.

The *mutual understanding approach* encompasses political, cultural, academic and development aid ambitions. It allows and encourages mobility of domestic as well as foreign students and staff through scholarship and academic exchange programmes and supports academic partnerships between educational institutions. This is the traditional approach to the internationalisation of tertiary education.

While sharing the objectives of the first mentioned approach, the other three are to a larger extent economically driven. Two of them are mainly concerned with export. Compared to the mutual understanding approach, the *skilled migration* policy places stronger emphasis on the recruitment of international students. The aim of this approach is to render the higher education and research sectors more competitive and/or to attract talented students to join the work force after graduation. The *revenue-generating approach* shares the objectives of the mutual understanding and skilled migration approaches, but offers higher education services on a full-fee basis, without public subsidies. Compared to domestic students, international students generate additional income for institutions, which are encouraged to become entrepreneurial in the international education market. Under this strategy, governments tend to grant institutions considerable autonomy but seek to secure the reputation of their higher education sector and protect international students.

A final approach to the internationalisation of higher education, more prevalent in emerging economies, is the *capacity-building* approach. This perspective is that of an importing country, which perceives cross-border education as a means to cater for unmet demand as well as to assist in building the capacity of high quality higher education. This rationale is also present in the mutual understanding approach and hence found in all countries, but it has greater significance in countries, where the higher education system does not meet domestic demand, both in terms of quantity or quality. Indeed, some South-East Asian countries support imports of cross-border education services for capacity-building purposes. Such

countries have policies to encourage students to study abroad as well as attracting foreign providers to offer courses on their soil. Malaysia provides extensive scholarships for postgraduate study or training of teachers, academics and civil servants, mainly in the United Kingdom and Australia. The country has also established offices abroad to assist students studying outside Malaysia. It also uses trade agreements, especially the General Agreement on Trade in Services (GATS) under the World Trade Organisation (WTO), to signal its interest to foreign providers. Thailand provides scholarships for students and employees in the public sector. Students educated abroad are expected to help build domestic capacity in higher education when they return. However, given the costs, the number of scholarship programmes is limited and successful capacity building is also dependent on foreign programmes and institution mobility. Indonesia; Malaysia; Singapore; Hong Kong, China; Vietnam and China encourage foreign academics, programmes and institutions to offer their services in their countries. Policy statements from several countries mention the potential for programme and institution mobility to contribute to capacity building. China has stated that it aims to "attract high-quality educational resources from overseas" and to "introduce globally advanced curriculum and teaching materials which are in urgent need in China" (New China News Agency, 2003). Several branch campuses of foreign tertiary education institutions have recently opened in China. In Indonesia a framework for locally based co-operation with foreign universities to "improve and enhance the performance of higher education" and to "maintain, develop, empower and expand science, technology and/or arts" has been implemented.

These trends and policy approaches are analysed in depth in *Internationalisation and Trade in Higher Education* (OECD, 2004a) and in *Education Policy Analysis 2005-2006* (OECD, 2006b).

While several OECD countries compete to attract foreign students, the pioneering emerging economies mentioned above show that an innovative strategy for the import of cross-border education can form a part of a national capacity-building strategy. Could this be a suitable model for developing countries to build capacity in tertiary education, and more generally, to accelerate economic development? This chapter will argue that this is the case: using cross-border education to build capacity can be an effective strategy, especially when it is accompanied by appropriate policies and regulatory frameworks. However, it is a too recent phenomenon to show evidence of a significant impact in countries that have cross-border tertiary education as a capacity-building tool.

Table 2.1. Types of cross-border education activities

Type	Main forms	Examples	Size
1. People			
Students/ Trainees	Student mobility	- Full study abroad for a foreign degree or qualification - Part of academic partnership for home degree or joint degree - Exchange programmes	This activity probably constitutes the largest share of cross-border education activities
Professors/ Trainers	Academic/trainer mobility	- For professional development - As part of an academic partnership - Employment in a foreign university - To teach in a branch institution abroad	A traditional activity in the education sector, which should grow given the emphasis on mobility of professionals and internationalisation of education more generally
2. Programmes			
Educational programmes	Academic partnerships E-learning	- Joint course or programme with a foreign institution - E-learning programmes - Selling/franchising a course to a foreign institution	Academic partnerships represent the largest share of these activities E-learning and franchising are rapidly growing activities
3. Institutions			
Universities Training centres Companies	Foreign campuses Foreign investments	- Foreign branch campuses - Buying (part of) a foreign educational institution - The establishment of foreign-branded institutions	A trend increasing very quickly from a modest starting point

Source: OECD (2004a).

Once an overall strategy for capacity building in education is in place, as part of a national capacity-building strategy, countries should examine how tertiary (and more broadly post-secondary) education fits into this. A subsequent question concerns whether cross-border tertiary education could play a role in this strategy, and, if so, which. In order to reach a decision on this matter, governments should examine a range of issues and clarify their objectives according to the local context:

- Which objectives might cross-border education be able to address?

- Would certain types of cross-border education be more suitable for the achievement of these objectives?

- Are some contractual arrangements for the delivery of cross-border education more effective than others? For which objectives and in what circumstances?

- Which policies can maximise the benefits of cross-border education and minimise (possible) risks? Which are feasible in the local context?

This paper does not offer definitive answers to all those questions, as these issues are closely connected to the local context of each country. Possible answers will be explored and an attempt to illustrate the mechanisms that may link cross-border education to capacity building will be made.

In the following section the concept of capacity building will be defined. It will be argued that the term refers to principles whose validity goes beyond a development assistance context. The opportunities and challenges of cross-border tertiary education for capacity building in tertiary education will also be examined in this section. Section 2.3 argues that education, including tertiary education, has a privilege over other sectors because it is crucial to any sectoral capacity-building strategy, and Section 2.4 recalls the importance of tertiary education for economic development. Section 2.5 outlines the reasons why cross-border education could assist capacity building within tertiary education and Section 2.6 examines the benefits and drawbacks of the different modes of delivery of cross-border education. Section 2.7 discusses the caveats and advantages of trade provision compared to development assistance and claims that trade and development assistance could be complementary in a capacity-building strategy. In Section 2.8 some of the policies, which could help maximising the benefits of cross-border education and minimising the risks, are outlined. The final section concludes by arguing that it would be beneficial for developing countries to develop a conscious and proactive strategy for cross-border education, whatever form this strategy may take.

2.2. What is capacity development?

The concept of *capacity building* or *capacity development*[2] appeared in the late 1980s and has become the buzzword of development in the 1990s.

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[2] In this paper, we consider the two terms as synonymous: although they are sometimes used with slightly differing meanings, this is how most people treat the two notions. "Capacity building" is often used in the African context as well as in relation to trade and private sector development, whereas "capacity development" is more commonly used in aid development agencies. There is actually no clear cut distinction and both terms refer to the same idea: capacity development is more accurate though in that it recognises that there is always some initial capacity to be developed (whereas capacity building seems to imply one builds on a *tabula rasa*).

Rather than capturing a new idea, it embodies the criticism of development assistance by emphasising the need to build development on indigenous resources, ownership and leadership and by bringing human resources development to the fore. While the 1980s are typically described as the "stabilisation and structural adjustment" decade, in the 1990s a strong emphasis was placed on the building of human capital following advances in the "endogenous growth theory" in economics (Thorbecke, 2000). The shift from traditional development aid to capacity building is illustrated by the well-known proverb: "give someone a fish and he eats for a day; teach someone to fish, and he can feed himself for a lifetime". The concept of capacity building signals a shift from *assistance* to a less dependent "help yourself" attitude in the development community. It appeared in a context marked by a widespread (and possibly exaggerated) dissatisfaction with technical co-operation (Arndt, 2000) and, more generally, with aid effectiveness – the so-called "aid fatigue" of the 1990s.

The OECD has recently defined capacity and capacity development as follows:

> *Capacity is the ability of people, organisations and societies as a whole to manage their affairs successfully. Capacity development is the process whereby people, organisations, and society as whole unleash, strengthen, create, adapt and maintain capacity over time* (OECD, 2006c).

And the United Nations Development Programme (UNDP) defines capacity and capacity development as follows:

> *Capacity is the ability of individuals, organisations and societies to perform functions, solve problems, and set and achieve goals. Capacity development entails the sustainable creation, utilisation and retention of that capacity, in order to reduce poverty, enhance self-reliance, and improve people's lives. […] Capacity development builds on and harnesses rather than replaces indigenous capacity. It is about promoting learning, boosting empowerment, building social capital, creating enabling environments, integrating cultures, and orientating personal and societal behaviour. (www.capacity.undp.org)*

Capacity building is thus based on learning and acquisition of skills and resources among individuals and organisations. The acquisition of skills should be seen in opposition to transfer of technology or technical assistance, neither of which have necessarily led to individual and/or organisational learning in developing countries. While this process does rely on some imported resources, foreign capacity should be used as a knowledge-sharing device, which allows the strengthening and developing of the local capacity

(Figure 2.1). Capacity building is committed to sustainable development, to a long rather than short term perspective, and attempts to overcome the shortcomings of traditional donor-led projects – typically criticised for being too short-term rather than sustainable, and not always addressing the needs of the recipients. Development within a capacity-building context allows developing countries to identify their own needs, and design and implement the best suitable development strategy within the local context. Its ultimate aim is to make developing countries less dependent on aid. As a process, it builds on monitoring and evaluation in order to identify existing capacities, deficiencies and the progress and achievements of development.

Figure 2.1. Capacity development
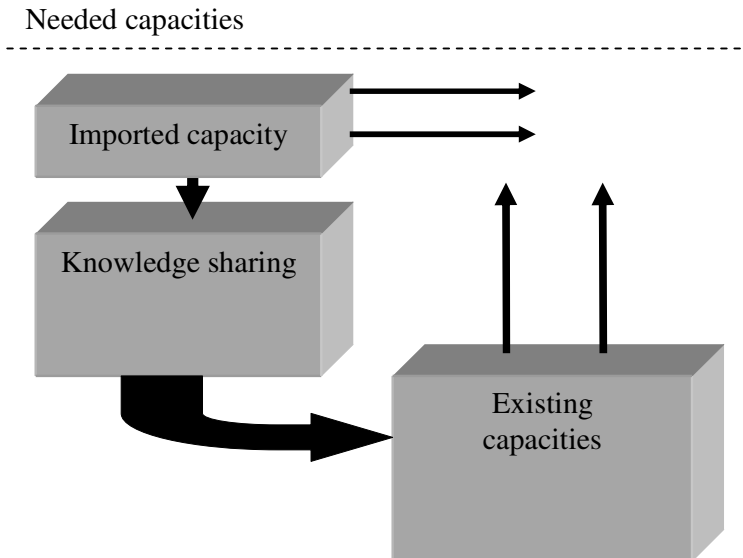
Source: OECD (adapted from UNDP, 2003).

In Boxes 2.1 and 2.2, two sets of guiding principles for capacity development are outlined. They offer two different entries based on a shared philosophy. According to capacity development principles ownership of development projects is transferred from the donor to the recipient community and mirror recent aid effectiveness principles.[3] For this reason,

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[3] Namely that foreign aid should depend more on what the recipient needs than on what the donor can provide; that foreign aid through foreign technical expertise is often unsustainable once the foreign experts are gone; that aid should be managed by the recipient country and untied, etc.

capacity development is not necessarily linked to development aid but can also describe countries' efforts to meet their development goals regardless of external assistance.

An important dimension of capacity building is found within its systemic or multi-level approach to development: capacity building acknowledges the need to consider several levels of interventions and understands their interdependence in order to develop a coherent and sustainable development policy. Adapting Bolger (Bolger, 2000), five levels of capacity are considered in this paper (Figure 2.2): the individual, organisational, sector/network, society and global level (OECD, 2001a; UNDP/Global Environment Facility, 2003).

Figure 2.2. Capacity development: a multi-level conceptual framework
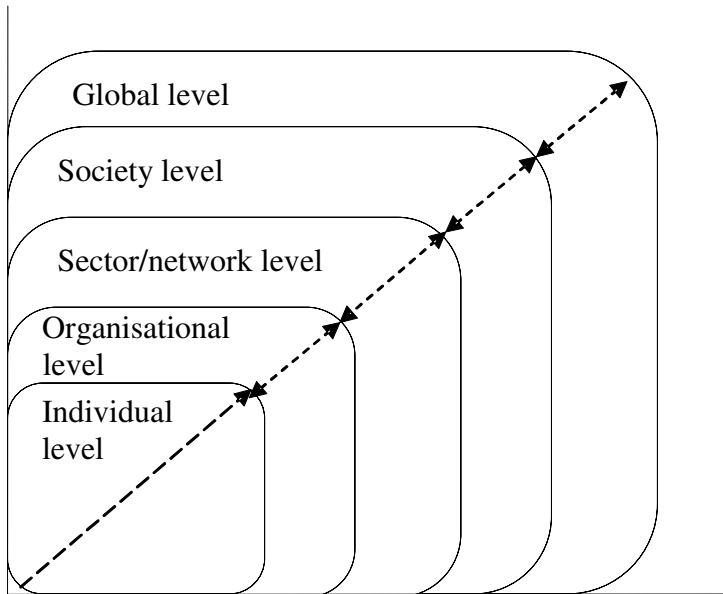
Source: OECD (adapted from Bolger, 2000).

At the individual level, capacity building refers to the acquisition of skills, through formal education or other forms of learning. Although skills and knowledge can be acquired in various settings, formal education systems play a paramount role in this connection.

At the organisational level, capacity building focuses on infrastructure and institution building, the availability of resources and the efficiency of processes and management to achieve effective and quality results within

existing infrastructures. In education, this level signifies the improvement of domestic educational institutions, *e.g.* universities, through additional resources and a better use of those already available.

At the sector/network level, capacity building seeks to enhance the consistency of sector policies and promote a better co-ordination between organisations. In education, capacity building could for example aim at improving links between vocational and academic educational institutions, between research-intensive and teaching-only institutions or to improve the co-ordination of institutions across different academic fields.

The society level refers to the human frameworks (conventions, habits, values, regulations, political regimes, policies, etc.) within which development takes place. The society level can enable or constrain development. Gender inequality, racial discrimination, corruption, lack of security and commitment to development, inability to raise taxes, etc., are typically constraining factors. Stable political and economic environments, commitment, sound policies, etc., on the other hand, typically facilitate development. In some cases, capacity development has the ability to transform attitudes and values, which are hindering development, for example through efforts to fight corruption, crime and insecurity, or other policies challenging socially unproductive behaviour, such as gender inequality. Transforming society, however, is a slow and uneasy process. The society level, whether this is facilitating or constraining development (and regardless of whether this level is changing) forms the basis for capacity-building activities. The importance of appreciating the nature of this level corresponds with the principle of developing capacity-building activities within the local situation: one size does not fit all.

Finally, the global level needs to be taken into consideration, *i.e.* the international context in which the country operates. This includes multilateral agreements, international laws, but also geo-strategic considerations. At this level, capacity development seeks to improve a country's participation in, and utilisation of, international organisations, treaties and agreements.

Box 2.1. OECD Development Aid Committee (DAC)
Guiding principles for sustainable development strategies

Strategy formulation

- Country ownership and participation, leadership and initiative in developing their strategies.

- Broad consultation, including particularly with the poor and with civil society, to open up debate on new ideas and information, expose issues to be addressed, and build consensus and political support on action.

- Ensuring sustained beneficial impacts on disadvantaged and marginalised groups and on future generations.

- Building on existing strategies and processes, rather than adding additional ones, to enable convergence and coherence.

- A solid analytical basis, taking account also of relevant regional issues, including a comprehensive review of the present situation and forecasts of trends and risks.

- Integration of economic, social and environmental objectives through mutually supportive policies and practices and the management of tradeoffs.

- Realistic targets with clear budgetary priorities.

Capacity development

- Strengthening and building on existing country capacity – public, civil society, and private – as part of the strategy process.

- Linking national and local levels, including supporting devolution, in all stages of strategy development and implementation.

- Establishing continuous monitoring and evaluation systems based on clear indicators to track and steer progress.

Source: OECD (2001a).

Box 2.2. UNDP's 10 default principles for capacity development

1. Don't rush – Capacity development is a long-term process. It eludes delivery pressures, quick fixes and the search for short-term results.

2. Respect the value system and foster self-esteem – The imposition of alien values can undermine confidence. Capacity development builds upon respect and self-esteem.

3. Scan locally and globally; reinvent locally – There are no blueprints. Capacity development draws upon voluntary learning, with genuine commitment and interest. Knowledge cannot be transferred; it needs to be acquired.

4. Challenge mindsets and power differentials – Capacity development is not power neutral, and challenging mindsets and vested interests is difficult. Frank dialogue and a collective culture of transparency are essential steps.

5. Think and act in terms of sustainable capacity outcomes – Capacity is at the core of development; any course of action needs to promote this end. Responsible leaders will inspire their institutions and societies to work accordingly.

6. Establish positive incentives – Motives and incentives need to be aligned with the objective of capacity development, including through governance systems that respect fundamental rights. Public sector employment is one particular area where distortions throw up major obstacles.

7. Integrate external inputs into national priorities, processes and systems – External inputs need to correspond to real demand and be flexible enough to respond to national needs and agendas. Where national systems are not strong enough, they should be reformed and strengthened, not bypassed.

8. Build on existing capacities rather than creating new ones – This implies the primary use of national expertise, resuscitation and strengthening of national institutions, as well as protection of social and cultural capital.

9. Stay engaged under difficult circumstances – The weaker the capacity, the greater the need. Low capacities are not an argument for withdrawal or for driving external agendas. People should not be held hostage to irresponsible governance.

10. Remain accountable to ultimate beneficiaries – Any responsible government is answerable to its people, and should foster transparency as the foremost instrument of public accountability. Where governance is unsatisfactory it is even more important to anchor development firmly in stakeholder participation and to maintain pressure points for an inclusive accountability system.

Source: UNDP (2003).

2.3. The centrality of education and higher education in any capacity-building strategy

In general, education, and the higher education sector play a significant role in any capacity-building strategy. The ultimate goal of national capacity development strategy is to achieve progress and development, *inter alia* by becoming a developed high-income economy. According to their natural assets and constraints, to their already existing capacities, to their possible competitive advantages, and to their priorities, countries need to develop differing national development strategies. National development strategies build on a variety of complementary sectoral capacity development strategies. A country may need and want to develop capacity in education, in trade, in health, in engineering, in agriculture, etc., each sector contributing to growth and to its development goals in a different manner.

It is noteworthy that some sectors like education, health or trade are cross-sectional or horizontal in the sense that they impact on all sectors in the economy. Even if agriculture is the main priority in a developing country's strategy, it should not neglect the horizontal sectors as its agricultural sector will be more competitive if it has a healthy labour force (health), if its peasants know and use the latest agricultural techniques (education), and, possibly, if it can trade them effectively on the world market (trade).

However, education has a unique privilege as a built-in feature of any capacity development strategy. Whatever the sector, capacity building relies on the strengthening of individual capacity through training and learning, in order to raise the domestic stock of human capital in a specific field. This can be done by setting up specific educational programmes in the formal education system or by other forms of learning. Although some of the necessary skills would typically be acquired on-the-job or through learning-by-doing, developing countries characterised by less efficient organisations of work or by obsolete technologies might need to rely more on formal vocational education and training. What level of education (primary, secondary or tertiary) is required to achieve this goal depends on the kind of competence to be built. Post-secondary education, including degree-granting tertiary education, is certainly important for developing capacity in some fields.

Moreover, the higher education sector, including research, also plays a specific role in any capacity development strategy. First, domestic researchers and academics should help design the national development strategy by exploring the costs and benefits as well as the feasibility of alternative policies. Second, an essential feature of capacity-building

strategies lies in the establishment of continuous monitoring and evaluation systems based on clear indicators to track and steer progress (see Box 2.2). Here again, academics and researchers are well equipped to contribute to this task, as it is the case in many developed countries. When it is carried out in the higher education sector, this evaluation benefits from an open and contradictory scientific debate and allows for shedding light on many possible consequences of the policy. But even if it is carried out outside the academic sector, this policy assessment requires a highly educated workforce people, typically domestic tertiary-level graduates. For example, according to Schultz (1999), there lacks an information base to set human resource priorities for Africa and allocate on a firm foundation public resources among human capital resource development programmes. Foreign scholars and academics can help a developing country to build this capacity, but this imported capacity is generally insufficient and not in the best position to gather data and design an evaluation framework.

The importance of education and higher education can be quickly highlighted with one example: trade capacity building. Trade capacity building encompasses several distinct and complementary activities: developing the domestic capacity for the design and implementation of a coherent trade strategy; developing the capacity of domestic firms and others to engage in international trade; enhancing the collection, dissemination and analysis of trade-related information; developing the capacity to understand and negotiate trade agreements and to enter the multilateral trading system (see Figure 2.3 and OECD, 2001b, for more details).

All of these activities involve education, understood as teaching, learning and acquiring new skills. Some of this learning may best occur via learning by doing, although formal training and education might also contribute helpfully: this is for example the case for the actual participation in international trade or for negotiating trade agreements. Some of these activities, like the analysis of trade-related information or the design of a coherent trade strategy, can definitely gain from academic and research institutions, as acknowledged in Figure 2.3. Moreover, cross-border education is a very effective and widely used means to help developing countries build capacity, especially via the training of a handful of indigenous civil servants and lead stakeholders that are meant to train or teach others in their country: external technical assistance is currently the most widely used form of development-oriented cross-border education. The growth of formal cross-border education may significantly complement this limited effort, for example (in the case of trade) with foreign business administration, international relations or international economics programmes as far as general education is concerned, but also with other related vocational and training programmes.

Figure 2.3. An example of capacity-building strategy: trade capacity building
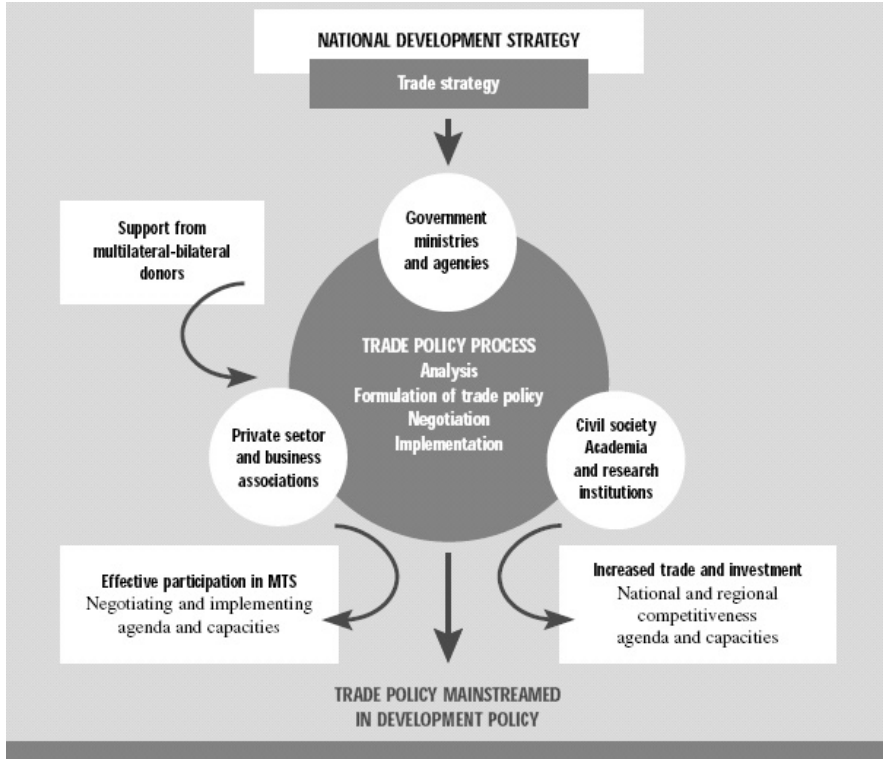
Source: OECD (2001b).

2.4. Why build capacity in tertiary education in developing countries?

Why invest and develop capacity in tertiary education? Often affected by severe fiscal and budgetary constraints, developing countries face difficult priority choices in the design of their national and sectoral capacity-building strategies. Before considering the possible role of cross-border provision to build capacity in tertiary (or, more broadly, post-secondary) education, they must first consider what role tertiary education should have in their education capacity-building strategy. Before focusing on cross-border provision, this section recalls the main reasons to invest in tertiary education and argues that all developing countries should devote some effort to build capacity in this area – although it does not say what the level of this investment should be.

One consequence of the former section is that some capacity in tertiary education is necessary in any country to contribute to the design of its capacity-building strategies and to the construction of an information base for monitoring its progress. But others reasons relate to the support of the primary and secondary education system as well as to the contribution of tertiary education to economic growth and development.

The contribution of tertiary education to economic growth

As education has been recognised as a human right by the international community and "basic education for all" is one of the internationally agreed Millennium Development Goals, the importance of education for development hardly needs discussion. Education is widely seen as a good in itself and one of the "primary goods" all people are entitled to in democratic societies. Understood as a road to freedom, development policies can certainly not neglect education and treat it as a luxury in the context of developing countries as it enhances people's "personal capabilities" which are seen as fundamental objective of development (Sen, 1999; Sen and Williams, 1982). A host of basic ethical, humanistic and political reasons justify investment in education in all countries in the world.

While the importance of education goes well beyond economic considerations, there is also a host of economic and social reasons for developing capacity in education. Education is widely considered as a significant engine of economic growth. The estimated long-run effect of one additional year of education in the OECD area generally falls between 3% and 6% (OECD, 2004c). What role does tertiary education play in the development process? The few economic studies which attempted to weigh the impact of different levels of education on economic development have shown that the impact of education differs according to countries' stages of development, although explanations of the differences differ (Pritchett, 2001; Hall and Jones, 1999; Hanushek and Kimko, 2000; Krueger and Lindahl, 2001). According to Gemmell (1996), tertiary education is more important in OECD countries, while secondary and primary education contribute the most to growth in the intermediate and poorest countries, respectively. This does not imply, however, that tertiary education does not play a role at all in developing countries.

First, individuals get important private returns from tertiary education: generally, the higher their educational attainment the higher their wages and their likelihood to be employed. Individual returns are typically much higher in developing countries than in OECD countries where primary and secondary educational attainments are very high. In developing countries, the wage difference between someone with tertiary and secondary

educational attainment is generally much higher than in more advanced economies – that is, more than twice higher in developing countries whereas it is higher by 30 to 80% in OECD countries (UNESCO/OECD, 2002; OECD, 2004c). Private returns from education mainly benefit individuals and give them incentives to invest in education (although they might be less private and more commonly shared across extended family networks in some developing countries).

At the macro level, recent advances in the economic growth theory have brought human capital to the fore. Two main mechanisms explain how the stock and/or growth of human capital can impact on growth and economic development (Aghion and Howitt, 1998; Sianesi and Van Reenen, 2003; de la Fuente and Ciccone, 2002).

First, a rise in education could have a once and for all impact on economic growth: it would lead to a rise in the level of output of the economy (Lucas, 1988; Mankiw, Romer and Weil, 1992). The output growth is then proportional to the growth of education. A developing economy could thus develop by increasing its quantity of human capital, defined *e.g.* as the educational attainment of its population. All other things remaining the same, a developing country would then catch up with developed countries once it has accumulated the same amount of human capital. Additional education would indeed raise the overall productivity, which corresponds to the micro-evidence of a positive correlation between higher educational attainment and higher wage (and thus, in principle, marginal productivity). Here, tertiary education plays the same role as any other levels, except that it is easier for a developing country to raise its primary and secondary educational attainment than its tertiary educational attainment in the short and medium run. This could also be more effective as primary and secondary education might be more attuned to the economic structure of the country (the usefulness of skills in an economy depends on the demand for these skills).

Second, a rise of human capital could have a permanent effect on economic growth. Human capital is seen as a determinant of the *growth rate* of the economy rather than just a determinant of its growth (or level of GDP). This implies that human capital allows developed countries to grow more rapidly than developing countries and that the gap between them could continue to widen if developing countries were not to catch up in terms of human capital. The underlying mechanism is the following: growth is driven by physical capital investment, which is in turn driven by innovation, by investment in research and development (R&D) generating ideas for new designs or goods (Romer, 1989, 1993; Aghion and Howitt, 1998). For this to happen, a country needs a population with different levels of education, but tertiary educational attainment is particularly important. Researchers and

highly skilled workers drive innovation, and possibly technology transfer, but an educated workforce with lower educational attainment is also necessary to absorb the new technologies. Another close explanation views education (and more broadly human capital) as a facilitator of transfer technology from "innovating countries" to "imitating countries". The larger the stock of educated labour countries with lagging technological capacity would have, the more easy for them to catch up on the more effective technologies and develop (Barro, 1991; Benhabib and Spiegel, 1994). Although basic and secondary education improves the returns of R&D activities, tertiary education and R&D activities are crucial in economic development. In line with this view, the World Bank has recently highlighted the role of tertiary education in developing countries to construct knowledge societies and create local innovation networks (World Bank, 2003).

Third, education (including tertiary education) can have positive social externalities modifying the country at society level: it contributes to *social* capital as well as *human* capital (OECD, 2000). Education contributes to better health, higher life expectancy, lower crime, better parenting, better governance, enhanced trust, etc. (World Bank, 2003).

Supporting primary and secondary education

Tertiary education is also important in an education capacity-building strategy because it supports the primary and secondary levels of education. The training of teachers and school principals, the curriculum design and reform, the educational research and innovation, are primarily the responsibility of tertiary education. A strong tertiary education is thus necessary for quality primary and secondary education sectors.

Figure 2.4 summarises the role of education and tertiary education in a national development strategy and anticipates on the possible role of cross-border provision in a country's capacity-building strategy for tertiary education.

Figure 2.4. Cross-border education in capacity building
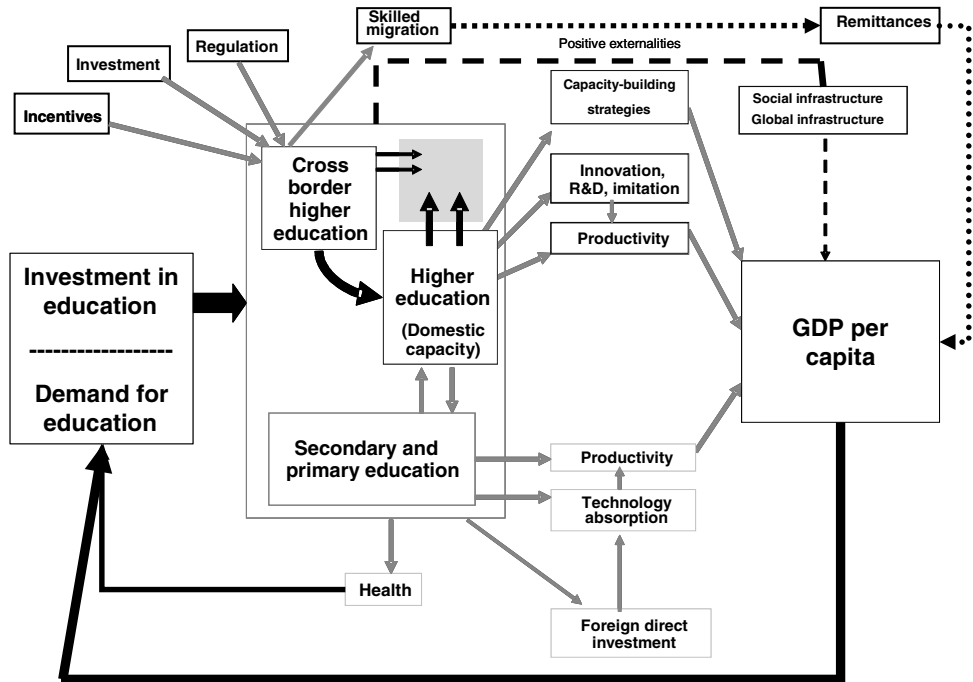
Source: OECD.

2.5. Why incorporate cross-border education into a capacity development strategy?

There are three main reasons for which developing countries may choose to incorporate cross-border education into a capacity development strategy: to increase the *quantity,* the *quality*, or the *variety* and *relevance* of domestic tertiary education provision. In many cases, cross-border education may be a means to achieve the three goals simultaneously – although improving quality seems to be the most likely impact in the short run.

Expanding access to tertiary education

Many developing countries face a problem of unmet demand for tertiary education due to insufficient domestic provision. In emerging economies

(generally middle-income countries), rapid economic development has resulted in a growing middle class with an increasing demand for tertiary (or post-secondary education). In many cases the domestic sector is unable to meet this demand. A similar capacity problem can be found in many lower income developing countries, which have managed to significantly increase participation in primary and secondary education (particularly amongst the female population) over the last decades.

Whilst participation rates in tertiary education vary between OECD countries, almost half of the age cohort (45%) in the OECD area will enter higher education at some point (assuming that current entry rates continue) compared to one in four (26%) in the 12 non-OECD countries in the World Education Indicators (WEI) programme, which reported on this particular issue.[4] In OECD countries, a 17-year old could on average expect to receive 2.6 years of tertiary education in 2000, compared to 1.2 years in the 19 non-OECD countries reporting to the WEI. Although considerable progress has been made with regards to access to education in developing countries, participation continues to be limited. This is particularly the case at upper secondary and tertiary levels, the areas that are crucial for economic development.

As shown in Table 2.2 further improvement in participation rates are necessary if developing countries are to reach the level of human resources found in OECD countries (UNESCO/OECD, 2002). Whilst the growth in enrolment rates at tertiary level has been similar across developing countries (except for lower middle income countries where it has been slower), there is still a significant gap between high income and low income countries. About 51% of the relevant age cohort in high income countries enrolled in tertiary education compared to 7% in low income countries (and 24% and 37% in lower and upper middle income countries, respectively) (Figure 2.5).

For developing countries cross-border post-secondary education can be seen to have the potential to rapidly improve access to post-secondary education for domestic students. In order to provide education (and, more generally, human resources) a country must have human resources at its disposal. The less human resources a country has, the less it is able to produce new human resources. This equally applies to tertiary education: the fewer people with tertiary educational qualifications, the less a country is able to raise participation in tertiary education. Even with adequate financial resources, developing countries with a

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[4] Nineteen countries participated in the OECD/UNESCO World Education Indicators (WEI) programme: Argentina, Brazil, Chile, China, Egypt, India, Indonesia, Israel, Jamaica, Jordan, Malaysia, Paraguay, Peru, Philippines, Russian Federation, Thailand, Tunisia, Uruguay and Zimbabwe.

low percentage of tertiary education graduates may find they are unable to develop their tertiary education system as quickly as required in order to catch up with developed countries. They will indeed lack the adequate academic workforce. Such countries can use cross-border tertiary education to train their population for the labour market as well as the domestic tertiary education system, which as a consequence could develop more rapidly.

**Figure 2.5. Average enrolment ratio in tertiary education
by countries' level of income (2004)**
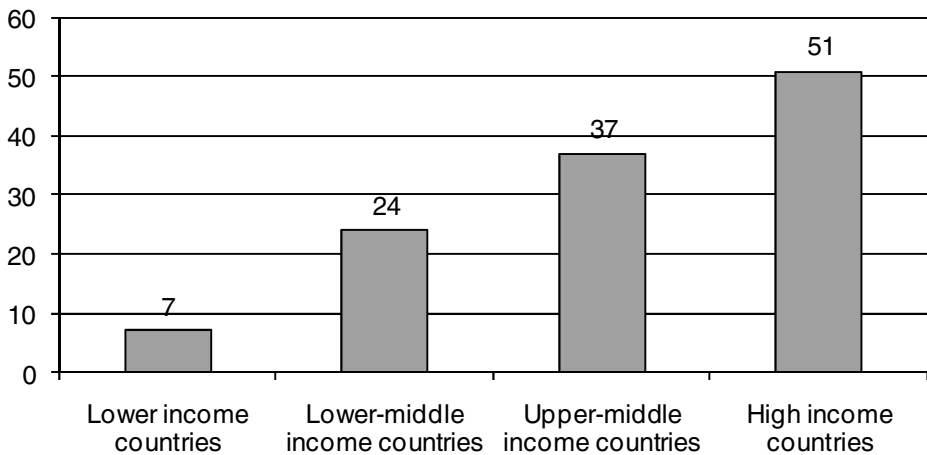
Source: Unesco Institute for Statistics.

Increasing the variety and relevance of tertiary education

Cross-border education may also be able to offer students a wider range of study opportunities than those available in domestic institutions. Furthermore, this provision can assist domestic institutions in efficiently adjusting their course offerings to become more relevant to serve the areas that have been identified as the most important in the national capacity development strategy.

Small countries or countries with small tertiary education systems are not always able to offer courses in all disciplines within the domestic system. Small OECD countries such as Luxembourg or Iceland have traditionally used cross-border mobility to complement domestic capacity.

Some countries may for historic reasons have the capacity to enroll all domestic students, but not in the fields most relevant for the country's economy or capacity-building strategy. This situation can lead to shortage in certain areas, *e.g.* agriculture, business or engineering. Shortage of capacity in a specific field is often mirrored by insufficient education capacity in the same area. For the reasons mentioned above, cross-border education can help to increase domestic educational capacity more rapidly than if the country was relying on its own (limited) human resources in this field.

Moreover, educating sufficient people able to contribute to a capacity development strategy and establish systems of monitoring and evaluation to steer progress, is an important aim of any tertiary education system. Developing countries often lack these monitoring and evaluation systems.

Improving the quality of tertiary education

Some developing countries face a problem of the quality rather than the quantity of the domestic tertiary provision. Although there is little evidence on the relative quality of tertiary education systems, many experts believe that the quality of tertiary education in developing countries requires significant improvement (World Bank, 2002). The underlying reasons are manifold: developing countries may not have a sufficiently large critical mass of researchers and tertiary educated people, they have insufficient financial resources to attract and retain the best academics, they lack resources to offer competitive teaching and research facilities, compared to developed countries they are less engaged in international networks of knowledge, they generally have a shorter academic tradition and therefore less experience in this field and finally they may use their human resources in tertiary education less efficiently than developed countries.

How can developing countries improve the quality of their tertiary provision? Cross-border education may offer a partial answer, through the mobility of people, but also increasingly through programme and institution mobility.

Expanding, enhancing variety and relevance and improving the quality of the tertiary education sector all require the same: a critical mass of high quality academics. When this capacity is not available domestically, quality cross-border educational provision can help reach the goal of improving quality. Faculty members and post-graduate students can through study abroad obtain a high-quality education or develop their competencies before returning to the university sector in their home country. In addition, policies to attract foreign faculty to the country can also be implemented. As mentioned above, this option may be limited for some developing countries if they have insufficient national research capacity or if the wage differential between the countries of origin and destination is too steep. Academic exchanges designed to improve or maintain quality in tertiary education and research are common practice within the OECD area.

Table 2.2. Participation in education by country's level of income: enrolment ratios

	Primary 2004	Secondary 2004	Tertiary 1980	Tertiary 1990	Tertiary 2004		Primary 2004	Secondary 2004	Tertiary 1980	Tertiary 1990	Tertiary 2004
Lower income											
Afghanistan	-	-	-	2	1	Malawi	95	25	0	1	-
Angola	-	-	0	1	1	Mali	46	-	1	1	2
Bangladesh	94	48	3	4	7	Mauritania	74	14	-	3	3
Benin	83	-	1	3	-	Moldova	78	69	30	36	32
Bhutan	-	-	-	-	-	Mongolia	84	82	22	14	39
Burkina Faso	40	10	0	1	2	Mozambique	71	4	0	0	1
Burundi	57	-	0	1	2	Myanmar	88	38	5	4	11
Cambodia	98	26	0	1	3	Nepal	79	-	3	5	6
Cameroon	-	-	2	3	5	Nicaragua	88	41	12	8	18
Central African Rep.	-	-	1	2	-	Niger	39	7	0	1	1
Chad	57	11	-	1	-	Nigeria	60	27	3	4	10
Comoros	-	-	-	0	2	Pakistan	66	-	-	3	3
Congo, Dem. Rep.	-	-	1	2	-	Papua New Guinea	-	-	2	3	-
Congo, Rep.	-	-	5	5	4	Rwanda	73	-	0	1	3
Cote d'Ivoire	56	20	3	3	-	Sao Tome and Principe	98	26	-	-	-
Equatorial Guinea	85	-	-	-	-	Senegal	66	15	3	3	5
Eritrea	48	24	-	-	1	Sierra Leone	-	-	1	1	2
Ethiopia	56	28	0	1	2	Solomon Islands	80	26	-	-	-
Gambia, The	75	45	-	-	1	Somalia	-	-	-	3	-
Ghana	65	37	2	1	3	Sudan	-	-	2	3	-
Guinea	64	21	5	1	2	Tajikistan	97	79	24	22	16
Guinea-Bissau	-	-	-	1	-	Tanzania	91	-	0	0	1
Haiti	-	-	1	1	-	Timor-Leste	-	-	-	-	10
India	87	-	5	6	11	Togo	79	-	2	3	-
Kenya	76	40	1	2	3	Uganda	-	13	1	1	3
Korea, Dem. Rep.	-	-	-	-	-	Uzbekistan	-	-	28	30	15
Kyrgyz Republic	90	-	16	14	40	Vietnam	93	65	2	2	10
Lao PDR	84	37	0	1	6	Yemen, Rep.	75	-	-	4	9
Lesotho	86	23	1	1	3	Zambia	80	24	1	2	-
Liberia	-	-	-	3	-	Zimbabwe	82	34	1	5	4
Madagascar	89	-	3	3	3						
Lower income (mean)	**76**	**32**	**4**	**4**	**7**						
Lower-middle income											
Albania	96	74	5	7	16	Ecuador	98	52	35	20	-
Algeria	97	66	6	11	20	Egypt, Arab Rep.	94	79	16	16	29
Armenia	94	89	-	20	26	El Salvador	92	48	9	16	19
Azerbaijan	84	77	24	24	15	Fiji	96	83	2	8	15
Belarus	90	87	39	48	16	Georgia	93	81	30	37	41
Bolivia	95	74	15	21	41	Guatemala	93	34	8	8	10
Bosnia/ Herzegovina	-	-	-	15	-	Guyana	94	-	3	6	9
Brazil	92	75	11	11	20	Honduras	91	-	7	9	16
Bulgaria	94	88	16	31	41	Indonesia	95	55	4	9	16
Cape Verde	92	55	-	-	6	Iran, Islamic Rep.	89	78	-	10	22
China	-	-	2	3	19	Iraq	88	38	9	13	15
Colombia	83	55	9	13	27	Jamaica	88	75	7	7	19
Cuba	96	87	17	21	33	Jordan	93	82	13	16	35
Djibouti	33	19	-	-	2	Kazakhstan	93	92	34	40	48
Dominican Rep.	86	49		20	33	Kiribati	-	70	-	-	-

Table 2.2. Participation in education by country's level of income: enrolment ratios
(*continued*)

	Primary 2004	Secondary 2004	Tertiary 1980	Tertiary 1990	Tertiary 2004		Primary 2004	Secondary 2004	Tertiary 1980	Tertiary 1990	Tertiary 2004
Lower-middle income (continued)											
Macedonia, FYR	91	81	28	17	27	Sri Lanka	99	-	3	5	-
Maldives	90	51	-	-	-	Suriname	92	63	-	-	12
Marshall Islands	90	74	-	-	17	Swaziland	77	29	4	4	5
Micronesia, Fed. Sts.	-	-	-	-	-	Syrian Arab Rep.	92	58	17	18	-
Morocco	86	35	6	11	11	Thailand	-	-	15	17	41
Namibia	74	37	-	-	6	Tonga	93	68	-	-	6
Paraguay	-	51	9	8	32	Tunisia	97	64	5	9	26
Peru	98	69	17	30	32	Turkey	89	-	5	13	28
Philippines	94	59	24	28	29	Turkmenistan	-	-	22	22	-
Romania	90	81	12	10	36	Ukraine	82	84	42	47	66
Russian Federation	89	76	46	52	68	Vanuatu	94	39	-	-	3
Samoa	90	66	-	5	-	West Bank and Gaza	-	-	-	-	-
Serbia/Montenegro	-	-	-	18	-						
South Africa	89	-	-	13	15						
Lower middle income (mean)	**90**	**65**	**15**	**17**	**24**						
Upper-middle income											
American Samoa	90	66	-	-	-	Malaysia	93	70	4	7	29
Antigua and Barbuda	-	-	-	-	-	Mauritius	95	82	1	4	17
Argentina	-	81	22	39	61	Mayotte	-	-	-	-	-
Barbados	97	95	15	27	-	Mexico	98	62	14	15	22
Belize	95	71	-	1	3	Northern Mariana Islands	-	-	-	-	-
Botswana	82	61	1	3	6	Oman	78	75	0	4	13
Chile	-	78	12	21	43	Palau	-	-	-	-	40
Costa Rica	-	50	21	27	19	Panama	98	64	21	21	46
Croatia	87	85	19	24	39	Poland	98	91	18	22	59
Czech Republic	-	90	17	16	37	Saudi Arabia	53	52	7	12	28
Dominica	88	90	-	-	-	Seychelles	96	93	-	-	-
Estonia	95	88	25	26	64	Slovak Republic	-	88		19	34
Gabon	-	-	-	-	-	St. Kitts and Nevis	94	98	-	-	-
Grenada	84	78	-	-	-	St. Lucia	98	63	-	-	14
Hungary	89	92	14	14	52	St. Vincent	94	62	-	-	-
Latvia	-	87	24	25	71	Trinidad and Tobago	92	72	4	7	12
Lebanon	93	-	30	29	48	Uruguay	-	73	17	30	38
Libya	-	-	8	15	56	Venezuela, RB	92	61	21	29	39
Lithuania	92	94	35	34	69						
Upper middle income (mean)	**90**	**77**	**15**	**19**	**37**						

Table 2.2. Participation in education by country's level of income: enrolment ratios
(*continued*)

	Primary 2004	Secondary 2004	Tertiary 1980	Tertiary 1990	Tertiary 2004		Primary 2004	Secondary 2004	Tertiary 1980	Tertiary 1990	Tertiary 2004
High income											
Andorra	89	71	-	-	9	Italy	99	91	27	32	63
Aruba	97	74	-	-	29	Japan	100	100	31	30	54
Australia	95	85	25	35	72	Korea, Rep.	-	-	15	39	-
Austria	-	89	22	35	49	Kuwait	86	78	11	-	22
Bahamas, The	94	74	17	19	-	Liechtenstein	-	-	-	-	-
Bahrain	97	90	5	18	34	Luxembourg	90	80	3	6	12
Belgium	99	97	26	40	63	Macao, China	89	77		25	69
Bermuda	-	-	-	-	62	Malta	94	86	3	13	30
Brunei	-	-	1	4	15	Monaco	-	-	-	-	-
Canada	-	-	57	95	57	Netherlands	99	89	29	40	58
Cayman Islands	97	91	-	-	-	Netherlands Antilles	-	77	-	-	24
Channel Islands	-	-	-	-	-	New Caledonia	-	-	-	6	-
Cyprus	96	93	4	13	32	New Zealand	99	92	27	40	72
Denmark	100	95	28	36	67	Norway	99	95	25	42	80
Faeroe Islands	-	-	-	-	-	Portugal	99	82	11	23	56
Finland	99	94	32	49	87	Puerto Rico	-	-	42	45	-
France	99	95	25	40	56	Qatar	96	87	10	27	18
French Polynesia	-	-	0	1	-	San Marino	-	-	-	-	-
Germany	-	-	-	34	-	Singapore	-	-	8	19	-
Greece	98	84	17	36	72	Slovenia	96	95	20	24	70
Greenland	-	-	-	-	-	Spain	99	95	23	37	66
Guam	-	-	-	-	-	Sweden	99	98	31	32	82
Hong Kong, China	93	78	10	19	32	Switzerland	94	83	18	26	47
Iceland	99	86	20	25	62	United Arab Emirates	71	62	3	9	22
Ireland	96	85	18	29	55	United Kingdom	100	95	19	30	60
Isle of Man	-	-	-	-	-	United States	94	89	56	75	82
Israel	98	89	29	34	57	Virgin Islands (U.S.)	-	-	-	-	-
High income (mean)	**95**	**87**	**20**	**30**	**51**						

Note: The data for primary and secondary education correspond to net enrolment rates while the ratios for tertiary education correspond to gross enrolment rates. The gross enrolment rate is the ratio of total enrolment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. The net enrolment rate only considers the enrolment of children of the official school age. This ratio is typically slightly lower and more precise than a gross ratio.

Source: Unesco Institute for Statistics.

Mexico is an example of a country using academic mobility to improve the quality of its higher education. Between 1996 and 2002, the percentage of Mexican full-time academic staff with a degree rose from 30 to 65. Universities have achieved this increase through the "Institutional Enhancement Integral Programme" (PIFI) aiming, amongst others, at

improving the quality and qualifications of the faculty through new recruitment and in-service training. The latter included the possibility to study abroad, particularly at doctorate level.[5]

Programme and institution mobility can provide another way of improving the quality of domestic educational provision. Foreign programmes delivered at local institutions or foreign institutions operating in the country can in specific fields offer students a better education or training than some domestic institutions are able to. At their best, such programmes are able to link developing countries with cutting-edge knowledge and in this way assist in training an effective workforce as well as a high quality faculty for the domestic system. In all countries, internationalisation allows institutions to benchmark themselves with foreign provision, through direct competition with foreign providers to attract students and grants, but also, more importantly, through the feedback they get on their education provision from domestic students going abroad and from international students. Foreign provision can also be a driver of change in the domestic private sector provision thanks to enhanced competition. Finally, partnerships or foreign programmes may also help developing the infrastructure to undertake more efficient teaching and research and ultimately create a more effective and cost-efficient organisation of the higher education institutions and sector.

2.6. How can different forms of cross-border education contribute to capacity building in higher education?

Once developing countries have identified what they expect to gain from cross-border education, they should examine the possible costs and benefits of the different types of cross-border education. They would also need to examine which forms they would like to promote and in which context, what benefits they may expect from them – and what risks they might incur in their particular context.

Student and academic mobility

Student and staff mobility is an effective way to build capacity in tertiary education at the individual level. Students and academics can access better quality courses and research facilities abroad and return with enhanced skills and experience. Encouraging and supporting domestic

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[5] From a presentation by Eugenio Cetina Vadillo (Mexican Ministry of Public Education) at the OECD/Norway forum on trade in educational services held on 3-4 November 2003.

students to study abroad is arguably the best way to get a well-trained international workforce, which can improve the quality and quantity of human resources in the economy as well as in the domestic education sector. This is true for faculty too, who would be able to access international academic networks, in which many developing countries have little involvement, although their share of scientific publications and their number of international collaborations have grown over the past decades (Vincent-Lancrin, 2006). Moreover, mobility facilitates a cultural experience, which may broaden the staff member's perspective on his/her home country, especially at the society level and it may lead to better linguistic abilities compared to other types of cross-border education. Finally, mobility is more likely to lead to the establishment of an international network of the academic elite relying on personal ties between professionals. In principle, there seems to be plenty of arguments supporting the development of student and academic mobility. Similar reasons explain why many developing countries have a strong interest in the world wide facilitation of the temporary mobility of persons to supply services (OECD/World Bank/IOM, 2004).

Although foreign students represent about 3% of all tertiary education students worldwide, cross-border higher education under the form of student mobility has already played a significant role in expanding access to tertiary education in developing countries and in small countries. In some countries, students abroad represent a significant share of all students enrolled in the country (Figure 2.6). In some extreme cases, generally very small countries, more study abroad than there are students in their country of origin. About one third of the 34 countries with more than 20% of their tertiary education students abroad come from Africa (among those for which information is available) (Figure 2.6).

A limitation of student and academic mobility lies in its cost, which may be unaffordable for students from developing countries. Access to student mobility partly depends on the host country's fee policy and standard of living, but study abroad is in general a very big investment. Given limited resources, most governments can only support a handful of students. Most students are self-funded, but only a limited number of families are able to meet the costs. Differences between the cost of living and studying in the country of origin and the host country (which is most likely an OECD country) mean that low- or even average-income families in general cannot afford to send their children abroad to study. While gross national income (GNI) per capita (*i.e.* average income per person) in 2001 was USD 890 in China and USD 460 in India, the yearly median cost of living and studying for an undergraduate degree in business amounted to approximately USD 12 300 in Australia, USD 13 800 in Canada, USD 19 000 in the

United Kingdom and between USD 20 200 (public institutions) and USD 34 300 (private institutions) in the United States (IDP Education Australia and AEI, 2001). Even in countries where international students do not pay tuition fees (*e.g.* Norway and Germany) or just a small one (*e.g.* France and Spain), the costs of living make access to the higher education system difficult for students from middle-income families in developing countries. In most places, a loan schedule supporting international mobility for needy students does not exist or is not accessible when it is private as poor students typically lack collaterals who are able to secure their loan.

The other main negative consequence of student and academic mobility is a possible brain drain from the developing country. Behind the arguments in support of mobility is the assumption that the period abroad is temporary rather than permanent, and that the experience and skills acquired through this will eventually benefit the developing country's faculty and economy. However, in practice this does not always happen, particularly as an increasing number of developed countries are trying to retain skilled foreign students, academics, and, more generally, professionals to join the labour market (OECD, 2004a). Moreover, in countries where education is largely publicly funded, the non-return of highly educated students and academics represents a loss in investment, where the country of origin has covered the costs of the education but the country of destination benefits from these. As it will be discussed below, it is difficult to evaluate the real cost of skilled emigration given that highly educated expatriates may generate economic changes in their home country through investment and business links. While there can be benefits for a developing country to sending students and academics abroad, receiving international students is also important. It is noteworthy that in poor developing countries with limited tertiary education capacity, attracting foreign students may prove difficult as they lack the quality reputation to be an attractive place, and sometimes the sheer capacity. Attracting foreign academics from richer countries is also difficult because of wage and cost of living differentials: keeping up with the salaries they receive in their home country would raise the costs of the educational programmes too much in the local context. Development aid funds could be used to complement the salaries of foreign faculty, but this is unlikely to happen.

Figure 2.6. Countries where domestic students enrolled abroad represent over 20% of domestic tertiary education enrolments (%), 2004

Country	Value
Andorra	375
Luxembourg	219
Djibouti	159
Comoros	143
Guinea-Bissau	122
Cape Verde	113
Belize	106
Tonga	104
Cyprus	95
Gambia	79
Cayman Islands	76
Lesotho	74
Equatorial Guinea	73
Botswana	72
Namibia	58
Bermuda	55
Gabon	49
Angola	46
Saint Lucia	45
Mauritius	41
Brunei Darussalam	38
Congo	37
Chad	33
Swaziland	32
Albania	30
Samoa	30
Zimbabwe	30
Trinidad and Tobago	29
Malawi	28
Suriname	23
Iceland	23
Mauritania	22
Hong Kong (China),	22
Senegal	20

Source: Unesco Institute of Statistics.

Programme and institution mobility

Programme and institution mobility represents an interesting opportunity for developing countries. In general, developed countries are

exporting educational programmes and institutions to developing countries. Mobility between developing countries also occurs and has recently been growing.

An increasing number of students are being offered and are taking advantage of the option of obtaining a foreign degree or other post-secondary course without leaving their home country. The provision can take different forms, such as distance learning or e-learning delivery or a physical presence of a foreign institution, such as a UK or Australian university opening up a branch campus in Asia. Programme and institution mobility has grown over the past decade and is likely to continue to meet a growing demand. Although such services might not offer students the same cultural and linguistic experiences as those obtained through studying abroad, they involve lower costs and can lead to beneficial spillovers in the receiving country's higher education sector.

First and foremost, the costs of this type of cross-border education are considerably lower compared to student mobility, both for students and for the governments possibly supporting them. Programme and institution mobility can potentially allow a larger number of domestic students to participate in tertiary education, including people already in employment. Foreign programmes are in general more expensive than private domestic courses and participation may therefore still be limited; however, the costs connected to this type of cross-border education are generally lower compared to student mobility (involving large living costs and possibly higher tuition fees).

Second, programme and institution mobility can alleviate the risk of brain drain as students do not leave the country (or do so for a short planned period of time). The business of teaching foreign programmes can also provide new job opportunities for students who studied abroad (and are interested in an academic position) and for mobile academics, and thereby facilitate their return.

Third, where a close collaboration between higher education institutions from developed and developing countries is facilitated, programme and institution mobility can have a positive impact on the higher education sector in the importing country. Foreign programmes are frequently offered through local higher education institutions and this partnership can assist the local institution in building capacity in teaching and curriculum design. Foreign institutions opening campuses in developing countries are in some cases required to partner with a local organisation/institution with the view to generate positive externalities and/or to employ local staff. This spill-over is not only channelled through organisational learning but also through

competition and learning within the sector as other domestic providers have to consider the new provision.

Fourth, if institution mobility involves research activities, it can contribute to the development of the research capacity in the host country. Even where an established tertiary education system exists, many developing countries lack a sufficient research infrastructure (*e.g.* Indonesia) (OECD, 2004a). Arguably, research undertaken in such foreign establishments represents openness to international research and increases the critical mass of researchers and of research in the country. These factors are important in order to generate strong academic research and to foster innovations conducive to growth. Moreover, foreign institutions, like their counterparts in the domestic sector, may contribute to regional development through links with the local industry.

All the benefits listed above, however, are not automatic consequences of programme and institution mobility. Being generally more expensive than domestic private education, foreign programmes can raise inequity issues. This is problematic as a good distribution of human capital (and wealth) across the population is important for social as well as economic development (Easterly, 2002). Moreover, while possibly alleviating the risk of brain drain, programme and institution mobility does not remove it altogether as getting more affordable foreign degrees at home could allow more graduates to emigrate subsequent to their studies. As was the case with regards to study abroad, developing countries have different strategies in place to tackle this issue. Some countries regard the emigration of their professionals (*e.g.* nurses in Philippines) as brain circulation rather than drain while others view and experience it as a net loss to their economy (*e.g.* nurses in Jamaica).

Finally, foreign programmes and institutions may in some cases not lead to any positive quality enhancement or spillovers in the host country. There can be many reasons that such a situation arises. At an institutional level, off-shore operations may not maintain the quality of education provided at the home campus, local providers may not be delivering the foreign programmes in an appropriate manner; rogue providers could disguise themselves as "foreign" institutions and programmes and take advantage of the lack of transparency about tertiary institutions (and tertiary education systems) worldwide. For the sector as a whole, foreign programmes could also have a negative effect on the quality of domestic provision, especially in those developing countries where foreign education enjoys a good reputation. In those cases, foreign programmes and institutions would lead to little quality improvement in the developing country's stock of human resources. What is important in this connection is the relative quality of foreign programmes compared to those provided in the domestic sector in

the host country (rather than the relation between programmes offered by the foreign institution abroad and in its home country). Spillovers and organisational learning may also be more limited if institutions for example do not partner with local organisations or if partnerships are formal rather than effective/real.

There is still little evidence that new forms of cross-border tertiary education have played a significant role so far in expanding access to tertiary education. While the record on quality is mixed, they have generally focused on a small number of disciplines requiring little capital investment like business administration or information technology and cannot be said to have offered more discipline variety so far. In South Africa, for example, while foreign providers have delivered cross-border tertiary education under programme and institution mobility for several years, students enrolled in cross-border programmes in 2000 accounted for only 0.5% of all tertiary education students in South Africa and do not add much to the quantitative local capacity. Qualitatively, they did not add much to variety either as they concentrated in the field of business management and fared less well than domestic programmes when they were assessed for reaccreditation (three out of four programmes actually lost their accreditation) (Naidoo, 2006). In Malaysia, foreign providers play a more important role in the system though: foreign providers offer 34% of the 899 bachelor and postgraduate programmes of the private sector.[6] It is unlikely that new forms of cross-border higher education will represent a significant share of all domestic enrolments in the near future, especially in countries with large public domestic tertiary education systems. Given the expansion of tertiary education systems worldwide, it will take some time before it can represent a significant share of tertiary education systems. Cross-border provision through programme and institution mobility will continue to grow but probably at a low pace: providers still consider provision abroad as a new and uncertain business. Moreover, attracting foreign faculty will be a real challenge in poor developing countries for sheer cost reasons (the salary differential between advanced and developing economies). While foreign programmes could rely on local faculty, the lack of local capacity (shortage of well trained local faculty) might limit such development. In any case, a marginal quantitative role can be welcome to the students it benefits and to the host country, especially if it effectively plays other stimulating roles too.

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[6] From a presentation by Sharifah H. Shahabudin given at a World Bank/OECD/Nuffic workshop at the Hague in September 2006.

2.7. The complementarity of trade and development assistance in cross-border higher education

Student, programme and institution mobility can be carried out under different arrangements: development assistance; academic partnerships and linkages; and trade. Under development assistance arrangements, institutions or students receive funding to deliver or undertake some form of cross-border education. Academic partnerships are co-operative arrangements between educational institutions undertaking joint academic activities; international academic partnerships generally involve cross-border mobility of students, academics or programmes on a non-commercial basis.[7] But cross-border post-secondary education is also increasingly delivered for profit or through commercial partnerships: trade has become a major and increasingly prevalent feature of cross-border higher education in the last decade, especially outside Europe.

International students pay full tuition fees (including a small profit) in some OECD and non-OECD countries: student mobility is then governed by a commercial arrangement. As for programme and institution mobility, it is increasingly governed by commercial arrangements, especially in Asia. Many public universities operate as for-profit ventures once they cross their jurisdictional borders, so that foreign branch campuses mainly operate for-profit. In programme mobility, the relationships between foreign and local institutions are regulated under a variety of arrangements, from development assistance to for-profit arrangements. Commercial arrangements are becoming prominent in the Asia-Pacific region, mainly through franchises and twinning arrangements. Under a franchise arrangement, a local provider is typically licensed by a foreign institution to offer whole or part of a foreign educational programme (generally leading to a foreign degree) under stipulated contractual conditions. Franchise arrangements do however take many other forms. Under a twinning programme, students are enrolled with a foreign provider and are taught a foreign syllabus; they carry out part of the course in the home country and complete it in the home country of the foreign institution. This form of cross-border education typically involves both student and programme mobility.

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[7] In this paper, "academic partnerships" refer to non-commercial partnerships between educational institutions, in line with the common understanding of the term; however, "partnerships" (as opposed to *academic* partnerships) may refer to commercial arrangements between institutions. While commercial partnerships between education institutions may cover the same activities as "academic partnerships", the distinction reflects the conventional understanding of "academic partnerships" in the education community in most countries.

Caveats of trade provision in education

Commercial provision of cross-border higher education might have three adverse effects for developing countries: it may lack stability, raise quality and inequity issues. It may also widen rather than close the gap between developed and emerging economies and the less developed countries if it is perceived as a substitute rather than a complement to development assistance.

First, as in other sectors of the economy, foreign investment in educational services may raise issues of stability and continuity of provision. In the event of an economic crisis, foreign educational institutions may leave the country and threaten the stability and continuity of the higher education system. This is one of the major differences between foreign private investment and long-term public investment and a good reason for a country not to leave its entire post-secondary educational infrastructure to foreign direct investment. Given the limited presence of foreign institutions in developing countries, this is not a big risk in the foreseeable future.

Second, trade could exacerbate low quality provision in cross-border education (which does not imply that quality is lower when provided commercially than when it is not). When programme and institution mobility does not generate income, post-secondary education institutions have no incentive to lower their quality standards: they tend to partner with good quality partners and/or to deliver education at their home quality standards. However, given the costs involved by such activities, institutions may in some cases have difficulties in keeping up these standards. When programme and institution mobility generates money (whether subsidies or profits), the possibility of misconduct is greater. Although students or importing countries may be more vigilant if they pay full cost for the educational services, the quality of education is not easily assessed by students. Education is typically a service involving asymmetric information between teachers and learners, institutions and students: institutions have better information than students on the quality of their teaching. This is why reputation plays such an important role in education. National students have better access to reliable information on educational institutions and have a much better understanding of this information than international students. Hence, the risk of receiving poor quality education is greater in cross-border provision than in domestic provision of education The relative opacity of information at the international level gives degree mills more opportunities in cross-border provision: actually, they typically take the form of (true or false) "foreign" for-profit institutions. Again, this does not imply that quality of cross-border post-secondary education is higher under not-for-profit than under for-profit provision, but just that the incentives for misconduct (*i.e.* to lower their standards of quality) are higher. Programme and institution mobility carries greater quality risks than student mobility, because it is new, less stable and often currently does

not fall within the scope of most quality assurance and accreditation systems (OECD, 2004b). As we will see in the next section, these risks can however be tackled by appropriate quality assurance policies.

Third, although it brings greater diversity and choice for students, cross-border tertiary education can raise the inequity of tertiary education participation in developing countries. As already noted, cross-border education via student mobility is generally accessible only to financially supported students or students from high income backgrounds. Although cross-border education via programme and institution mobility is cheaper, it is generally more expensive than private domestic education. In the absence of public support or appropriate loan schemes, it might thus expand access to tertiary education for a small part of the population and widen the gap between students from advantaged and disadvantaged backgrounds. Besides being unfair, too inequitable a distribution of income, which is reinforced by inequity of access to tertiary education, does actually hamper long-run economic development (Engerman and Sokoloff, 2002; Easterly, 2002). This is why one capacity development principle lies in ensuring sustained beneficial impacts on disadvantaged and marginalised groups and on future generations (see Box 2.1). Wherever possible, funding domestic students to access cross-border education via programme and institution mobility to the same extent as private domestic education could help alleviate inequity in participation, but this is often difficult, for financial and political reasons.

Although these challenges are more difficult to overcome for developing countries, they are not specific to them. The development of trade presents two specific challenges to the less developed countries: trade might not happen in some developing countries and lead to a drop in development assistance in tertiary education.

A major concern relating to the growth of trade in cross-border post-secondary education is that it may only benefit developing countries that are already developed enough economically to attract a foreign supply of education. In order to attract foreign direct investment in education or foreign educational providers, countries must have a large enough solvent demand for post-secondary education (besides a stable political and economic environment). The use of foreign faculty from economically advanced countries raises the cost of foreign provision and makes it unaffordable to most low income developing countries – except if they have a large enough upper middle class. Actually, most of the commercial provision of cross-border tertiary education occurs in emerging economies in Asia, the Middle-East and, to a lesser extent, Latin America (OECD, 2004a). This is often not the case in the least developed countries, where many attract only few foreign educational institutions even if their markets are fully open to foreign providers.

Having only a selective set of developing countries attracting foreign providers of education is not a problem in itself, as long as these providers benefit these countries. The problem lies in the impact that the growth of trade in education services may have on countries that do not attract foreign provision if it were leading to a decline of donor countries' development aid in tertiary education. The development of trade in cross-border educational provision could indeed lead to the progressive abandonment of development assistance programmes in post-secondary education in the least developed countries. This may hinder the development of a post-secondary education system in the least developed countries, and increase their educational gap with middle- and high-income countries. Drops in development assistance for post-secondary education for students from developing countries, in the form of scholarships or partial subsidisation of post-secondary education, may be detrimental to the poorest developing countries where the main problem for access to higher education is an inadequate level of economic development. Thus, international trade in educational services represents opportunities but also presents challenges for developing countries, depending on their level of economic development.

Table 2.3 shows that the bilateral development aid to post-secondary education from countries whose institutions are actively engaged in commercial cross-border post-secondary education is generally relatively low, except for New Zealand. This is clearly the case in Australia and the United Kingdom, arguably the most active countries in commercial provision of cross-border education (in relation to their size), where development assistance to post-secondary education has dropped significantly between 1995 and 2005. While the share of official development assistance to post-secondary education in all education development assistance decreased from 83% to 5% in Australia and from 24% to 0.4% in the United Kingdom, it increased on average in OECD DAC countries from 16% to 38% over the same period. This is also possibly the case in the United States, where the official assistance to education has decreased since 1995 (although the decomposition by level is unavailable for 1995): the assistance to post-secondary education has significantly decreased between 2001 and 2005. In New Zealand, post-secondary education still gets a large share of its education development assistance, but it is decreasing rapidly and consistently. Finally, while the share of Canadian development assistance to education has remained stable between 1995 and 2005, the sharp decrease of funding for post-secondary education in its educational development assistance clearly indicates a shift of priorities towards basic education, possibly in relation to the inclusion of basic education in the Millennium Development Goals (but also possibly to the development of revenue-generating activities in cross-border education). In Finland, which has little (if any) commercial activity in cross-border education, the overall assistance to education has also remained stable and the strong decrease can be more readily attributed to a shift towards

basic education. The data should be interpreted with caution, however, given that development assistance (which often funds projects) is irregular.[8]

Table 2.3. Official Development Assistance (ODA) to post-secondary education and education (1995- 2004)

	ODA to post-secondary education (million current USD)			ODA to post-secondary education as per mil of GNI (current prices levels and exchange rates)			% of ODA to post-secondary education in ODA to education			% of ODA to education in total ODA			ODA as % of GNI (total resource flows)		
	1995	2001	2005	1995	2001	2005	1995	2001	2005	1995	2001	2005	1995	2001	2005
AUS	246	24	4	0.661	0.037	0.007	83	36	5	24	9	6	0.34	0.25	0.25
AUT	76	53	89	0.324	0.279	0.305	78	80	93	18	13	8	0.27	0.34	0.52
BEL	48	40	79	0.173	0.175	0.223	63	61	66	14	13	9	0.38	0.37	0.53
CAN	101	50	23	0.174	0.072	0.024	71	42	9	9	10	9	0.38	0.22	0.34
DNK	5*	10	1	m	0.063	0.003	m	52	1	5	2	7	0.96	1.03	0.81
FIN	6	0	5	0.043	0.002	0.025	37	1	9	7	9	7	0.31	0.32	0.46
FRA	m	415	1070	m	0.315	0.520	m	54	73	22	24	16	0.55	0.32	0.47
DEU	78	446	127	0.032	0.240	0.046	6	78	31	18	16	4	0.31	0.27	0.36
GRC	m	5	26	m	0.044	0.129	m	63	69	34	10	18	m	0.17	0.17
IRL	m	m	4	m	m	0.026	m	0	7	18	20	12	0.29	0.33	0.42
ITA	68	13	17	0.062	0.012	0.010	100	21	31	6	9	2	0.15	0.15	0.29
JPN	224	402	433	0.042	0.096	0.091	14	51	52	9	7	5	0.27	0.23	0.28
LUX	m	m	0	m	m	0.013	m	m	1	12	m	15	0.36	0.76	0.82
NLD	7	23	95	0.016	0.061	0.165	6	11	19	6	9	14	0.81	0.82	0.82
NZL	27	21	18	0.446	0.406	0.194	95	74	53	34	33	15	0.23	0.25	0.27
NOR	m	52	30	m	0.305	0.120	m	68	16	3	7	9	0.86	0.8	0.94
PRT	18	11	43	0.165	0.096	0.260	57	34	67	18	17	29	m	0.02	0.21
ESP	29	44	67	0.050	0.075	0.066	39	31	31	8	11	9	0.24	0.3	0.27
SWE	17	16	22	0.067	0.073	0.062	17	40	20	8	4	5	0.77	0.77	0.94
CHE	10	5	10	0.031	0.020	0.027	41	18	25	3	4	3	0.34	0.34	0.44
GBR	40	4	1	0.035	0.003	0.001	24	2	0	10	7	4	0.29	0.32	0.47
USA	m	111	22	m	0.011	0.002	m	35	3	5	3	3	0.1	0.11	0.22
DAC countries	994	1734	2186	..	..	0.071	16	47	38	11	9	6	0.41	0.39	0.33

* 1994 instead of 1995

Source: OECD DAC Statistical Database.

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[8] The drop in Italy might be due to incomplete data as the country reported that all its development assistance was devoted to post-secondary education in 1995.

It should be noted that development assistance to post-secondary education does not necessarily reflect countries' commitment to development assistance in education or to development assistance in general: countries may have priorities other than education on their development assistance agenda. For example, Denmark contributes more to development assistance (as a percentage of its Gross National Income) than many other DAC members, but its development assistance to post-secondary education is inferior to that of other countries. In any case, Table 2.3 shows that development assistance for post-secondary education is generally very modest and has declined significantly in recent years, both in absolute and relative terms. The share of development assistance devoted to education (all levels) has in fact also significantly declined from 11% to 6% between 1995 and 2005.

The advantages of trade

While the development of trade in education might have an adverse effect on development assistance disbursement to education in donor countries, decline in development assistance can be traced back to a number of other reasons than trade. Moreover, as already mentioned in Section 2.2, aid assistance itself can also be (and has actually also been) criticised for its lack of sustainability (it is often project-based) and for the quality (relevance) of its delivery.

Some doubts about the effectiveness of aid have been voiced over the past decade as the impact of development assistance on development appeared questionable (see Hudson, 2004, and Tarp, 2000, for a quick overview). Aid ineffectiveness has been attributed to the bad governance of some developing countries (Burnside and Dollar, 2000; Easterly *et al.*, 2003; Dalgaard, Hansen and Tarp, 2004; Boone, 1996), to ineffective practices in the donor community, aid tying being the most widely criticised, to inappropriate allocation of aid assistance on political rather than economic grounds (Alesina and Dollar, 2000), etc. Again, the rise of the concept and of the principles of capacity development can be seen as a response to these critics.

In this context, trade could be seen as more effective and more development-friendly than non-commercial forms of partnerships, especially development assistance. Actually, a "trade is enough" policy has been prevalent from the eighties to the mid-nineties in development economics and in development policy agendas (Adelman, 2000). While there is still no definitive econometric evidence that trade liberalisation leads automatically to growth and economic development in (all) developing countries (Rodriguez and Rodrik, 2001), anecdotal evidence from Asian countries

suggests that outward-looking and export-led economies have yielded more growth than less open economies (World Bank, 1993; World Bank, 2003). Although it is difficult to assess whether more developed economies are more open because they benefit more from trade or, conversely, it is because they are more open that they are more developed, there is neither quantitative nor anecdotal evidence that closed economies could lead more effectively to growth and economic development than open economies (Winters, 2004).

The very nature of trade actually embodies many (though not all) principles of capacity building. "Learning-by-trading" has become central to many contemporary treatments of trade and growth: the learning externalities of trade are an important theoretical argument for considering trade liberalisation as an engine of growth in developing countries. Some argue that trade is a means of knowledge circulation giving access to knowledge to all trading partners. Exports expose domestic firms to foreign knowledge and allow developing countries to reap benefits from foreign research and development (R&D): they may learn about new technologies and materials, production processes, or organisational methods. Imports of goods and services can also be seen as diffusing foreign R&D developed by trade partners: importing intermediate goods embodying foreign research and development corresponds to a use of this technology by the importing country, which could affect positively its productivity (Grossman and Helpman, 1991; Coe and Helpman, 1995; Bayoumi, Coe and Helpman, 1999; Romer, 1993).

Like capacity building (and cross-border education), trade helps development by giving developing countries access to (mainly foreign) knowledge. While it is more expensive for the importing country than aid, trade in post-secondary education does not make them dependent on developed countries' policy agendas: for example, aid assistance often has an indirect cost, either economic (*e.g.* tied aid) or political. Trade gives developing countries ownership and leadership on the cross-border education services they import. This might explain why "capacity building" is sometimes viewed as a synonym of "trade capacity building".

Commercial provision of cross-border post-secondary education represents an opportunity for developing countries because it allows them to build capacity much more rapidly than they could do with their limited domestic resources and/or with the help of development assistance, which tends to be limited and erratic (Table 2.3).

Some education stakeholders consider the growing role of trade in cross-border higher education as a possible threat for developing countries. Given that educational institutions in developed countries often have a major

comparative advantage over most institutions in emerging economies and developing countries in terms of quality, it is often argued that their presence might jeopardise the development of national university systems. The risk is seen as much greater when cross-border education is delivered commercially as higher education institutions from developed countries get financial incentives to enter the developing countries' markets that are absent (or at least weaker) in academic partnerships and development assistance projects. The underlying assumption is that developing countries would end up with a higher education system dominated by foreign institutions and educational programmes, which could be problematic for cultural and political reasons.

However, this will not necessarily be the case. While it may unsettle national systems, except for the local elite institutions, in the short term, recourse to foreign educational services may actually be a means of accelerating the development of a national university system in the medium term. Foreign educational programmes and institutions can provide training for future teaching staff and promote knowledge exchange via partnerships between domestic and foreign institutions. Foreign direct investment is, on the whole, greatly beneficial to the development of developing countries (OECD, 2002a), and this can also be the case in the education sector. There is no reason why academic staff trained through cross-border post-secondary education cannot work and develop a quality national post-secondary education system in their own country. The more trained the academic and managerial local staff, the more likely it is that such a system can be created. Where the alternative is to have a domestic system of poor quality or no system at all, (quality) commercial cross-border education might be preferable, at least in the short run. In fact, the real problem in many developing countries will probably be to attract enough foreign programmes and providers of quality so that cross-border provision has a real impact on the system of the host country.

Moreover, international trade in education services can help developing countries to build capacity in trade and to become exporters of education services themselves, possibly to developed countries, given that they benefit from a cost advantage. For example, as a net importer of higher education services, Malaysia is willing to become a net exporter of educational services, and there are some signs indicating that it is effectively using the knowledge and the expanded capacity gained from its imports of education services to build capacity in trade of education services. Malaysia expands into the export market by attracting fee-paying students from the region, mostly from China and Indonesia (and increasingly from Pakistan and other Islamic countries which might be experiencing difficulties getting visas in the post-September 11 world). Between 2000 and 2004, the number of

foreign students in Malaysia has thus been multiplied ten-fold to 30 400. In 2003, the Ministry of Education appointed the Malaysian Education Service to promote Malaysian education in Indonesia. Malaysia, Singapore and Thailand increasingly see twinning programmes not just as a means to meet needs domestically but as a way to enhance their own capacity to export educational services to other countries. As a Muslim country where the cost of living is lower than in most OECD countries, Malaysia may indeed have a comparative advantage for Muslim students from Asia and can sometimes offer them a post-secondary education taught in English, possibly through a franchise agreement with a British, US or Australian university. Malaysia is also starting to attract Australian and New Zealand post-graduate students.

The complementarity of trade and aid

The conclusion of the present analysis is that trade and development assistance should be seen as complementary rather than as substitutes.

Trade in educational services may be more effective for quickly developing capacity in post-secondary education, under programme and institution mobility. But in some cases, especially in the least developed countries, the foreign provision of education is not likely to happen, because of an insufficient solvent demand or of an insufficient capacity at society level (corruption, etc.) (Figure 2.2). Moreover, the growth of trade arrangement in cross-border higher education might also make the only form they could access (student and academic mobility) unaffordable to them.

On the other hand, if capacity development principles were actually to be implemented by the donor community, developing countries would be better off if they could access cross-border education at lower cost through academic partnerships and development assistance. The least developed countries could actually use development assistance revenues to finance their imports of commercial cross-border education services – that is, the outward mobility of their domestic students and academics or the enrolment of their domestic students in foreign programmes delivered on their soil.

A decrease in development assistance could widen the gap in post-secondary education between the developed and the least developed countries. One way to limit this risk would be for donor countries to target development assistance for post-secondary education to the least developed countries, where there is no market for commercial cross-border provision. Developing countries could also consider how cross-border higher education under trade arrangements could complement their domestic capacity development efforts: all the benefits of cross-border education highlighted in Section 2.6 can indeed happen regardless of the contractual arrangement governing the educational provision.

2.8. Which policies can maximise a country's benefits from cross-border education and minimise the possible risks?

Overall, there are many reasons to suggest that cross-border tertiary education can effectively assist developing countries in building capacity in this (and the post-secondary) sector and subsequently foster economic development. Cross-border education can help developing, emerging and transition economies to expand domestic access to post-secondary education, through outbound student mobility as well as through inbound programme and institution mobility and ultimately, a well-educated population contributes to growth and development.

Cross-border student and scholar mobility facilitates the building of international networks, which are essential to academic expertise as well as to the creation of national innovation systems and international business. Partnerships between local and foreign universities through programme and institution mobility have the potential to generate positive spillovers and can help improve the quality of local provision. A post-secondary education system of sufficient quality and size favours the return of the required numbers of highly skilled emigrants.

Developing countries choosing to use cross-border tertiary education to build capacity and complement domestic provision face several policy challenges. As argued above, the benefits that the countries can enjoy from cross-border education do not follow automatically. In practice, it is too early to assess the impact of cross-border higher education, even in the countries where it has expanded the most. Developing countries willing to use cross-border education to develop their capacity should therefore put in place a framework facilitating the participation of their nationals in cross-border education, but also the:

- co-operation between foreign providers and the domestic tertiary education sector;

- relevance and quality of cross-border education;

- actual value added from cross-border education to the domestic higher education sector;

- limitation of possible brain drain.

The enhancement of participation of domestic students in cross-border education can be facilitated by several policy instruments: home recognition of foreign degrees; allowing foreign institutions and programmes to operate in the country; making grants and loans available for all forms of cross-border education where possible. Many of the appropriate measures to

expand access actually concern the policy framework under which private providers operate, foreign private providers being a subset of the private sector. Developing countries should also ensure that cross-border education meets quality requirements, that domestic students are given the right information when they enroll in a foreign programme/institution, and, finally, that foreign provision meets the country's needs and leads to actual spillovers in the domestic higher education system. The two first challenges can be met with an appropriate national quality assurance framework whereas the third issue requires a regulation of foreign educational provision in the importing country. Finally, policy tools to prevent a possible brain drain can also lie in the recognition of qualifications acquired abroad or in policies facilitating the return of mobile students. However, the mobility of highly skilled people actually depends on many factors, some of which are not under the control of a government.

Expanding and widening participation

The policies facilitating access to cross-border education and promoting equity in participation are mainly addressing funding, recognition of foreign degrees and possibly the issue of attracting foreign educational provision.

How can governments alleviate the factors (mainly connected to costs) limiting students' participation in cross-border education? Where they exist, regional mobility programmes can help raising student mobility as they often include facilitating elements (recognition, agreements on tuition fee levels, reciprocity, etc.). This has clearly been the case in the European Union with the Erasmus programme. South Africa also facilitates student mobility within its region by allowing citizens from the Southern African Development Community (SADC) to access its tertiary education system under the same subsidised tuition fees as its domestic students. Scholarship programmes are the most straightforward policy instrument to foster mobility. Means-tested scholarships can be a useful way to make the most of limited resources and to widen participation in cross-border education. However, means testing often proves difficult in developing countries where income comes from several, sometimes undocumented, sources. And the pressure on scarce financial resources is so tight that scholarship programmes will generally be limited to domestic education (and a small number of students). Loan scheme programmes may in many cases be more appropriate. In fact, access to cross-border tertiary education is likely to remain mainly self-financed in most countries – unless countries revisit entirely their funding policy in tertiary education. Academics may find it difficult to participate in cross-border exchanges if working abroad proves administratively difficult. Besides scholarships, providing domestic faculty with the opportunity to work abroad temporarily and return to their "old

jobs" when they come back can also foster mobility, regardless of funding. This can take the form of sabbaticals or special exchange programmes. Developing academic exchanges and allowing foreign faculty to work at least temporarily in the higher education system can assist in facilitating inbound mobility. Aside from exchanges with developed countries, exchanges with countries in the region and other developing countries can be important, and in some ways easier to arrange.

Developing countries, particularly emerging economies, are generally the largest importers of foreign educational provision. As mentioned above, this provision can assist such countries in meeting unmet demand, and/or improving the quality of the domestic higher education system. Naturally, the first step in facilitating inward programme or institutional mobility involves permission for such provision to be offered. Some countries may wish to encourage foreign programmes and institutions to operate on their soil rather than just permitting them to enter the country. If a country's main objective is to enhance the quality of domestic institutions or international exposure, it could encourage international programmes through academic partnerships or provide institutions with incentives to participate in international academic partnerships. If the aim is to increase and widen participation as well, another option is to allow commercially oriented providers of cross-border education to operate. Commercial provision facilitates capacity building more quickly compared to a process where resources are restricted to those provided domestically or through development assistance. In countries where there is a significant private sector, a foreign commercial sector may introduce some healthy competition and lead to quality enhancements. Commercial provision also grants importing countries more power to dictate conditions and obtain the provision required. Regional and multilateral trade agreements like the General Agreement in Trade in Service (GATS) can be used to attract foreign providers or at least to signal an interest in attracting such provision. These agreements ensure some stability for foreign providers, hence the attractiveness "effect", but at the cost of flexibility and (to some extent) reversibility. However, attracting foreign programmes and institutions does not necessarily require commitments in trade agreements, signalling interest and having appropriate regulatory frameworks can be enough although this represents less stability from the viewpoint of the foreign providers.

While different kinds of cross-border education arrangements can help expand participation in tertiary education, it is important to bear in mind that commercial provision is not equally accessible for all developing countries. Foreign commercial provision is likely to be unaffordable in the poorest countries. In these cases, foreign providers and programmes are unlikely to be offered. Even in countries where foreign provision is available, this may

not be accessible to domestic students from disadvantaged backgrounds. In order to promote equal access to foreign programmes, governments could allow domestic students to receive public means-tested funding even if they are enrolled in recognised imported programmes or institutions or develop specific loan schemes. This might be difficult in many developing countries, due to severe budgetary constraints and/or the impact of such measures on private domestic education. Governments could however consider policies aimed at disadvantaged students. Funding students to participate in cross-border education delivered in the home country could arguably be a sensible usage of limited financial resources. If possible, countries could use their development assistance funds to support cross-border education, be this commercial or non-commercial provision. In any case, cross-border education should be considered when policies to access to equity are revisited.

The issue of recognition of degrees obtained abroad or through foreign institutions operating in the home country is also important. Recognition can facilitate study abroad and will allow students with foreign qualifications to work in their home country or, more generally, in the international labour market. Students' options for undertaking further study abroad may also be limited if their domestic qualifications are not recognised by the foreign institution (for the purpose of enrolling in higher education or further training). In order to meet these objectives, governments could attempt to engage in international dialogue: more information sharing could facilitate the recognition of their domestic degrees and the understanding of foreign qualifications in general. Participating in international initiatives to improve quality assurance, accreditation and recognition of qualifications of cross-border provision is important in this respect.

Quality assurance

Over the past 20 years, the number of agencies, networks and initiatives dealing with quality assurance at national level has grown considerably. National quality assurance and accreditation systems are increasingly necessary to monitor not only the quality of higher education nationally but also the delivery of it across borders. As an external quality assurance system is increasingly seen as essential for establishing credibility of a national higher education system, more than 60 countries worldwide (others are in the process) have established national systems (OECD, 2004b). However, most national systems of quality assurance and accreditation focus exclusively on assuring the quality of domestic programmes delivered by "traditional" institutions. The challenge for the current systems is to cover foreign institutions and for-profit providers by broadening the scope of

existing systems or by establishing new systems specifically for these (Middlehurst and Woodfield, 2004).

The lack of comprehensive frameworks for co-ordinating various initiatives at the international level, together with the diversity and unevenness of quality assurance and accreditation systems at the national level, create gaps in the quality assurance of higher education provided across borders. It makes students and other stakeholders more vulnerable to low-quality provision. The issue is even more complex for online delivery across borders – the Internet does not have any physical boundaries and the control of electronic communication (on a geographical basis) is difficult.

Developing countries, which make the decision to use cross-border tertiary education to build capacity, should make sure that the foreign institutions and providers deliver quality programmes in line with their needs. In this respect, establishing transparent and clear quality assurance and accreditation frameworks for national and foreign institutions is very important. Given that developing countries often lack capacity in quality assurance, they will need to build capacity in this area by training national experts but also possibly by combining their resources and capacity at regional (supranational) level (Lenn, 2003). Assisting domestic students in obtaining more transparent information on foreign educational systems and on the quality of foreign institutions can also be very helpful.

There are many initiatives both at national and international levels to improve quality assurance, accreditation and recognition of qualifications of cross-border provision. An example is the recent joint initiative between UNESCO and the OECD on developing non-binding guidelines for quality provision in cross-border higher education (Annex 1). This initiative aims at protecting students against misleading information and low-quality provision, making qualifications readable, transparent and stronger in their international validity and portability, increasing transparency and coherence of recognition procedures and intensifying international co-operation among national quality assurance and accreditation agencies (*www.oecd.org/edu/internationalisation/guidelines*).

Regulation of programme and institution mobility

Ensuring that foreign provision is consistent with national objectives and generates positive spillovers goes beyond quality assurance. Developing countries should therefore establish a framework to regulate foreign programmes and institutions to ensure that these meet national needs and objectives. Such frameworks should serve these national objectives but at the same time aim at making the country an attractive site for cross-border provision. A way of generating positive spillovers is for example to provide

foreign providers with incentives to partner with local institutions. Many middle-income developing countries wishing to maximise the benefits of cross-border post-secondary education, through revenue-generating as well as non-commercial provision, are promoting partnerships between local educational institutions and institutions in the OECD area. According to Chinese regulations, foreign providers are required to establish links with domestic institutions in order to promote knowledge exchange. Countries wishing to build capacity in research could for example favour institution mobility to programme mobility, as Malaysia and South Africa do. They could also allow foreign providers to compete for domestic research funding where appropriate as it would give foreign institution incentives to build a local research capacity. Countries willing to ensure that foreign providers cover more than a few fields could require a balance on the disciplinary coverage of foreign programmes (that is ask them to complement the programmes they wish to offer with programmes in fields in which the country critically lacks capacity).

Although national regulations should correspond with national objectives, developing countries could examine existing examples of regulatory frameworks for cross-border education, mainly found in the Asia-Pacific region (OECD, 2004a). Indeed, Asia-Pacific countries have devised frameworks to regulate the entry and operation of foreign providers in order to respond to, as well as initiate and promote, programme and institution mobility as part of national development strategies.

Since 1997, Hong Kong, China has regulated the provision of foreign courses on its soil through the Non-local Higher and Professional Education (Regulation) (Government of Hong Kong, 1997; *www.justice.gov.hk/*). The legislation aims to protect local students against the marketing of substandard non-local courses.

In Singapore, foreign institutions operating in co-operation with local providers must apply for government approval, supplying details of course content, the status of the foreign provider at home and the division of responsibilities between the foreign and local partners. Partnerships with local universities can only be created at government invitation (Singapore Ministry of Education, 2000).

Malaysia's requirements for foreign providers are set out in legislation dating from 1996 when the country opened its system to foreign branch campuses. There is a five-stage approval and review process, covering educational, business and legal requirements, for foreign providers seeking to establish themselves as fully recognised operators. Addressing the concern to ensure the nation-building role of education, the Private Higher Educational Institutions Act (1996) stipulates the subjects that Malaysian

citizens must pass in order to graduate, regardless of discipline (Kandasamy and Santhiram, 2000; McBurnie and Ziguras, 2001).

In Indonesia, programme mobility has the characteristics of a twinning programme as students can receive qualifications from the local institution as well as the foreign provider if at least one semester is spent studying at foreign institution's home campus. According to the regulation enacted in 1999, co-operation should not be undertaken solely for revenue purposes, it should be an "equal partnership" benefiting all parties and in line with national and institutional priorities. It "must be harmonious with the direction of higher education policy in general, and […] the strategic plan of the relevant higher education institutions". Furthermore, "co-operation […] shall be prioritised in the fields in which graduates are especially required" (Director General of Higher Education of the Ministry of National Education of the Republic of Indonesia, 2000).

Brain drain and cross-border higher education

The growth in the demand for cross-border education is partly but increasingly related to migration. Students from developing countries arguably wish to study in OECD countries partly for reasons related to migration. Moreover, the competition between countries to attract highly skilled workers has intensified in recent years, as reflected in the latest migration policy trends (OECD, 2007). OECD member countries increasingly promote cross-border student mobility as a way of attracting a skilled workforce and building or maintaining capacity for a knowledge-based society. Although the mobility of the highly skilled occurs between OECD countries regardless of cross-border higher education, *e.g.* as a result of career strategies, war, political, ethnic or religious persecution, cross-border higher education is certainly a powerful catalyst for this type of exchange. There are no systematic data on the relationship between the mobility of students and researchers and immigration, but the few data available show that this relationship does indeed exist. Some 75% of Chinese who studied abroad between 1978 and 1999 have not returned to China (Iguchi, 2003). In the United States in 1999, some 25% of H1-B temporary visa holders had previously been enrolled in US universities (Cervantes and Guellec, 2002). Close to one half of the principal applicants in Australia's skilled migration stream in recent years have had an Australian qualification (OECD, 2006d). In Canada, between 15 and 20% of former foreign students are estimated to live and work in the country ; in New Zealand, 13% of the foreign students who studied in the country between 1998 and 2005 had obtained a residence permit in 2006 ; in Norway, 18% of those who studied between 1991 and 2005 and came from outside the European Economic Area (EEA) were settled in the country

(against 9% for foreign student from the EEA) ; in 2005, 27% of the international students who studied in the United Kingdom were working there six months after their graduation (Suter and Jandl, 2006). In spite of these studies, data on the retention of international students in their country of study after graduation are limited.

The United States is in fact the only country for which the stay rates of foreign students after they obtain their diploma are known more systematically (Finn, 2003). The ability of the United States to attract skills is related to the fact that it receives large numbers of international students, and the magnitude of this attraction has been growing steadily since the beginning of the 1990s because of the combined effect of the increasing number of doctorates granted to foreign citizens by US universities and the number of foreign-born doctorate-holders who stay in the United States. The average stay rate[9] for foreign doctorate-holders in science and engineering in the United States four or five years after they obtain their diploma has grown, rising from 41% to 56% between 1992 and 2001. It soared from 65% to 96% for Chinese doctorate-holders and from 72% to 86% for Indians. The stay rate after completion of studies varies considerably depending on the country of origin and the discipline. However, in most cases it does not diminish significantly over time and is partly dependent on the level of economic development in the home country, even though there does not seem to be a systematic pattern. For China, India, Iran, Israel, Eastern European countries, Greece, Argentina and also New Zealand and the United Kingdom, the stay rates in the United States five years after the doctorate was obtained are greater than 50% (Finn, 2003).

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[9] The stay rate does not indicate whether foreign students stayed permanently in the United States, but how many foreign doctorate-holders from a specific year were still in the United States several years later. Some of them may leave the country and then return. For example, the stay rate for the class of 1991 was 58% in 2001, but it would be 81.5% if the rate were to show the proportion of persons who had worked in the United States for at least one year during the 1992-2001 period (Finn, 2003).

Figure 2.7a. Countries with more than 20% of tertiary educated people born in the country and expatriated in the OECD area (%)
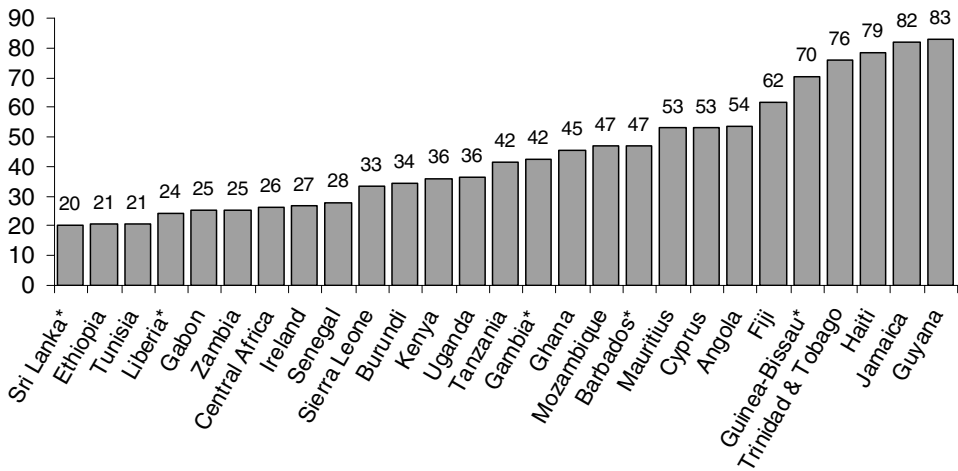
Figure 2.7b. Countries with less than 5% of tertiary educated people born in the country and expatriated in the OECD area (%)
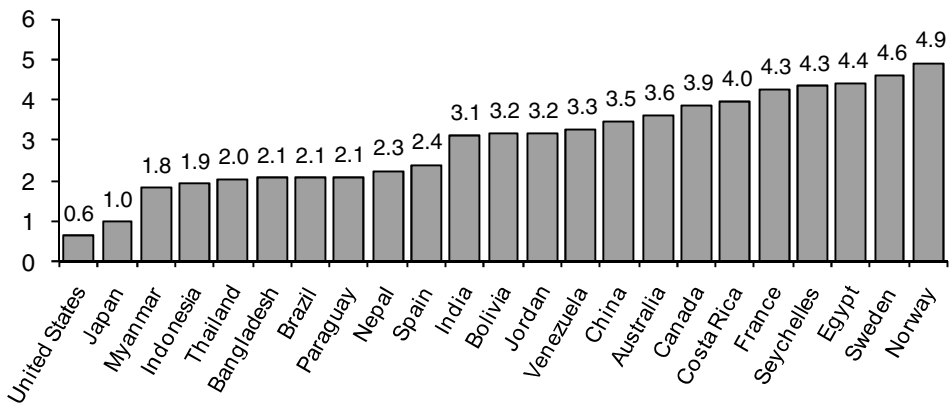
Note: * Based on Barro and Lee database on the stock of human capital, whereas the other calculations are based on Cohen and Soto database. The calculations based on the two databases are not fully comparable.

Source: OECD Migration Database.

Map 2.1. Percentage of expatriates to OECD countries among all highly skilled born in the country
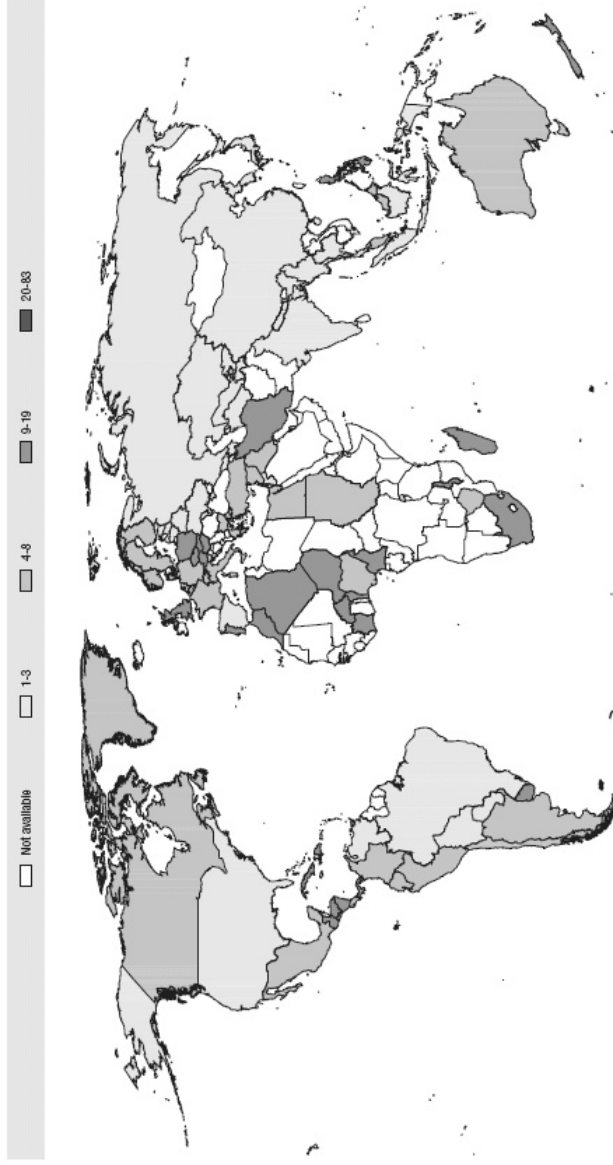
Source: OECD (2005), *Trends in International Migration, Edition 2004*, OECD, Paris.

Given these high stay rates, there is reason to fear that cross-border education may increase the brain drain as much as it promotes capacity building in developing countries. Although 85% of international students worldwide were studying in the OECD area in 2004, most of them (66%) came from non-OECD countries. Thanks to the migration database recently established at the OECD, there is now an unprecedented amount of information on the magnitude of the brain drain (understood in terms of stocks rather than flows). It mainly affects African and Caribbean countries: over 70% of Jamaican and Guyanese nationals holding higher diplomas are expatriates in an OECD country. On the other hand, despite their high stay rates in the United States after they finish their studies, Indian and Chinese nationals each account for less than 4% of the expatriates holding a higher degree in OECD countries, as is also the case for Brazil, Indonesia, and Thailand (Map 2.1 and Figure 2.7b). Out of the 113 countries for which information is available, 27 have expatriation rates of their tertiary educated people over 20%, including nine over 50% (Figure 2.7a).

The mobility of highly skilled people is a very complex and sensitive issue, for the permanent migration of highly skilled people can have a cost as well as benefits for the sending country. On the cost side, the sending country loses the human capital (and productivity) of these highly skilled people, and, if their education was financed with public funds, the cost of the public investment in their primary, secondary and (sometimes) tertiary education. Naturally, the distinction between temporary and permanent emigration is crucial, for if skilled nationals return home with their knowledge and international experience, it re-establishes the positive dynamic of the exchange of skills and capacity development for the home country. On the benefits side, sending countries may find that their highly skilled diaspora contributes to their economy through their investments, remittances and the links that they provide between the receiving and the sending country in terms of trade, innovation and knowledge, including academic research and knowledge. This is increasingly recognised and built upon by developing countries and international agencies. For example, some programmes of the International Organisation for Migrations (IOM) try to use the highly skilled diasporas of developing countries to work temporarily, but regularly, in their home country. Some countries also create new statuses to facilitate the entry and temporary return of their diasporas (like India with its "Persons of Indian Origin" card scheme).

Remittances from their diasporas are a significant source of income for developing countries, although highly skilled workers appear to remit less than less skilled workers (ILO, 2003). Recorded workers' remittances to developing countries have grown faster than private capital flows and official development aid between 1995 and 2004. Remittances amounted to

USD 160 billion in 2005, which is twice as much as official development aid (World Bank, 2006). While countries such as India have strong evidence of the economic benefits stemming from their skilled diasporas, a recent study covering selected developing countries did not find any clear evidence that skilled diasporas always contribute significantly to economic growth in the countries of origin (ILO, 2003). However, developing countries have different attitudes towards the mobility of their highly skilled people, as its impact varies from country to country. An increasing number of them, with the support of international organisations like the International Organisation for Migration, have projects and initiatives underway that try to use their diasporas as a capacity development engine.

It is difficult to reverse brain drain as it depends on factors that are to some extent beyond governments' control (other countries' immigration and visa policies, discrepancies between [financial] opportunities in the home country and abroad) or difficult to change in a short period of time. An effective reversal of brain drain depends on the economic, social and political environment in the migrants' country of origin. For example, the stronger the economic growth and the more globalised the economy, the greater the rate of return migration as skilled emigrants will not feel a professional set-back by returning to their home country (Iredale, Guo and Rozario, 2003).

However, in countries suffering from brain drain, government policies, notably those concerning tertiary education, science and technology play a role in facilitating return migration alongside the country's economic, social and political environment.

In the tertiary education sector, the return of highly skilled graduates and academics depends on the quality of the post-secondary education and research infrastructure (which can be improved thanks to cross-border post-secondary education). "Countries that have succeeded in fostering the return of skilled migrants have done so not just through specific return migration programmes but through long-term and sustained efforts to build the national innovation infrastructure" (Cervantes and Guellec, 2002). Investing in research grants and infrastructure affects local capacity directly and indirectly through the impact of cross-border capacity and higher graduate return rates. In turn, returning graduates build more cross-border collaboration and more national capacity in a continuous global feedback loop. Countries investing in building local research capacity in their universities are best equipped to gain from internationalisation. Foreign educational institutions contribute to a country's local capacity (without being a substitute for domestic capacity development), and may offer opportunities for local academics or facilitate the return of skilled graduates. One way of fast-tracking the development of university research is through

cross-border higher education. In Hong Kong, China and Singapore, international links between universities are now well established and contribute significantly to the development of local university research. International activity and national capacity in higher education are interdependent. China's efforts to build 100 world-class universities can facilitate the return of highly skilled Chinese international students and academics who are able to find employment in their home country whilst maintaining contact with top academics and scientists internationally. Science parks in Korea, India, Taiwan, China or Costa Rica perform or have performed a similar role and have proved successful for building national innovation systems (World Bank, 2003).

Governments can also implement policies and programmes for cross-border education to impact on national capacity by effecting return rates in selected disciplines. For example, Malaysia secures very high return rates among government-sponsored students, mostly *bumiputra*,[10] through conditions attached to scholarships and career prospects on return. The return rate among privately supported students with no career guarantees, mostly from Chinese and Indian families, is less favourable. China has taken various measures to encourage Chinese students to return after their studies abroad, for example through the establishment of an "Office for Returned Chinese overseas students" that offers Chinese students opportunities when they come back. Launched in 2000, Chile's Millennium Science Initiative proved successful in attracting back world-class Chilean researchers (World Bank, 2003). Brazil is an example of another country with very high return rates (Finn, 2003).

Finally, governmental policies on recognition of degrees obtained abroad can in some cases influence the return-rate of graduates. This factor should be taken into account when such policies are devised.

2.9. Conclusion

The emergence of new forms of cross-border education and actual capacity development strategies for the use of this provision is too recent a development to extract empirical evidence of its effectiveness as an economic development tool. However, there are good arguments and already some evidence that policies concerning the import of cross-border education can be a part of national capacity development strategies.

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[10] The term *Bumiputra* is used in Malaysia for all Malay speakers and other indigenous peoples, who are of the Malay "race" but not necessarily mother-tongue speakers of Malay.

Cross-border education has the potential to be an effective capacity development tool for developing countries, both for their tertiary education systems but also for the economy as a whole. Imported tertiary education can assist in expanding access for domestic students, in enhancing the quality of tertiary education, and in increasing the variety and relevance of this. A strong tertiary education system can support the overall education system in a developing country, improve the quality and quantity of its human and social resources, and subsequently contribute to an overall positive development. This potential is more or less likely to be realised depending on the countries' context: currently, quality enhancement (rather than access expansion) is likely to be the main asset of cross-border provision. The capacity of cross-border tertiary education would indeed need to be developed before it can address significantly unmet demand in developing countries experiencing a huge expansion of their tertiary education systems.

However, cross-border tertiary education also presents challenges in relation to quality, equity, or migration. Because of its costs to students, cross-border education tends to only be affordable for students from affluent families, particularly if it is provided on a revenue-generating basis. Means-tested scholarships have the potential to widen participation. Under certain circumstances (return migration of, or as a minimum maintained links with, domestic mobile students and academics, domestic academic and institutional development etc.) cross-border education can lead to the enhancement of the domestic tertiary education system. Regulatory frameworks for the import of tertiary education (through various forms) should aim to develop the above described circumstances so countries can benefit the most from cross-border education.

Each country has to consider how to use cross-border education in order to maximise benefits and minimise risks. An over-arching model does not exist and countries have to adapt regulatory frameworks to the local context. However, all countries should be aware of the opportunities that cross-border tertiary education offers. It is equally important that countries develop a local strategy for dealing with this type of provision.

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Chapter 3
Building Capacity in Quality Assurance
The Challenge of Context

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The purpose of this chapter is to examine quality assurance as an important part of a capacity-building strategy. It looks at the issue of quality assurance in tertiary education with particular attention to the concerns of developing countries, where resources and competencies are often more limited.

Capacity building is essential for developing countries to help them reduce poverty and stimulate economic growth. Tertiary education is important to capacity building in that higher-order skills are a key part of each country's labour force and help to stimulate social and economic change. The growth of the knowledge economy also influences how tertiary education can be used as a capacity-building tool. The labour market is demanding new and changing competencies such as adaptability, communication, and the ability to acquire new skills independently; it is also stimulating migration of skilled labour. Tertiary education institutions must now adapt programmes, curricula, and pedagogy to meet to these challenges. In many countries rich and poor alike, the number of jobs requiring high-level skills has grown faster than those requiring only basic-level skills further stimulating demand (Thorn and Soo, 2006). In most regions of the developing world, demographic trends combined with improving secondary school completion rates led to a rapid expansion of demand for tertiary education. This expansion has put added pressure on many public systems, compressing public expenditure per student in tertiary education with a generally negative effect on quality.

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Many governments are seeking ways to absorb demand for tertiary education while maintaining or improving quality, yet trying to do so without raising public expenditure. Adding to this challenge is the international migration of the most highly skilled students and workers. Such movement of human resources increased dramatically in the 1990s, especially from developing to industrial countries; governments in developing countries find themselves struggling to retain their own students or attract their nationals to return homeward upon completion of study abroad. The population of youth aged 18-23 is projected to continue decreasing in Europe and Japan in the coming years thereby providing greater incentive for student migration, particularly from Eastern to Western Europe (National Science Foundation, 2006). In many instances, the pressure to retain local capacity and manage migration of skilled human resources has led governments to consider policies that seek to increase tertiary education opportunities locally. Such capacity-building strategies have included the expansion of private as well as cross-border provision of tertiary education. Many countries, however, lack a clear strategy although they have to respond to rapid and uncontrolled expansion of both private and cross-border tertiary education.

Planned or unplanned, such an expansion often leads to public concerns about quality of provision as stakeholders frequently lack reliable information about the quality of the education being provided. Governments wish to assure stakeholders that students are receiving a minimum standard of quality no matter the type of provision – whether public, private, domestic or cross-border. There are a range of systematic quality assurance practices in tertiary education that help to gather and disseminate information on quality.

The purpose of this chapter is to examine quality assurance as an important part of a capacity-building strategy. It looks at the issue of quality assurance in tertiary education with particular attention to the concerns of developing countries, where resources and competences are often more limited. This chapter begins with a discussion of the international norms that are emerging in quality assurance, considering the implications of convergence in a world where quality assurance agencies are growing in number and influence. It then transitions to discussion of the operational choices that policy makers, quality assurance agencies, and tertiary education institutions must make. Such decisions have a range of possible consequences that are strongly influenced by the context in which they are applied. Examples from a variety of industrial and developing countries are used throughout the chapter to highlight a sampling of anticipated and unintended consequences. The chapter concludes with an analysis of the overarching issues in quality assurance for cross-border tertiary education and their possible implications for developing countries and capacity-building strategies.

3.1. The complexities of quality assurance

Quality, quality assurance and the evolution of the concepts

The definition of quality itself poses some complexities. There is no universally accepted characterisation of quality in tertiary education. The heterogeneity of institutions, programmes, and degrees at the tertiary level makes the definition and measurement of quality inherently complex. The quality indicators for a research-intensive university are not directly comparable to those used to measure the quality of a teaching institution. Early definitions of quality focused almost exclusively on education inputs such as student selection, faculty credentials, volume of library holdings, and the state of laboratory facilities. The definition has evolved to include outcome measures such as student learning and labour market returns of graduates. But the indicators that are appropriate to measure the skills acquired by a student of one discipline or professional field are not comparable to those used to measure the learning outcomes of another. Assessing the quality of both learning outcomes and institutional development is a tall order for any tertiary education system, yet is ever more challenging for developing countries where financial and human resource constraints can be a major impediment.

While good learning outcomes at the tertiary level are critical to capacity building, institutional development is also understood to be an important element of quality in tertiary education (World Bank, 2002a). Healthy and agile tertiary education institutions are essential drivers of the knowledge economy not only as producers of knowledge, but also as significant societal structures delivering public goods through multiple externalities (Bloom *et al.*, 2006). Ideally, such important institutions should demonstrate accountable and transparent governance, efficient and effective use of resources, accurate and timely data collection, evidence-based decision making, along with the ability to respond to changing demands of myriad stakeholders and external factors.

In spite of its European origin, the Bologna Process is in many ways leading the worldwide dialogue on the question of harmonisation – one that is having a strong impact on tertiary education in developing countries. Bologna began as a multi-lateral initiative in 1999 to harmonise higher education systems and credentials within participating European countries (OECD, 2004). One goal is to have programmes and degrees that are sufficiently comparable by 2010 to permit students, faculty, and graduates to flow freely across national borders. The process started with 29 countries and now includes over 40 – with many developing countries outside Europe

making parallel reforms to keep pace and remain relevant and competitive. The general principles of the Bologna Process are driving part of the agenda as governments in developing countries consider how to leverage tertiary education for capacity building. Quality can be seen as a unifying element of the Bologna Process and quality assurance remains one of the key vehicles through which to assess and coordinate international comparability and harmonisation of tertiary education throughout the world (see Box 3.1 on Hungary).

Although many countries are concerned about the risk of losing highly skilled human capital through brain drain, they also seek to assure comparability of skills and the international recognition of credentials in support of the free flow of human capital for capacity building, or under pressure of new demands for international recognition of credentials. Therefore governments seek parallel objectives: to monitor and regulate the quality of tertiary education, whilst promoting harmonisation of competencies, programmes, and degrees.

Cross-border tertiary education adds a dimension of complexity to the definition of quality, with some observers suggesting that learning outcomes and labour market results should be the focus, whereas others suggest that institutional development still matters – as the providing institutions must be stable to provide for predictability and continuity for students and employers (McBurnie and Ziguras, 2006).

In response to the focus on quality concerns, many governments are choosing to give priority to structured quality assurance processes for tertiary education, frequently by establishing formalised quality assurance systems or by strengthening and even reforming the quality assurance systems already in place to meet new challenges. The evidence is seen in the number of quality assurance agencies that have multiplied rapidly over the past 14 years. The International Network for Quality Assurance Agencies in Higher Education (INQAAHE) was established in 1991 as a professional association in support of quality assurance agencies in 18 industrial countries (*www.inqaahe.org*). Since that time INQAAHE membership has grown to include the emerging agencies of more than 80 countries and membership continues to grow most notably from developing countries. One consequence of this is that formalised agencies have become the international norm upon which quality assurance is evolving.

The concept of quality as defined by formalised quality assurance agencies has transformed over the last half century, shifting from "excellence" or "outstanding performance" to "fitness for purpose", whereby institutions and programmes are judged according to their unique missions and objectives (Lenn, 2004). Moreover, different stakeholders

expect different outputs and outcomes from the same institution or programme. Such shifts in the interpretation of quality require analysts to parse out explanations for the assortment of ways to assess quality. This can sometimes thwart efforts at standardisation, comparability, and harmonisation (Finnie and Usher, 2005). While there are many points of concern impelling policy makers toward finding common solutions to assure quality, there remain multiplicities of contextual differences and path dependencies that necessitate the persistence of unique approaches.

Box 3.1. Hungary looks to Western Europe

With the dramatic political changes in Eastern Europe after 1989, higher education in Hungary fell into disarray. To bring some order to the system without heavy government regulation or control, the 1993 law on higher education created new buffer organisations such as the Hungarian Accreditation Committee (HAC) and the Higher Education Scientific Council (ESC). The HAC was established to oversee the ongoing supervision of the standard of education and scientific activity in higher education. By 1995 the Government of Hungary had formulated a higher education policy with one of its main objectives to move the country toward accession to the European Union by engendering and maintaining high quality standards. The government hoped to improve the quality and relevance of learning outcomes and also to speed the adjustment of skills of workers to the requirements of an outward-oriented market economy.

The World Bank supported a higher education reform project for Hungary that included training and development of HAC just prior to the Bologna Declaration. The project sought to make several changes in teaching programmes and structures with the objective of increasing flexibility, providing compatibility of Hungarian qualifications with the EU and ensuring quality. The Ministry of Education issued a decree in 2000 establishing a national student credit system, and higher education institutions took the initiative to implement the system. Full implementation will require establishing the minimum credit requirements for about 500 separate degree programmes. The project also supported strengthening quality control in the accreditation of degree programmes through the support of HAC, which not only developed a solid reputation but became an active member of the European networks which harmonise academic qualifications to ensure student and worker mobility within Europe. It has taken the lead in establishing the Central Eastern European Network. HAC began with institutional accreditation and has expanded its mandate to include programme accreditation – particularly of graduate programmes – with an orientation toward improvement and in support of institutional strategic planning rather than regulation.

Source: World Bank (2001).

Convergence and divergence of quality assurance practices

There is a documented tendency toward convergence on an international model of quality assurance practice (Crozier *et al.*, 2005). Whether using

audit, accreditation, evaluation, or other methodologies, formalised external quality assurance for tertiary education tends to be based on several nearly universal elements of practice: institutional or programme self-assessment, followed by an external peer review, with reporting to the institutions, oversight authorities and sometimes to various other stakeholders. These culminate in an official determination on quality and standards as they are defined by the system. The convergence model of quality assurance is based on general principles that have proved effective in assuring the quality of traditional delivery modes of tertiary education in a variety of industrial and developing countries. The most common mechanisms used by formalised agencies tend to be accreditation and audit of programmes and/or institutions. Audit is generally understood to be the evaluation or review of procedures, processes and mechanism in a programme or institution. Accreditation is generally understood to be an overall assessment of the quality of an institution or a field of study based on minimum standards.

Although it appears that most quality assurance systems around the world have converged on many common practices, they often differ in important ways: they vary according to their purpose, philosophy, level of state involvement, the tools they use for assessment, the nature of their judgments, the level and method of public reporting, the nature of benefits and sanctions, and the linkage to various regulations and funding decisions. Professional associations can also be involved in assuring the quality of their professions and can often be very much a part of the quality assurance system of a given country. The convergence model of quality assurance typically contains various components that form a web of data collection and assessment that serve first as a diagnostic tool. Today, however, the most effective quality assurance systems have incentives built in to encourage taking the information generated one step further: as part of a virtuous cycle of quality improvement within tertiary education institutions and programmes, as well as to inform evidence-based decision making.

Irrespective of the modality chosen for quality assurance, the locus of responsibility for quality is thought by many to rest with the tertiary education institutions themselves. This is underscored in the Bologna Process. In the Berlin communiqué of 2003, education ministers cite directly the role of institutions in conducting quality assurance exercises, thereby helping them to develop internal cultures of quality. In examining quality assurance options, policy makers can sometimes lose sight of the key role institutions must play in the process, and how policies and practices that affect institutions and their organisational behaviours are often key to developing cultures of quality. Ideally quality assurance is a balance of internal reflective processes and external verification and analysis. Nevertheless, reliance on internal institutional processes as a first step to

assure quality can be unrealistic in some instances, particularly in contexts lacking sufficient human resource capacity to undertake the required tasks, where governance structures present inherent conflicts of interest with a limited number of existing institutions (see Box 3.2 on Nepal) or where installation of checks and balances cannot keep up with the rapid expansion of new education providers.

Box 3.2. Nepal proposal for quality assurance in an environment dominated by a single institution

Nepal's quality assurance programme is now moving from concept to implementation. The Quality Assurance and Accreditation Committee (QAAC), was recently established under the auspices of the University Grants Commission (UGC) of Nepal – an outcome of recommendations made in the Tenth Five-Year Plan (2002-2007). The Government of Nepal has moved quite rapidly in establishing the QAAC and the detailed planning of processes and procedures are already in place. The World Bank is helping to support the establishment of QAAC to conduct quality assurance and accreditation of higher education colleges and study programmes. Its focus is on both accountability and quality improvement. Institutions can choose either accreditation or auditing depending on what is most appropriate for their regulatory status. Similar to many other countries, Nepal's higher education sector is going through rapid expansion. Nepal has five universities –although it is one institution, the Tribhuvan University, which enrols 90% of the 130 000 students enrolled – as well as two academies and a number of foreign university affiliated institutions.[1]

The QAAC manual lays out a very clear and detailed process for accreditation which converges on the international norms of self-evaluation, external review and recommendation by the QAAC. All accreditations in Nepal will be voluntary. The accredited institution will be graded on a four point scale with grades A (90-100), B (75-89), C (60-74), and D (50-59) based on the pre-determined criteria. The QAAC will be a subsidiary body based within the UGC. The fact that the proposed quality assurance system for Nepal is located within the UGC could be seen as authoritative, yet given the predominance of one institution over the entire tertiary education system of Nepal, alternative structures may not be advisable. The conditions in Nepal portend a quality assurance system that relies heavily on the commitment of institutions to the quality assurance process. It remains to be seen precisely what types of incentives the quality assurance system of Nepal will develop to ensure that institutions develop ownership.

Source: University Grants Commission of Nepal (2005).

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[1] The university system works under the affiliation system, similar to that in India and includes publicly funded constituent campuses and privately funded affiliated campuses. In total there are 511 higher education institutions of which 476 are run by national universities/academies and 34 are foreign.

It is also possible that emerging providers may be reluctant to make information about their conduct and operation public, necessitating external regulations requiring data provision. Quality assurance of cross border tertiary education also presents a particular challenge in this regard, as local bodies may be required to assure the quality of foreign-based education through heretofore unconventional methods.

General principles of good practice

Recently the members of INQAAHE, the global professional association in support of quality assurance agencies, debated and agreed upon key elements of good practice for quality assurance agencies. This culminated in the 2005 publication of the INQAAHE Guidelines of Good Practice (*www.inqaahe.org*), a set of 10 general principles that respect the wide diversity of approaches to formalised quality assurance agencies, but which can be used as a framework to consider the first layer of overarching decisions and practices each new and existing agency must make. These include development of an agency mission statement, relationship of the quality assurance agency to the tertiary education institutions under their review, governance issues related to decision making, external checks, public disclosure, documentation, financing, appeals processes, agency monitoring and inter-agency collaboration. The European Association for Quality Assurance in Higher Education (ENQA) has also developed a consensus on generic standards for both internal and external quality assurance practices (ENQA, 2005). With specific consideration of issues related to cross-border higher education and with foresight toward the protection of developing countries, UNESCO and the OECD have published a set of Guidelines for Quality Provision in Cross-border Higher Education; these were generated in broad consultation with member states (see Annex 1).

In addition, UNESCO has collaborated with the Asia Pacific Quality Network (APQN), a regional association of quality assurance professionals, to articulate practical steps to help countries address in a concrete manner the regulation of cross-border higher education.[2] Such general guidelines and toolkits are useful to policy makers, leaders of tertiary education institutions, and quality assurance practitioners at all levels; the documents cover panoply of issues that must be considered before making very context-specific decisions related to quality and quality assurance. The UNESCO-APQN toolkit is particularly sensitive to the concerns of developing countries, emphasising the resource constraints and practical steps in establishing an effective system to regulate cross-border tertiary education while considering prevailing public opinion. Such a toolkit can be particularly useful in guiding policy makers during the all stages of dialogue on quality assurance. Such guidelines notwithstanding, governments, policy makers, institutional leaders, professors and students will likely need to consider additional elements as they move forward with the establishment or reform of any quality assurance system or practice. The rest of this chapter will discuss such elements and their implications for cross-border tertiary education.

3.2. Developing capacity in quality assurance

There is no common definition of quality in tertiary education, and certainly no common metric with which to measure it. Yet, through the worldwide influence of the Bologna Process and the need for harmonisation of learning and recognition of credentials for the purposes of mobility, quality assurance has become important as a way to develop common metrics and provide information to stakeholders. There is clearly a convergence on quality assurance methodologies and increasing agreement on the general principles of good practice. Nevertheless, each country context is unique and therefore each country has its own purpose for quality assurance – whether to protect consumers from poor quality or encourage excellence. This section will discuss the alternatives offered to countries willing to develop capacity in quality assurance – either to improve their system or build a new one. The elements for consideration are outlined in Table 3.1 and will be discussed in this section.

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[2] *www.apqn.org/files/virtual_library/other_reports/unesco-apqn_toolkit.pdf*

Table 3.1. Considerations in the establishment and reform of systematic quality assurance practices

Purpose	Regulation Recognition – comparable standards Accountability Consumer protection – minimum standards Excellence Improvement in outputs/outcomes Institutional development
Philosophy	Motivational Authoritative Voluntary/mandatory
Audience	Government Institution Students, families Employers, benefactors Stakeholders Public at large Foreign institutions and employers
Authority	National Regional Provincial/state Municipal Institutional
Administration	Government Quasi governmental body Non-governmental body Professional association Institutional committee
Scope	Public sector Private sector Domestic/foreign Partial/comprehensive
Level of analysis	Institution Programme Instructor Learner
Focus	Inputs (*e.g.* admissions, faculty, learning environment) Outputs (*e.g.* graduates, research findings) Outcomes (*e.g.* student learning, jobs, innovations)
Mechanism	Licensing/certification Recognition Evaluation Audit Accreditation Examination Ranking Benchmarking Performance indicators Total Quality Management (TQM)/ISO 9000 Qualifications framework

Table 3.1. Considerations in the establishment and reform of systematic quality assurance practices (*continued*)

Methodology	External: survey/inspection
	Convergence: self-study/peer review
	Internal: institutional quality committees or cells
Product	Data
	Report, analysis
	Ranking, score
Transparency measures	Publication of all standards and procedures
	Establishment of norms relating to conflicts of interest
	Requirement that all reports be signed by all team members
	Formalised registry for decisions
	Establishment of a clear and effective system of appeals
Source of financing, sustainability	Government resources
	Institutional dues payments
	In-kind contributions of time, material, and resources
	Donor agency resources
Cost	Administration, staff and overhead
	Training for self-assessment, external reviewers
	Technical assistance
	Materials, website
	Self-assessment costs
	External peer review costs
Capacity assessment (central, institutional, departmental)	What dialogue is necessary?
	Whose input should be solicited?
	What processes, staff, administration is in place?
	What is needed?
	How long will it take?
	What will it cost?
Consequences	Recognition
	Authorisation to award credentials
	Rewards (*e.g.* resources, access, decision-making power)
	Warnings
	Sanctions

Source: World Bank.

Purpose and philosophy: quality assurance for what?

The first step toward the development or evolution of quality assurance systems should be a careful consideration of the specific reasons or purposes for establishing formalised quality assurance in the given country context.

For some governments the overriding concern is *regulation of the sector* – whether to impose order on a disorganised set of institutions in a fast-growing sector or to provide assurances as to the quality of emerging cross-border provision in the local environment. Some quality assurance systems are heralded as the cause of less government regulation. For instance the US system of voluntary, non-governmental accreditation is thought to be the

reason that the national government is not more involved in the affairs of US higher education – save for the federal role in higher education finance and equity measures which are used to steer public investments and encourage socially conscious institutional behaviours.

In other countries the overriding purpose of quality assurance is to *respond to the demand for recognition of credentials and harmonisation of programmes*. Quality assurance systems are frequently put into place to make tertiary institutions accountable to the government and to protect students and employers by ensuring that minimum standards are met.

Increasingly governments are seeking ways to infuse their quality assurance systems with incentives that stimulate a cycle of *quality improvement* – using the findings from the quality assurance process to inform decision making to go well beyond minimum standards toward improving outputs, outcomes, and efficiency. Determining the purpose or range of context-specific objectives for structured quality assurance processes is an important first step which provides a framework from which all other decisions will flow. Generating a consensus on the purpose(s) of quality assurance will help determine how quality will be defined (see Box 3.3 on Bangladesh). Consideration of the purpose(s) of quality assurance is not a static consideration and must be frequently revisited so that the system can be modified to changing realities.

It is the articulation of purpose and objectives that will determine the precise standards to be assessed, as well as the instruments and methods to be used. The purpose of a country's quality assurance system will also determine many of the operational characteristics of a quality assurance system, whether it is to be voluntary or mandatory, whether governance and finance will be dependent on public sources, and the nature of the quality assurance system.

While there is a range of philosophies upon which quality assurance can be based, there are generally two broad camps: *authoritative* or *motivational*.

Many traditional quality assurance systems which focus on regulation, accountability, and minimum standards tend to be driven by an implicit philosophy based on authority. Such a driving philosophy often emerges from a quality assurance system that clearly outlines the government's role as one of watch dog, providing the clear culture based on sanctions for under-performance of programmes or institutions. The authoritative philosophy is strongly couched in early models of quality assurance that focused on inputs over outputs and outcomes. Also, mandatory, government-based systems generally send a message to institutions about authority.

Box 3.3. Bangladesh purposes of a newly emerging quality assurance system

Establishing a quality assurance system for the tertiary sector has become a priority for the Government of Bangladesh since 2005. In its Strategic Plan for Higher Education in Bangladesh – a broad based strategy document for the tertiary sector covering the next ten years – the University Grants Commission (UGC) has proposed establishing an Accreditation Council "… for improving and facilitating higher education rather than a controlling and punitive body". At a time when the higher education sector has grown rapidly, with particular growth in private sector, quality assurance has come to be seen by the Ministry of Education as essential. The total number of universities in the country has grown from 7 public universities in 1985 to 79 public and private universities in 2005. Private institutions were initially permitted in 1994 and have expanded from 16 in 2000 to 53 in 2005. Today, a total of 2 million students are enrolled in the entire university sector. Another issue that has focused attention on quality assurance is the relevance and quality of qualifications from the tertiary education sector and how they meet the growing manpower needs of Bangladesh. At present there is no quality assurance system at the tertiary level in Bangladesh: there are no known internal quality assurance cells within public universities, and there are currently no external quality review systems.

The objectives of quality assurance in Bangladesh are to (i) ensure minimum standards; (ii) ensure a high quality standard of higher education that prepares competent, knowledgeable and far-sighted people to assume higher responsibility; (iii) extend the scope of educational courses, to provide for instruction and training of a large number of pupils, and to raise the standard of education and maintain it; and (iv) establish a quality assurance system that emphasises openness and transparency so that any stakeholder will be able to know about the quality of the institution. The proposal recommends the establishment of an independent and autonomous body called the Accreditation Council or Board. The proposed body would undertake three types of activities. These include formal accreditation reviews, promoting internal quality enhancement and quality improvement in universities, and undertaking external audits of self-assessments and self-reviews. Quality assurance would be mandatory for all public and private institutions yet to be funded by the UGC.

The proposed system emphasises both quality enhancement and accountability. It is very much a model that seeks to converge with international norms and practices. To achieve these ambitious goals, the needs for institutional and human resource capacity are very high. It is important to determine whether such capacity exists in Bangladesh for such an ambitious undertaking and, if not, what capacity building will be necessary to achieve the stated purposes.

Source: University Grants Commission of Bangladesh (2005).

Quality assurance systems that espouse a motivational philosophy appear to be emerging from the recent convergence on practices which intend to feed the virtuous cycle of quality improvement, focusing on using the quality assurance processes as a tool for institutional development and

decision making. While voluntary, independent quality assurance systems are intended to be more motivational, they can sometimes lack appropriate incentives to encourage participation and compliance. In such instances linking accreditation or audit results to clear rewards – such as supplemental financial resources for participation or good performance – can provide indirect incentives for compliance.

Depending on the country context, one strategy may be more effective than the other. A motivational philosophy may not work for private sector institutions in countries where the distribution of public resources is limited to public institutions, and it may be more difficult to practice with regard to cross-border tertiary education. Policy makers should consider how to motivate private and cross-border tertiary education institutions when financial incentives are lacking. One alternative is for the quality assurance system to leverage the need for private sector and cross-border institutions and programmes to generate credibility by securing local and international recognition of credentials and outputs. Public sector institutions require incentives as well, particularly in countries where the legal framework is skewed toward regulation of the private sector and can seem to tacitly exempt public tertiary education institutions from participating in the quality assurance process.

Quality assurance for cross-border tertiary education is frequently regulatory in nature and therefore strives to be authoritative when it stems from receiving countries. One of the problems with assuring the quality of cross-border provision is that there are a limited set of sanctions available in local markets, short of programme closure. Some sending countries also approach the quality assurance of the cross-border provision of their higher education institutions with a motivational philosophy wherein incentives are linked to reputation. It can also be seen as both authoritative and motivational when they do not allow domestic institutions to distinguish between their credentials awarded at home and under other cross-border arrangements.

Audience: information and quality assurance for whom?

Depending on the purpose and philosophy of quality assurance, policy makers need to consider to whom the results of quality assurance will be made public. Information is the key to quality assurance, whether it is gathered internally or externally through audit, accreditation, examination, inspection, routine data collection or other methods at the institutional or departmental level. Stakeholders of tertiary education – governments, students, families, employers, investors, and even foreign stakeholders – are keen to acquire information about the quality of institutions and academic

programmes. The information they seek is essentially about learning environments, learning outcomes, research outcomes, relative reputation and labour market returns. Such information is used for accountability to governments and stakeholders, as well as for decision-making purposes by students and employers. Another type of information sought concerns various aspects of institutional operations and efficiency.

Yet not all quality assurance systems can or do collect data to provide information on all desired aspects; not all information from the quality assurance process is intended for consumption by all stakeholders at all times. Since quality assurance is essentially about producing and using information, identifying the intended audiences and communicating quality assurance findings to them also represents an important step to developing an effective system. Policy makers have to decide what data should be collected, how it should be analysed, and who should receive which pieces of information. They also need to consider what form that information should take and how it should be used. This is a particular concern with information regarding the quality of cross-border tertiary education because of the generally authoritative, regulatory approach to such quality assurance. In addition to issues related to regulatory frameworks, policy makers should consider a communication strategy to inform stakeholders about the quality of cross-border provision and consider providing transitional arrangements to students who may be faced with the closure of their institution or non-recognition of their programme or credentials. The Guidelines for Quality Provision in Cross-border Higher Education (see Annex 1) put a strong emphasis on communication and transparency.

The choice of audience is linked to the purpose and the philosophy. Governments can use information generated through quality assurance processes to make regulatory and financing decisions, as well as decisions that can inform the design of incentives for good or improved quality. This can be in the form of a report, but in some instances governments focus on discrete performance indicators, examination results, or labour market returns on which to base their judgments. Institutions and programmes in some instances can also seek information from the quality assurance process and use it to make adjustments based on clear evidence so that they can improve quality factors. It is often said that accreditation reports are so dry that the only people interested in reading them are university leaders. Students, families, and employers tend to lean toward the consumption of press rankings or other scoring metrics. Scoring systems help to reduce a large amount of disparate data into a digested, if sometimes overly simplistic, form. Nevertheless, such information also lends itself readily to comparisons across programmes and institutions (Finnie and Usher, 2005).

Disclosure of quality assurance findings is a very sensitive topic, as it can either serve as an incentive or disincentive for participation and compliance. In the United States, accreditation results are generally not made public so that the institutions retain the incentive to participate in the process and are given time to take corrective action upon an unfavourable judgment. It can be argued that limited disclosure reduces the transparency benefit of quality assurance to a certain degree, yet the benefits of encouraging participation must be weighed in parallel. In some countries quality assurance results are widely broadcast to the public which can stimulate healthy competition among institutions and influence market mechanisms by providing end users with important information about quality. The output of the quality assurance processes should be tailored to the specific purpose and audience – whether raw or analysed data, a comprehensive report including quantitative and qualitative analyses, rankings, or examination scores.

The information about cross-border tertiary education emerging from a quality assurance or regulatory process is strongly intended to protect consumers as well as the local tertiary education institutions of receiving countries. Students receiving cross-border education need information about the recognition of their acquired competencies by local and foreign employers and authorities. Moreover, the quality assurance of cross-border education should inform students about the recognition and transferability of credentials and the long-term operational viability of the providing institution.

Administration: level of autonomy, authority, and oversight

Another question to be addressed is how quality assurance agencies or processes should be administered and what relationship to government they should have. Quality assurance processes can be administered by government-run quality assurance agencies or professional bodies, quasi-governmental bodies, private/non-governmental organisations, professional associations, or quality committees within tertiary education institutions themselves. In many countries, these quality assurance structures exist in parallel. Irrespective of administrative auspice of a quality assurance system, governments generally have ultimate authority over recognition of quality assurance judgments and enforcement of quality assurance-related sanctions for institutions or programmes that are determined to be sub-standard. Governments are in most instances viewed as the ultimate authority for monitoring the monitors. Governments are also generally the entity with the ability to enforce regulations and distribute quality incentives in the form of supplemental financing for good performance.

International experience suggests that one locus of authority is not necessarily better than another; however each has its benefits and drawbacks. The major concern is that any entity conducting quality assurance processes must have independence and freedom to conduct an unbiased assessment. Some level of autonomy is generally expected, though many quality assurance systems are largely financed by government and operate as a government entity, so there can often be a heavy hand by government and potentially inherent conflicts of interest. Public universities in many countries are often staffed by civil servants and are sometimes overseen by political appointees. Private universities are in many instances led and supported by some of the most influential members of local society – often by wealthy industrialists and respected intellectuals with close ties to government or to those engage in accreditation or audit processes. Quality assurance systems dominated by governments can become overly lenient on public institutions yet overly critical of private ones or vice versa. The goal in any system is to treat all programmes and institutions – public or private – equally and objectively. Moreover, in contexts where access relies heavily on public higher education and capacity is limited, there are no credible sanctions from the government as closing a university or programme can be a difficult decision politically. In addition, such a link between administration and oversight raises the risk of corruption and bias, problems that can deeply affect the legitimacy of the quality assurance process. On the other hand, private agencies can at times be suspected to depend too much on their stakeholders and to be too weak in their relationship with institutions: they are not immune to corruption and bias either. Establishing an agency that is in some way at arm's length from government influence is thus important in maximising objectivity.

Corruption risks can be mitigated by developing an assortment of checks and balances to ensure objectivity and independence of decisions. A legal framework that protects the independence of the quality assurance agency decisions should be enacted. A published operational procedures manual should outline transparent standards and procedures, and establish strict norms relating to conflicts of interest including codes of conduct for reviewers, along with implementation arrangements that separate the administrative functions, financial functions, and recognition/sanction functions as openly as possible. Published procedures should also include enhanced disclosure provisions such as annual accountability meetings, civil society oversight, active involvement of the private sector institutions, external financial auditing. To enhance transparency and recourse, a clear and transparent complaint-handling mechanism and system of appeals should be established. Another important check is to ensure separation between the financing of the quality assurance system and the operational aspects of quality assurance processes. Teams of peer reviewers rather than

individuals should conduct external reviews. Private professional associations often carry special mandates that permit for licensing for professional practice, though care must be taken to prevent lobbying and to prevent dues paying from becoming a corrupt practice by including appropriate checks and balances in accounting.

Many quality assurance agencies are typically responsible for assuring their *own* quality, though in some larger systems there are national recognition authorities that separately evaluate the various regional and specialised accrediting bodies as there may be no other body responsible for this function. Such recognition authority exists in the United States through the Council of Higher Education Accreditation (CHEA). There is also a move toward establishing international recognition bodies for quality assurance agencies, such as the Consejo Centroamericano de Acreditación (CCA) in Central America (see Box 3.4 on CCA). One way to reduce the potential influence of government funding is to insist on greater institutional participation in covering the cost of quality assurance processes. Given the nature of quality assurance, absolute autonomy of an agency is unlikely if not impossible, thus it is important to develop ways to reduce dependence on government resources and protect the independence and legitimacy of the process. Here again the objective is to find a good balance.

Box 3.4. Consejo Centroamericano de Acreditación (CCA)

The *Consejo Centroamericano de Acreditación* (CCA) is a body created under the sponsorship of CSUCA, the association of public universities in Central America, yet has succeeded in including governments, professional associations and private universities in its operation. The CCA was developed with support from several German international cooperation agencies including the *Deutsche Gesselschafft fur Technische Zusammenarbeit GmbH* (GTZ – the German Agency for Technical Cooperation).

Initially the CCA was supposed to operate as a regional accreditation agency, carrying out accreditation in all countries of Central America. Yet there was some opposition to this approach from Costa Rica and El Salvador – countries that had already established their own national quality assurance schemes. The CCA has instead evolved to become the recognition authority of the various national and specialised accrediting agencies of Central America.

There are several specialised regional accrediting agencies under the umbrella of the *Consejo Superior Universitario Centroamericano* (CSUCA).

Source: www.csuca.org

Box 3.5. Conseil Africain et Malgache pour l'Enseignement Supérieur (CAMES)

The first formal accreditation processes in Francophone Africa took place in 1968 with the creation of the inter-governmental organisation *Conseil Africain et Malgache pour l'Enseignement Supérieur* (CAMES) to harmonise recognition and promote equivalence of qualifications among member states. Today, CAMES is also responsible for accrediting private universities as well as a number of professional programmes. Currently with a membership of 17 countries, CAMES has a small core team of two professional staff, five administrative staff and four supporting staff with responsibility for programme accreditation of 400-500 programmes every five years and an average of 43 institutional accreditations every year. Evaluation of programmes and institutions is done through its various commissions. However, the small CAMES secretariat is responsible for managing the work of these commissions and to verify accuracy and consistency of reports submitted by the commissions. Clearly CAMES is overburdened and quality assurance of tertiary education remains a concern of local policy makers in most francophone countries of Africa. The Association of African Universities (AAU) has been awarded resources through a Development Grant Facility (DGF) from the World Bank to begin a quality assurance capacity-building initiative across the countries of Africa. The AAU expects to bolster the capacity of regional agencies such as CAMES, along with national and professional quality assurance agencies, and individual quality cells within tertiary education institutions. Such capacity building will take place through technical assistance, training, and global knowledge sharing on quality assurance practices.

Source: World Bank (2006).

The administration, autonomy, authority, and oversight for the quality assurance of cross-border tertiary education introduce a level of complexity as the locus of the various elements can be in the receiving country, the sending country, or even in a third country or multiple countries. Moreover, these programmes are often operated in partnerships between local and foreign institutions. In weighing regulatory options, policy makers need to consider precisely which aspects of cross-border quality assurance should and can be handled locally. Chief among the considerations will be capacity and cost. For many developing countries that often struggle with assuring quality of local providers alone, taking on the added task of assuring the quality of cross-border provision can be overwhelming – or could become so as cross-border higher education expands. Some countries rely on the quality assurance processes of the sending country, yet given possible inconsistencies in the quality of provision, policy makers need to consider the various options for verification of foreign quality assurance results. Quality assurance systems tend to operate at the national or sub-national level. Yet francophone countries of Africa and the countries of Central

America have established regional bodies to help small states and states with very limited resources to pool resources and benefit from collective quality assurance activities – ranging from actual accreditation (see Box 3.5 on the Conseil Africain et Malgache pour l'Enseignement Supérieur [CAMES]) to recognition of national accreditation agencies and activities (see Box 3.4 on CCA). Quality assurance for cross-border tertiary education presents special challenges particular to trans-national nature. Cross-border programmes and institutions operate quite independently from government systems, making them in many ways "stateless" (Knight, 2005). Policy makers need consider now to identify the quality assurance authority that can provide the most comprehensive and frank assessment of quality of local cross-border offerings, yet within the limits of local capacity and resource constraints.

Scope of quality assurance and legal framework

Beyond the administration of quality assurance, policy makers willing to develop or reform their quality assurance system need to examine whether the legal framework in which it operates is appropriate. Another important decision is related to the scope of quality assurance, which does not always cover all sub-sectors of higher education systems.

Laws and regulatory issues are an important consideration in the establishment and reform of quality assurance systems. Existing administrative law, corporate law, and education law should be examined to identify any provisions which might conflict with the development of a quality assurance system. The next step is to determine whether the existing laws in general are sufficient, or whether specific legislation is required to establish an agency, develop regulations, or set standards. While it is presumed that such regulations and standards will be linked to learning outcomes, they can also be related to operational issues such as building safety or employment conditions – any of which could require the passage of new legislation or amendments to existing laws. As mentioned in the previous section, whatever the considerations, the legal framework should endeavour to protect the autonomy of the quality assurance process and its actors to help avoid conflicts of interest and mitigate potential avenues for misuse and corruption. This may include articulation of the governance structure of a quality assurance agency; ideally such structures should support the independence of quality assurance by placing the process at arm's length from governmental or institutional influence.

Another step is to determine the scope of quality assurance: what types of institutions and programmes should be subject to it? There is in principle no reason to have a legal framework for quality assurance that treats public and private institutions differently. It should focus on both with identical

standards. Such parity facilitates comparability (harmonisation of credentials and qualifications) and also ensures fair competition among institutions irrespective of auspice. Yet some countries have as a priority the regulation of the private providers and develop parallel quality assurance systems – one for public and one for private institutions – with divergent standards and practices (see Box 3.6 on Tunisia). Malaysia is one country that had two quality assurance systems – one for private institutions and the other for public institutions. The Government of Malaysia has made a decision to merge these two systems into one so that standards and treatment can be more readily judged as fair and equal irrespective of a university's auspice. The reverse can be seen in Mexico. In an interesting pre-emptive move, the private sector providers of tertiary education in Mexico banded together to form their own quality assurance system in order to ensure their quality of private tertiary education in the face of strong regulatory pressures from the government (see Box 3.7 on FIMPES).

Box 3.6. Tunisia: regulation of private higher education institutions

In 2000, Tunisia established a legal framework for regulating the private higher education sector. The legislation sets out minimum standards for private higher education institutions (HEIs), develops a process for licensing private HEIs that satisfy the stated standards, and provides for state support for licensed private HEIs through a number of measures. The minimum standards relate to a range of inputs: organisational structure, teacher-student ratios, study programme design, examinations process, and teaching infrastructure. For instance, each HEI must have an academic board, a library, a sick-bay, a 1:25 teacher-student ratio in science classes, an academic calendar, etc.

In order to receive a license to operate in Tunisia, a private HEI must submit an application providing information on: (i) the firm's legal status, (ii) its owners and their share of the firm's capital, (iii) the director's personal and professional standing, (iv) the location and ownership status of land and buildings, (v) equipment and library holdings, (vi) the budget, (vii) study programmes, and (viii) teaching staff. This process imposes additional requirements; for instance, there is a minimal level of capital, and the director must be a Tunisian national and have a university degree.

Source: *www.universites.tn*

Some legal frameworks simply outline the baseline requirements to authorise institutions to operate, whereas other frameworks are more detailed, outlining the governance structure for the quality assurance agency, a roster of government sanctions for poor quality assurance performance, and in some cases guidelines for the allocation of public funding linked to quality assurance determinations. Due to evolving labour market demands

and education needs, legal provisions should remain sufficiently general and flexible to adapt readily to changing circumstances. The legal framework is oftentimes the most important (or only) tool for assuring the quality of cross border tertiary education through local regulation (Waite, 2006). It is also partly what can make a country more or less attractive for foreign providers.

Box 3.7. Federación Mexicana de Instituciones Particulares de Educación Superior (FIMPES)

The *Federación Mexicana de Instituciones Particulares de Educación Superior* (FIMPES) was created about 30 years ago, as a way to assemble private universities in a time when the government was establishing strong guidelines for the recognition of private providers. Over the last decade FIMPES role has evolved into one which guards the reputation of good quality private higher education against the rapid growth in the number of so-called "universidades patito" or low quality private higher education institutions. Private universities in Mexico have grown from just 100 institutions to over 2 000. In 1998 FIMPES managed to convince the government to establish a separate institutional accreditation scheme for private universities which runs parallel to the state-based *Consejo Interinstitucional de Instituciones de Educación Superior* (CIIES) accreditation process. This was done in an attempt to avoid oversight from the Ministry of Education. FIMPES has made efforts to have its own accreditation substitute for the CIIES and *Consejo Para la Acreditación de la Educación Superior* (COPAES) accreditation even though FIMPES institutions are founding members of both state-based organisations.

The current leaders of FIMPES are Monterrey TEC, Universidad de la Americas (UDLA) and Universidad Tecnología de Mexico (UNITEC) – all prestigious and recognised private institutions. Several catholic institutions have since left FIMPES membership over disagreements on fees charged. While FIMPES has a certain political weight, it represents only the strongest institutions in the private sector. Some FIMPES members have undergone state accreditation by COPAES, *e.g.* TEC and UNITEC, but other members have only FIMPES accreditation. While it certainly is a parallel system, it has been managed in a transparent and accountable manner and is seeking to expand its mandate to include a student loan system.

The Mexican government has expressed its desire to have the FIMPES institutions simply become part of the official state system of programme accreditation, yet it appears more concerned about assuring the quality of the 1 500 or so institutions that do not belong to FIMPES.

Source: *www.fimpes.org.mx*

Financing and human resource needs

There are two important considerations for policy makers to consider regarding the resources necessary to set up and operate a quality assurance system: costs and revenue sources. Assessing the precise costs of quality

assurance is complex. In estimating the resources necessary for establishment, costs can only be determined once many key decisions have been made: purpose, scope, level of analysis, quality assurance methodology, data collection, review process, etc. Establishing a national, centralised institutional audit system for 100 universities is likely to have different cost implications from starting a system of programme accreditation for 20 disciplines across 100 universities, for instance. The exercises require a vastly different set of inputs, and the precise cost of each input is often hard to estimate, from the staffing of a secretariat to the compensation for peer reviewer time, travel, etc. Perhaps most daunting is to identify the hidden costs to programmes and institutions, as well as the opportunity costs of staff time consumed, teaching days lost, research undone.

Case studies assessing the cost of running national quality assurance agencies in five African countries show a range in costs from USD 200 000 for Cameroon to USD 2.3 million for South Africa (excluding South Africa, the average of the remaining four systems was USD 450 000 per year). When considering programme accreditation, the costs provided by three of the agencies for a single programme review showed an average cost of USD 3 700 per programme review. If a country had a hypothetical 150 programmes to review and assuming that a similar audit team does all of reviews USD 3 700 each (a very unlikely scenario), the total cost would be estimated at USD 550 000. Of the 12 accreditation agencies in Africa, almost 70% of them conduct programme accreditation and several others plan to do so (Materu, 2007). It is important to be cautious when comparing costs among a cross section of countries due to currency valuations and factors related to local cost of living, though international technical assistance and training costs are likely to be similar for a cross section of countries.

It is also important to consider the cost implications for institutions and programmes, not least of which is the opportunity cost involved in faculty and administration time. Institutional leaders will have competing priorities from satisfying government directives related to quality assurance, to promoting an internal culture of quality that is commensurate with the mission and capacity of the institution. As budgets and human resources are constrained in each country, it is important to consider ways in which to economise while still achieving the objective of assessing quality of inputs, outputs and outcomes in a manner that provides sufficient information to make evidence-based policy decisions and provide meaningful incentives for good performance. In some countries this means limiting accreditation or audit to a sample of programmes or institutions, in others it means emphasising the self-evaluation process over the peer review process. In

countries with small systems, the peer review process requires a disproportionate number of foreign peer reviewers to assist in the task, often raising the costs exponentially. In many countries in all regions of the world there are simply not a sufficient number of people with the requisite expertise to carry out the work.

One solution for small countries or for countries with weak capacity is to focus at the institutional level, and establish quality "cells" or departments of institutional research that are charged with data collection and analysis. Such internal systems within universities and other tertiary education institutions cannot only help coordinate a self-study exercise, but can also serve as a repository for longitudinal data on enrolment, retention, repetition, completion, outcomes, finances, etc. Institutional research is a practice that is spreading from North America, Europe and Australia to East Asia and South Africa. Many lessons can be drawn from these experiences, one of which is the ability to initiate quality assurance processes while limiting cost. Institutional research can also leverage regional cooperative activities to build capacity for quality assurance, whether at the institutional or national level. There are several associations which support institutional research as a professional field and offer capacity building through national and international conferences on the topic. More information about institutional research can be found at the Association for Institutional Research (AIR), an American professional association whose purpose is to provide support and professional development opportunities to people doing institutional research. There are also a number of regional and state associations of institutional researchers in the United States, such as the Southern Association of Institutional Research (SAIR), the North Carolina Association for Institutional Research (NCAIR), and the Indiana Association for Institutional Research (IAIR). There are also several international organisations such as the European Association for Institutional Research (EAIR), the Southeast Asian Association for Institutional Research (SAAIR) and the Southern African Association for Institutional Research (SAAIR).

In addition, there are at least five graduate certificate programmes in the area of institutional research at four universities within the United States: Florida State University, Indiana University, Pennsylvania State University, and University of Missouri. These programmes aim to build up skills necessary to conduct institutional research, data collection, statistics, analysis, and reporting. One way to build capacity is to train a number of local faculty or administrative staff through such certificate programmes. Another cost-saving measure can be to encourage the quality assurance role of professional associations, particularly in professional disciplines such as engineering, architecture, medicine, nursing, etc. Governments can support capacity-building activities for licensure in professional fields. Such quality assurance processes oftentimes influence related departments to undertake

self-evaluation practices. While the institutional research and quality assurance support for professional associations can be a good strategy for small countries with weak capacity, these are also good steps for any incipient or reforming quality assurance system – large or small, strong or weak. Regional cooperation for capacity building is growing as a method to ease costs, share opportunity cost, develop expertise, and ensure greater harmonisation of competencies and credentials. Regional networks for quality assurance will be discussed a bit further in this chapter.

The concern is that as policy makers move to promote quality they easily lose sight of the cost implications which become quite real once a system is up and running. Another concern is that policy makers thrust multiple unfunded mandates onto institutions that are already very resource-constrained at the start, often adding the proverbial straw to the camel's back. Cost projections – including opportunity costs and unfunded mandates for departments and institutions – as well as human resource capacity projections are exercises that must be completed long before any decisions are made about which type of quality assurance system is most appropriate for a given context.

Box 3.8. Quality assurance in Indonesia – reform of a large system to deal with resource constraints

By the 1980s, Indonesia developed a limited quality assurance system to evaluate and accredit the rapidly expanding number of study programmes being offered by emerging private higher education institutions. By 1994, the Directorate General for Higher Education (DGHE) found this system to be inadequate and not addressing issues of quality in the public sector institutions. With support from a World Bank project, the DGHE established a single, autonomous National Accreditation Board for Higher Education of Indonesia (*Badan Akreditasi Nasional – Pergurnan Tinggi* or BAN-PT) for accreditation of study programmes at both public and private institutions (World Bank, 1994a). By the turn of the millennium, Indonesia had over 2 000 private and nearly 100 public higher education institutions with tens of thousands of study programmes in need of accreditation. The World Bank began support for reform of the existing BAN-PT to make the workload more manageable by shifting part of the accreditation process from study programme accreditation to institutional accreditation, and by shifting some of the accreditation oversight responsibilities for professional study programmes to professional associations. Chile and Colombia have also needed to reassess their comprehensive quality assurance systems in relation to their capacity to implement.

Source: World Bank (2005).

The source of the funding for quality assurance is the other important consideration. Policy makers need consider how the system will be made *sustainable*. In many instances this means estimating the level and

predictability of government funding for quality assurance, as well as any revenue-generating fees to be charged to the institutions or programmes that are to be assessed. Policy makers must consider how cost sharing can affect the process, particularly when quality assurance systems are based in government offices and often within the funding source itself. There may be little motivation for institutions to pay for accreditation practices. Many systems become sustainable by relying heavily on in-kind contributions – requiring faculty and staff time and effort to conduct self-assessment, as well as participation on external peer review panels of nearby institutions or programmes. Developing countries should also include consideration of donor financing with an eye on short-term and long-term needs, approaching multi-lateral and bi-lateral agencies, as well as NGOs. Low-, medium-, and high-case scenarios for cost sharing should be considered and debated before coming to a final decision on a resource generation and sustainability plan.

While the convergence on an ideal set of centralised quality assurance practices aids in comparability of institutions and programmes, many countries risk biting off more than they can chew by expecting to create a full-blown audit or accreditation system overnight. One consideration may be a gradual, phased approach, limiting the number of institutions or reviews at first until the real cost implications and human resource demands are fully realised. In some instances governments may wish to start with the strongest institutions to experiment with quality assurance in the local context before expanding practices to weaker institutions. In other instances, the quality concerns surrounding a sub-set of institutions may be so acute that it is most prudent to begin with an examination of potentially harmful institutions for regulatory purposes. A third alternative is to begin by assessing a random or purposeful sample on programmes to limit the scope of the interventions. Such practices can give governments and quality assurance systems a chance to re-evaluate their financial and human resource projections early and avoid entering a crisis mode requiring either much greater investment than anticipated, or a complete revamping of the proposed quality assurance process (Box 3.8).

Level, focus of analysis, and mechanisms

The cost estimates and human resource considerations help bring into better light the reality on the ground for the implementation of quality assurance processes. This can sometimes help determine what level of analysis will be emphasised: the institution, the programme, the faculty, or the individual students (through examinations, for instance). The focus of the analysis is considered at the same time to determine just what mix of inputs, outputs (*e.g.* graduates, skills, research findings), and outcomes

(*e.g.* jobs, product development, innovations) will be assessed through the quality assurance process. Instruments such as student learning assessments and graduate tracer surveys are important but can be costly and complex. Depending on the resource constraints, various sampling techniques can be considered to reduce the cost yet produce very useful results that can help provide strong evidence for informing policy directions or for modifying pedagogical practices. In post-conflict environments the concerns for quality in tertiary education are generally related to the institutional development aspects of reconstruction and nation building initially emphasising inputs and outputs over outcomes (see Box 3.9 on Mozambique).

Box 3.9. Quality assurance in post-conflict Mozambique focuses on institutional development

After a protracted civil war, Mozambique held its first elections in 1994, and now has been one of the fastest growing economies in the world, but it remains one of the poorest countries, with a per capita income of USD 430 (2002, current dollars). Sustained economic growth is critical for long term social and economic development and reduction in poverty levels. Mozambique is facing an acute shortage of high level professional skills which are critical for sustaining investments, improving public service delivery and providing leadership for the country. Signalling the seriousness of its intent to strengthen the higher education sector, the Government formed a new Ministry of Higher Education Science and Technology (MESCT) in early January 2000 with a view to supporting the coordination and direction of policies in the sector. Together with the Higher Education Task Force established in October 1999, this accelerated the preparation of the National Strategic Plan for Higher Education (PEES). The strategy, approved by the Council of Ministers in August 2000, forms the basis for a variety of initiatives undertaken in Mozambique higher education – one of which is quality assurance.

One of the initiatives supported by the ongoing World Bank higher education project in Mozambique is the introduction of an accreditation system. Given the post-conflict environment where institution building is paramount, the initial focus of the accreditation systems has been on aspects of institutional development with support for monitoring system performance and quality; analytical studies on incentives, accreditation, validation of degrees; along with the design, introduction and initial operation of a comprehensive Management Information System so that information on quality factors can eventually be used to evidence-based decision making.

Source: World Bank (2002b).

The choice of mechanism(s) to be employed will inform the largest number of decisions to be taken with regard to the operational details of the quality assurance processes. This is why policy makers have to keep in mind their respective cost and be pragmatic. The convergence model of quality

assurance described in the first section is based on general principles that have proved effective in assuring the quality of traditional delivery modes of tertiary education in a variety of industrial and developing countries. Some of the most common methods of quality assurance are defined in Table 3.2. However, moving forward uncritically toward the convergence model of practices without clarity on objectives, structures, processes, costs of operation, and uses of the information collected can lead to many unintended consequences and potentially to a need for major reforms as the systems evolve. By making reasoned decisions on critical issues at appropriate phases, policy makers can better ensure that capacities are built in a sustainable manner that suit local needs most appropriately. This is particularly important in developing countries where capacity building initiatives must be tailored with weak and fragile economies and overstretched human capacity in mind.

Quality assurance mechanisms are frequently presumed to be a national-level system of accreditation or audit; these methods can be applied to entire institutions or to individual study programmes (disciplines, professions) within institutions. A mixture of both institutional and programme quality assurance is quite common, particularly in countries with large and diverse tertiary education systems. These can range from institutional licensing, certification to operate, recognition of legal status, to evaluation, audit, accreditation, or benchmarking. Governments can develop broad qualifications frameworks, or institutions can adopt the practice of Total Quality Management (TQM). International standards can even be assessed using methodologies such as ISO 9000. In many instances the press plays an important role by publicising various types of institutional and programme rankings which have become increasingly vital as information tools for stakeholders. While new quality assurance systems start with one method, reforming systems often add new types of quality assessment mechanisms to their array of quality assurance processes.

The vocabulary surrounding quality assurance is very context-specific and is often highly sensitive; this is particularly the case with translation of terms from one language to another. Although Table 3.2 provides a general set of definitions, these are by no means universal. The most common mechanisms used by formalised agencies tend to be accreditation and audit of programmes and/or institutions. Audit is generally understood to be the evaluation or review of procedures, processes and mechanism in a programme or institution. Accreditation is generally understood to be an overall assessment of the quality of an institution or a field of study based on minimum standards. It is sometimes presumed that audit is less likely to stir political controversy than accreditation, though there is no hard evidence of this since either mechanism can be linked to funding or other rewards and

sanctions. Either mechanism can be manipulated or abused (Alderman and Brown, 2005), particularly in environments where transparency and accountability measures are lacking, or in very small sectors where government officials, university faculty and staff assume overlapping roles.

Table 3.2. Definitions of quality assurance mechanisms

Licensing of institutions	A process by which new tertiary education institutions are granted the authorisation to operate.
Recognition	A process of external quality review of accrediting organisations.
Evaluation/audit	A process of internal and/or external quality review of the quality and efficiency of tertiary education institutions for regulatory and benchmarking purposes.
Accreditation	A process of internal and external quality review to scrutinise tertiary education institutions for regulatory and quality improvement purposes.
National examinations	Used in a few countries to assess the relative aptitudes and knowledge of students about to graduate (as in the Brazilian Provao administered three months before graduation) or to determine the capacity of graduates to exercise a professional activity (medicine, law, accounting, etc.).
Ranking	Exercises that consist in assessing the relative performance or value of tertiary education programmes and institutions against a set of objective criteria (mostly input measures) and perceptions from employers, professors and alumni. These statistical and reputational rankings are designed to provide information to prospective students and to employers. While rankings are sometimes made as part of a formalised quality assurance process, the most popular rankings are generally completed by the press.
Certification of institutions	A process by which the quality of an institution is guaranteed to meet some agreed standards.
Total Quality Management (TQM)	A process of voluntary evaluation and quality improvement commonly used in industry which has also been adopted by a number of tertiary education institutions.
Qualifications framework	A system that recognises and assesses the skills and qualifications of individuals at any age and any stage in their careers, whether these skills and qualifications are acquired in a formal education setting, on the job or through self-study.
Professional licensure	A system generally overseen by professional associations that conducts subject examinations to recognise and assess the skills acquired through a programme of study. This generally leads to a license or certificate to enter professional practice in a chosen field.

Note: Terminology varies across countries.

Source: World Bank.

Yet, different tertiary education systems have divergent needs and capacities for quality assurance – many of which depend on system size, level of institutional diversification, available resources (both financial and human) and the extent of system internationalisation (institutional linkages abroad, level of cross-border tertiary education provision or export). Some countries may have

just one public university or non-university tertiary institution such as Niger or Mauritania, whereas others have thousands of public and private tertiary institutions and multiple foreign providers such as India, Mexico, Indonesia; the size and complexity of the tertiary education system has implications for a country's quality assurance requirements and capacities for implementation. The quality assurance needs for the tertiary education systems in industrial countries are understandably different from the needs of developing countries. Caution must be taken to carefully weigh local concerns, not least of which is often, again, a lack of resources and capacity to conduct a complete array of structured quality assurance processes: one size does not fit all.

In some instances governments must often provide resources – financial and human – to promote the development of effective quality assurance (see Box 3.10 on Indonesia). In countries with limited capacity, it may be the case that governments should consider similar ways to provide basic resources to support the quality assurance of cross-border tertiary education in their domestic environment to protect local stakeholders from poor quality provision.

Box 3.10. Indonesia – government resources to teacher training institutes to support and encourage self study

The World Bank supported the introduction of accreditation mechanisms in a project which helped to finance the improvement of teacher training standards in selected public institutions after the Government of Indonesia decided to upgrade all pre-service teacher training institutions to university status. The objective was to agree upon a set of standards by which all teacher-training institutions could be evaluated as well as to establish a baseline for institutional development. Five autonomous Institutes of Teacher Training and Pedagogy were selected on a competitive basis to participate in the programme, and eleven teaching subject areas were identified. Small planning grants were made available to each institution to enable them to do a self study, which was externally evaluated and validated by professionals and education practitioners. Importance was placed on ensuring that these validations were non-threatening and collegial. According to project completion reports, shortcomings were viewed not as something to be penalised, but were instead viewed by participants as guidelines for improvement. This initial accreditation pilot is credited with generating acceptance of accreditation as a mechanism to improve teacher training, yet infusion of government resources to support the process was instrumental. An Education Consortium was then created to advise the Ministry of National Education on standards of teacher training and investments in quality improvements.

Source: World Bank (1994a).

Product: data collection to assess inputs, outputs, and outcomes

An important decision in the methodological choice is about the type of data collection to be undertaken. This will be necessarily driven by the

purpose, audience, scope and focus of the quality assurance process. The data collection methodologies to inform quality assurance processes range from standard surveys, statistical analyses for key performance indicators, student learning assessments, institutional or departmental self studies, and top-down inspections. As the convergence in international quality assurance practice appears to be in the direction of self assessment followed by peer review, the process can be leveraged as an opportunity to not only collect data, but to build data collection capacity at the institutional level. As institutions are widely viewed as the gatekeepers of quality, the self assessment process can serve as a powerful, formative exercise from which much data can be gathered and evidence marshalled for decision making. Indeed, particularly where data collection capacity is relatively strong and institutions seek engagement in the quality assurance process, the self assessment is the foundation from which the rest of the quality assurance process emanates.

Nevertheless, some institutions or departments may be ill positioned to conduct a sufficiently thorough, reliable and frank self assessment to satisfy the chosen purpose of the quality assurance system. For instance, when the tertiary education system is in disarray and the government seeks greater control over quality assessment to reassure stakeholders, it may be necessary for the quality assurance system to be government-led, compulsory, and based on threshold standards with a strong role for external assessment. Systems driven by the need for greater government control are often high-stakes, culminating in licensing decisions and sometimes even sanctions. Given the variety of resource constraints, policy makers should consider methodologies that leverage existing data sources and local human resource capacity strengths, remaining ever mindful of the chosen purpose of the quality assurance system. While many of the existing guidelines of good practice for quality assurance are instructive and helpful for policy makers and for setting standards, they are less useful on a practical level for academics and quality assurance professionals who must develop data collection strategies and capacities. Lack of sufficient and reliable data collection capacity in developing countries is often the Achilles heel to the introduction of an effective quality assurance system. Building capacity for data collection should be an integral part of quality assurance development. Data on inputs and outputs are more readily available than data on student learning outcomes, so this is likely the most pragmatic starting point for quality assurance in countries with limited capacities. Nevertheless, all quality assurance systems should endeavour to include the measurement of student learning. Such measurements can begin with internal, systematic recording of student course examinations results and grading. These can be expanded to include institution-wide pre-and post-testing.

Development of broad-based, comparable methodologies and tools to assess student learning across institutions, systems, or countries require a significant investment in capacity and coordination. Professional fields such as engineering and medicine benefit from having many instruments to measure outcomes and offer possibilities for comparable standards. National-level general assessments of student learning in tertiary education are fraught with complexities. In 2006, the US Department of Education issued a report by the US Commission on the Future of Higher Education, signalling the need for greater emphasis on measurement of student learning outcomes, yet the precise methods were unspecified (Spellings Commission, 2006). The 2006 G-8 Summit in St. Petersburg also discussed the need for greater comparability of student learning outcomes in tertiary education both within and across countries. And the 2006 meeting of OECD Education Ministers called again for the development of comparative indicators measuring leaning outcomes of tertiary education. Measurement of student learning, while part of the quality assurance process, is surprisingly often not its centrepiece. Brazil is one country with experience in the area of broad-based student learning assessments, having invested heavily in the development of the PROVAO and ENADE examination systems for higher education graduates (see Box 3.11).

Given the complexities of assessing the quality of cross-border tertiary education, measurement of student learning will only grow in importance as a way to judge quality. Given the variety of delivery modes, cross-border tertiary education can often be difficult to assess using traditional quality assurance measures such as institutional resources, inputs, student admissions criteria, research outputs and the like. Even if it is possible to assess a programme's "fitness for purpose" through structured quality assurance processes, such a determination may not provide students and governments with the type of information needed to sufficiently appreciate quality level. Information about student learning outcomes and success of graduates in the labour market are therefore likely to be the most useful, comparable measures for quality of cross border tertiary education. For this reason, it will be important for policy makers to focus on ways to most accurately measure student learning and employment.

Box 3.11. Brazil's experience with PROVAO and ENADE

In 1995 the Brazilian government began a gradual process of implementing a system – enacted by law – to assess higher education through a series of examinations. At the centre of the system was the National Exam for Higher Education Courses (known by its Portuguese name *Provão*). Although it was initially boycotted on a number of universities campuses, it eventually became part of the Brazilian higher education culture in certain fields of study. Despite the growth of the *Provão* (from 3 areas of study tested in 1995 to 26 tested in 2003) and its widespread acceptance, it was strongly criticised by many, including members of the academic community and assessment specialists. Changes to the *Provão* were widely discussed during the 2002 presidential campaign and soon after the new president (Luiz Inácio Lula da Silva) took office, his administration announced that a commission had been formed with the objective of suggesting significant changes to the assessment system. In August 2003, the commission proposed a new system called SINAES (National Assessment System for Higher Education) which was formally enacted in 2004. The new system offered a different approach to the course exams, creating what is referred to as ENADE (National Exam for the Assessment of Student Performance). These two assessment models differed in design, governance, sampling procedures, test development, exam administration, data analysis, and reporting of the results.

ENADE maintained many technical characteristics of the *Provão*, with some key differences, namely:

- ENADE is applied to both freshmen and graduating students of those courses being evaluated rather than *Provão*'s annual approach.

- ENADE criterion is referenced, meaning that tests are based on pre-defined minimum standards.

- ENADE proposes to encompass various dimensions in its tests so as to cover learning acquisition over the duration of the course (instead of simply measuring student performance at the end of the course). It also places greater weight on professional competencies and general learning, giving emphasis to transversal themes.

- ENADE aims to reduce costs by applying the tests to a representative sample.

- ENADE reports its results in a discrete manner that is intended to draw less attention from the media.

- ENADE assumes a diagnostic role as it claims to be capable of identifying those competencies that were not developed by students over the three-year higher education period.

- ENADE is based on the premise that institutions and courses will use their results as an ingredient that is part of a more all-encompassing institutional assessment process.

Box 3.11. Brazil's experience with PROVAO and ENADE (*continued*)

ENADE and *Provão* are similar in many aspects of administration, but the main differences are in the focus and objective of the two tests including the insertion of a general studies component that is common to all areas of study. The ENADE still has problems with comparability of individual performance over the study period making it an imperfect measure of education quality, yet it is less costly due to the sampling methodology used. *Provão* had more of a regulatory function, whereas ENADE attempts to be a stronger diagnostic tool. There is need for improvement in the interaction between the federal and state governments so as to promote participation of state institutions of higher education in the exam process. There is also a need for greater integration of undergraduate and graduate assessments so that they are complementary and that there is better comparability across tests and over time.

Source: Verhine, E and L. Vinhaes Dantas (2005), "Assessment of Higher Education in Brazil: From Provão to ENADE", Report commissioned by the World Bank.

Enforcement: incentives and sanctions

The capstone element in a quality assurance system lies in the consequences of the quality assessment. In order to be credible and effective, a quality assurance system has to find a good balance between incentives and sanction. Incentives are key to building cultures of quality, yet sanctions are necessary to protect students and employers from poor quality tertiary education. Sanctions for poor quality or weak performance are frequently the most apparent regulatory tool in quality assurance. Yet effective quality assurance systems generally demonstrate a range of possible sanctions from the mild to the severe. While these are largely considered a protective device for stakeholders, when staged gradually they can also be part of the virtuous cycle of quality improvement. Some countries allow their quality assurance systems to permit a certain level of tolerance for poor quality, but handle severe sanctions such as institutional closures in waves. Such waves of strong action send a clear signal to education providers. El Salvador experienced two waves of closures, one in the late 1990s and another in 2006.

Mexico closed 80 programmes in 2003 but has refused to mention the names of the institutions publicly for fear of legal suits. South African government applied heavy sanctions in 2004, closing 10 MBA programmes including two located within respected public universities. Also in 2004, the Philippines closed down 23 nursing schools determined by the quality assurance system to be of dubious quality. That same year Russia's newly established Federal Service for Supervision of Education and Science

rescinded the accreditation of nine colleges. The Higher Education Commission of Pakistan has placed a number of public and private institutions on notice that they must improve their quality by 2007 or risk being downgraded from universities to degree colleges, or even outright closure. Malaysia and Nigeria also enforced institutional closures based on quality assurance results, with Nigeria using a ranking system on which to base its decisions. In 2001 Brazil chose to shut down 12 courses based on examination results (*Provão)* but these closures have been challenged in courts.

Even with warnings and sanctions quality assurance processes can move a system toward one that embraces the virtuous cycle of quality improvement as long as initial actions are paired with clear guidance for improvements and technical assistance to help move the programme or institution toward improvement. Funding is increasingly being used as an incentive for quality. Governments are linking competitive funding mechanisms, performance-based financing, and access to subsidised demand-side financing (portable student scholarships, vouchers, subsidised student loans, etc.) to the results of the quality assurance process. In some instances accreditation is a precondition for eligibility; in other instances an institution's or programme's rank in the accreditation process determines the permitted allocation of public resources. When linking funding with quality assurance to stimulate institutional performance, policy makers will need to consider how the articulation of resources influences organisational behaviours. Moreover, consideration should be given to what level and what method of financial incentive is sufficient to stimulate changes in behaviours that have an impact on institutional efficiencies and quality outcomes. In some instances it is the amount that matters, but in others it is the way in which the resources are distributed that dictates behaviours related to quality. Competitive funding mechanisms have been shown to influence cultures of quality in many countries: Argentina, Chile, Ghana, Indonesia, Mozambique, Sri Lanka, Tunisia, and Vietnam all use some type of competitive funding to distribute a percentage of the government's investment budget for higher education. In some countries these funds are limited to the benefit of public institutions; in others the resources are available for both public and private institutions with the goal of stimulating quality provision irrespective of auspice. To stimulate positive changes in organisational behaviours, the mechanism is as important as the resources available. For instance, in some countries competitive funding can be so difficult to access that most institutions do not bother to compete, whereas in others the funds can be so easy to acquire as to dilute the quality-inducing power of competition.

Performance-based funding is another way to link quality assurance processes to institutional performance in tertiary education. There are many forms of performance-based funding with many different names. The basic principle behind all such funding is that a portion of public resources is allocated based on the achievement of specific measurable outcomes (post hoc) or based on a contractual agreement between the institution and the government to produce such outcomes by a future date (pre hoc). The objective is to give the government an additional way to monitor the achievements of tertiary education institutions, and this can be done by providing institutions with discretionary authority over an additional amount of government resources and pegging those resources to specific performance indictors. Many OECD countries have experimented with various forms of performance-based funding across a variety of public sector institutions at various levels (national, regional, and municipal) and in various types of institutions (*e.g.* government agencies, hospitals, and schools). The extent of the implementation of performance-based funding may be limited by a lack of the political will on the part of the central authority to cede some of its budgetary discretion to institutions or by a lack of capacity within the target institutions to manage their resources and monitor their own performance. As there are as yet no standard implementation practices for performance-based funding, it is important to design a mechanism that takes into account for these possible limitations.

Performance-based funding for public higher education has taken many different forms and many contexts. Nevertheless, there are some key universal lessons that can be learned from assessing the various schemes. First, the performance indicators must be agreed upon up front between the government and the institution. Second, the performance indicators should be limited in number so that there is a clear link between performance and funding – too many indicators tend to dilute the effectiveness of the mechanism. There is no ideal number, but it has been suggested that anywhere from one to six indicators is optimal. Third, the funding linked to performance should be supplemental and not part of the core recurrent budget of the institution – core budgets should be predictable from year to year to ensure regularity of operations. Fourth, the amount of funding should be sufficient to provide incentives for improved performance, yet not so significant that any reduction or loss of such funding would create budget instability from year to year – there is no ideal amount, but in higher education performance-based funding should generally account for 3 to 10% of the part of the institution's government allocation over which it has discretionary authority. Fifth, performance-based funding in higher education is more likely to succeed when faculty and administrators are directly involved in the process of deciding on performance indicators and in deciding on the investment strategy for enhancing the institution's

performance in those areas. Sixth, performance data must be completely reliable and of high quality. Finally, there should be a clear institutional strategy for investment of the supplemental resources that links investments to intended improvements in performance.

The data required to determine institutional performance are generated through quality assurance processes and can be collected through an office of institutional research or other such department within an institution. While the links between performance-based funding and institutional performance are not automatic, there are several important benefits to implementing such a system, in particular the promotion of good governance through the development of incentive mechanisms and of positive organisational behaviour. These benefits are yielded when the government collaborates with institutions to develop the system and select the performance indicators, when there is a system-wide focus on outputs over inputs, when institutions have enhanced discretionary authority over their resources, when staff are fully engaged in institutional investment decisions, and when there is transparency and accountability in the flow of funds and in service delivery. Performance-based funding does not only devolve responsibility from the central authority to the institutions; it does so while demanding accountability for results and encouraging public institutions to link strategic planning to service delivery. Performance-based funding in higher education has been tried in many US States, and is now being piloted in Chile and Indonesia through World Bank projects (World Bank, 2005).

Cross-border higher education is unlikely to have much access to public financial resources in a near future so that funding mechanisms are unlikely to be an effective incentive for quality. Malaysia is one example, though, where public research funding was opened to foreign institutions in order to attract the best foreign institutions and ensure they develop some local research capacity. Sometimes the rewards for quality provision can be as simple as offering recognition of programmes, credentials, and competencies of graduates.

Governments have at their disposal a number of incentives to attract the highest quality cross-border providers and programmes. Such incentives include tax breaks, land grants, and access to student aid or other types of demand-side financing. In many instances, governments can also impose conditions on programmes to ensure that cross-border offerings meet their domestic needs. Such conditions can include scholarships to needy or talented students or site development in underserved areas. Compliance with such capacity-building policies by cross-border providers can be verified and monitored through an effective quality assurance system.

3.3. The way forward: ideal systems vs. manageable systems

Building a sustainable quality assurance system

Convergence on quality assurance processes is based on lessons of experience that produce useful information for myriad stakeholders in particular contexts. The move toward virtuous cycles and cultures of quality based increasingly on outputs and outcomes is laudable, but developing countries with severe resource constraints must generally determine how they can best achieve the same or similar quality assurance objectives given the local context. This is not to say that countries should be less ambitious about their quality assurance goals, but they should consider a carefully phased approach to quality assurance capacity development based on accurate cost and human resource needs required to reach their goals (see Box 3.12 on Sri Lanka).

In addition, policy makers, quality assurance practitioners, institutional leaders, and stakeholders should keep a watch on the emergence of the many potential unintended consequences of implementing a quality assurance system. As described earlier, conflicts of interest, biases against certain institutions, ineffective incentives, avenues for corruption, inappropriate regulatory frameworks, heavy workloads, unfunded mandates, and simple lack of capacity to implement quality assurance can make a quality assurance system dysfunctional and risk turning institutions off to the process or in making the results meaningless to stakeholders. Poorly conceived quality assurance can produce a variety of useless data, cause public confusion, and generate stakeholder bitterness at a very high cost.

Box 3.12. Sri Lanka builds its quality assurance system from worldwide lessons of experience

The Quality Assurance and Accreditation Council of Sri Lanka (QAA Council) was established in 2005 as part of a broader reform process being pursued to address the failure of the existing higher education system to provide relevant skills required for Sri Lanka's economy. Key factors in the sector that have brought this about include: insufficient relevance and quality of public universities, high unemployment among graduates, low student intake, poor social harmony and gender equity, weak university administration and poor internal efficiency.

The QAA Council has three distinct missions: to ensure quality, to guarantee the development of and efficient performance of Sri Lanka's higher education institutions, and to build confidence in graduates of the system in the wider community. The authority and ownership of the QAA Council is with the University Grants Committee (UGC). Establishing the autonomous body is critical given the conflict of interest between UGC's dual role as the key funding body for public higher education institutions and as a regulation/quality assurance body.

Box 3.12. Sri Lanka builds its quality assurance system from worldwide lessons of experience (*continued*)

The QAA Council undertakes both institutional and subject reviews, among other responsibilities. Currently only assessments are being undertaken and with prospects of conducting full accreditation in the future. Institutional reviews cover university goals and corporate planning, financial resources and management, research, quality management and administration, quality assurance, learning resources and student support, external degree programmes, and other extension activities with industry.

Subject reviews, meanwhile, focus on evaluating the quality of education within a discipline and examine student's learning experience and achievements. The subject reviews assess curriculum and content, teaching and learning and assessment methods, student progress and achievements, use of student feedback, skills development, postgraduate studies, peer observation, and academic guidance and counselling.

Internal quality assurance units within the public university have also been set up for internal assessment as well as to prepare for the international review processes.

After one year 40 subject reviews and two institutional reviews have been carried out. Although both public and private institutions are under the remit of QAA Council, the initial focus has been on the 13 public universities. In the first round of the assessment, funding to higher education institutions will not be linked to the institutional review; subsequent review cycles may affect UGC allocations of funds. Institutions who perform poorly either on the institutional review or the subject review have a year or six months, respectively, to address the problem in coordination with the QAA Council.

Establishing meaningful autonomy is a difficult task and will involve more than the passage of legislation. Funding of the QAA Council, if undertaken by the UGC, could potentially undermine this process.

The lack of appropriate incentives to make the quality assurance process meaningful is a potential problem in Sri Lanka. Currently participation in the quality assurance process is voluntary and it is left to universities to take sanctions on institutions' non-performance. The 2002 Handbook on Quality Assurance developed by the Committee of Vice-Chancellors and Directors (CVCD) notes this problem and offers the possibility of linking UGC grants with the quality assurance process. If such a system is implemented, it could serve as a motivational tool to encourage compliance with the quality assurance process. Private sector higher education institutions may be driven to undertake quality assurance and comply if it offers them legitimacy in the market place. This depends on establishing the quality assurance system's legitimacy within the broader public.

Source: Committee of Vice-Chancellors and Directors (2002), World Bank (2003).

The large diversity among systems in terms of size and scale, objectives, needs, and capacity indicate that the fitness of purposes should continue to

be an important driving force. Yet the diverse goals and priorities of quality assurance need to be debated in the local context while considering the capacity of the country to implement the proposed system or reforms. As the mandate of quality assurance systems tends to expands, such debate should be continuous. Implementation considerations are also a constant imperative. Such dialogue has been an important aspect to the reforms taking place in Indonesia and Chile.

Countries must also consider how sufficient human resources can be properly cultivated for the task, and how the size and scope of the quality assurance task can be made manageable with available resources. Analytical, methodological, and administrative expertise need to be integrated into the academic and administrative apparatus of tertiary education institutions, so that faculty and administrators are not only aware of the expectations of the structured quality assurance processes, but also aware of how the process can be used both as a self-assessment exercise and as a tool for improvement.

Alternatives: regional and cross-border quality assurance

It is important to ascertain whether a country or its tertiary education system has the need or capacity to develop a complete, independent quality assurance system or agency. Alternatives to comprehensive quality assurance systems and agencies should be considered by policy makers with an eye on regulatory, institutional, or regional solutions. In some instances – particularly for small states with limited human and financial resources – alternatives to a full-service quality assurance agency should be considered as a pragmatic response to the quality challenge.

A regional or multi-national approach to quality assurance may be advisable to avail of resource synergies with neighbouring or partner countries. As noted earlier, this has been the approach for some countries in francophone Africa, Central America, and the Caribbean. Such a solution further preserves tertiary education as a public good, whether its provision is public, private, domestic or cross-border. Similar to national-level systems, it is important for the member states of such regional quality assurance bodies to generate consensus on decisions relating to operations – including a critical assessment of the human resources and technical assistance necessary to conduct adequate external reviews and administration, as well as to secure member contributions sufficient for long term financial sustainability. In addition, regional bodies must consider issues such as protecting local linguistic, cultural, social and economic contributions of tertiary education, as well as ways to develop local capacity for quality assessment, preservation, and improvement.

In other instances governments or institutions may seek to have another type of cross-border quality assurance by engaging the external quality assurance services from a country with a ready-made system of review. Oftentimes cross-border quality assurance is sought by individual institutions for the purpose of international recognition. The benefits of an external quality review and international recognition can be multi-fold, particularly for countries that lack sufficient capacity to conduct external quality assurance independently (Box 3.13 and 3.14). However, there are potential risks. These can range from conflicts of interest, to language incompatibility, to application of locally inappropriate standards, to uneven and inequitable distribution of accreditation activities. While US agencies and many accreditation agencies in other countries tend to be private and independent, many countries also have public quality assurance systems and are forbidden from conducting off-shore quality assurance with public resources (Hofmann, 2006). Caution must be taken to ensure that cross-border quality assurance arrangements do no interfere with or contradict national systems of accreditation, audit, licensure, or evaluation.

Box 3.13. Vietnam and cross-border quality assurance

RMIT Vietnam (RMIT-VN, *www.rmit.edu.vn*) is the first, and so far the only, foreign-owned private university operating in Vietnam, with campuses in Ho Chi Minh City and Hanoi. As such, it is an example of cross-border trade in higher education services through institutional mobility. In theory, Vietnamese students have access to an Australian higher education without having to leave their home country. RMIT-VN is a Vietnam-registered company, established under Vietnamese legislation on foreign direct investment, rather than under any education-specific or institution-specific legislation. The higher education institution is wholly owned by RMIT Holdings (Australia), which in turn is wholly owned by RMIT Melbourne, an Australian public university. However, it receives no subsidy from Australian governments. RMIT-VN's initial investment was supported by loans from the International Finance Corporation and the Asian Development Bank.

RMIT-VN has some 1 200 students, 95% of whom are Vietnamese, and 150 staff, including 75 non-Vietnamese staff. As a perverse effect of the higher education institution marketing itself as offering a foreign education, students (and their parents) often express a preference for being taught by non-Vietnamese staff, even though the Vietnamese staff all have master's or doctoral degrees from overseas English-language universities.

RMIT-VN operates under an Australia-based quality assurance system: entry requirements are those of RMIT Melbourne, all degrees are issued by RMIT Melbourne, examination papers are re-checked at RMIT Melbourne, and the higher education institution as a whole is audited according to Australian norms. Vietnam has recently initiated its own quality assurance system for Vietnamese universities, yet RMIT-VN is not at present subject to a Vietnamese quality assurance.

Source: Waite (2006).

Box 3.14. Cross-border quality assurance: a few examples

The United States is one country that has widespread off-shore quality assurance activity. Many of the approximately 80 accreditation agencies in the United States have undertaken institutional accreditation or evaluated specialised professional fields of study outside of the United States (CHEA, 2002). According to a 2002 survey, it was estimated that hundreds of programmes and institutions in dozens of countries had already been accredited by US-recognised agencies.

Some international alternatives are also emerging, particularly in specialised fields of study. The European Quality Improvement System (EQUIS) provides international assessment and accreditation of MBA programmes through the European Foundation for Management Development (EFMD). EQUIS is an international system of quality assessment and accreditation that facilitates standard setting, benchmarking, mutual learning, and the dissemination of good practice. *www.efmd.org/html/home.asp*

The International Association of MBAs (AMBA) also provides international accreditation of MBA programmes. AMBA accreditation is independent, market-driven and international in focus. The characteristics of an institution and its programmes are assessed against a set of criteria established by the International Accreditation Advisory Board (IAAB). *www.mbaworld.com/*

Engineering programmes can also seek international accreditation through the European accreditation project led by the Fédération Européenne d'Associations Nationales d'Ingénieurs (FEANI) or by the American Board for Engineering Training (ABET), a federation of 28 professional and technical societies – though its mandate is to focus on the accreditation of US-based programmes engineering, computer science, and other technical fields. *www.abet.org/*

One unintended consequence of cross-border quality assurance, however, can be institutions "shopping" around for cross-border accreditation and the risks involved. For instance, many foreign institutions approach US, European, Australian and other accreditors to seek accreditation, but when one accreditor will not take on the task, they often simply ask other accrediting agencies until they find one willing to perform an accreditation procedure. There is very little systematic consideration of who accredits whom and which criteria are used to select the institutions and programmes that should or can be accredited by a foreign entity. Also, it is important to remember that many of the accreditation agencies have as a mandate to accredit first the programmes in their home countries, whereas choosing which institutions or programmes to accredit abroad is often very unsystematic, discretionary, and even arbitrary. One challenge of cross-border accreditation is how one can ensure that institutions will receive equal treatment from the various accrediting bodies. Finally, the process of cross-border accreditation can be quite costly to the institution or programme seeking accreditation. There is a risk of commercialisation of quality assurance practices on an international scale.

In the past few years there have been a series of newly-formed *regional networks* for quality assurance agencies and professionals. These networks

serve an important capacity building role for quality assurance in developing countries. They provide region-wide training for quality assurance professionals to develop local skills for institutional and programme self-evaluation and assessment, to build a pool of peer reviewers capable of providing external reviews of institutions and programmes that have undergone only a self evaluation, and to offer regional consulting services to fill technical gaps depending on a country's needs. These regional networks are also helping to develop guidelines for good practice and assist in the harmonisation and recognition of competencies and credentials worldwide. The Asia Pacific Quality Network (APQN) was established in 2004 to promote capacity-building activities among the quality assurance professionals in the countries of East Asia and South Asia. One year later, the Latin America Quality Network for Higher Education (RIACES) began operations in support of quality assurance capacity across Latin America and the Caribbean. In 2006 the Association of African Universities (AAU) started its own regional network for capacity-building activities across sub-Saharan Africa. In 2007 the Association of Arab Universities launched a similar network. Also in 2007 the Global Initiative for Quality Assurance Capacity (GIQAC) will be established as a worldwide umbrella to support capacity-building activities of all regional networks, as well as global knowledge sharing activities undertaken by INQAAHE. These regional and worldwide activities have all received funding via the World Bank's Development Grant Facility (DGF) and are helping to bridge the capacity constraints experienced by developing countries by focusing technical assistance and training at the regional level, facilitating local solutions to local challenges in quality assurance.

3.4. Conclusion

The proliferation of cross-border institutions, programmes and partnerships is real and is having an impact on developing countries. Whether part of a capacity-building strategy or not, such an expansion of cross-border provision leads to public concerns about quality. As there is frequently a lack of reliable information about the quality of the education being provided, it will be important for countries to consider regulation of the sector. While policy makers should consider how quality assurance mechanisms can help to serve a regulatory role for local cross-border provision, such reflections should not be limited to cross-border issues, but should instead be made in a larger context related to key operational decisions for the overall quality assurance system.

There is no common definition of quality in tertiary education, and certainly no common metric with which to measure it. Yet, through the

influence of the Bologna Process and the need for harmonisation of learning and recognition of credentials for the purposes of mobility, quality assurance has become important as a way to develop common metrics and provide information to stakeholders.

There is clearly a convergence on quality assurance methodologies and increasing agreement on the general principles of good practice. Nevertheless, each country context is unique and therefore each country has its own purpose for quality assurance – whether to protect consumers from poor quality or encourage excellence. Systematic quality assurance practices provide information to governments, students, employers and society about tertiary education institutions and programmes. Such information increases accountability, transparency, and helps policy makers, institutional leaders, students and employers make informed decisions.

In whatever way quality assurance processes are governed and administered, independence of operation is paramount to increase the legitimacy of the process. Supportive legal framework must be in place to ensure that quality assurance can operate with sufficient support and away from government interference, as well as to support the recognition of competencies and credentials. In some countries the laws related to tertiary education are the only form of regulation and therefore substitute for a quality assurance system. A variety of mechanisms are available to conduct quality assurance, each with its advantages and consequences. There is increasing international agreement on the general principles of quality assurance and convergence on methods which tend to focus on quality assurance agencies to oversee the systems. Collection of accurate, timely and appropriate data remains a challenge, particularly in the area of student learning assessments at the tertiary level. Quality assurance requires both financial and human resources that determine the depth and breadth of quality assurance. To be meaningful, quality assurance processes must not only provide information, but be linked to both rewards and sanctions. Rewards are needed to provide institutions incentives for good performance and stimulate cultures of quality, and sanctions for poor performance are needed to protect stakeholders.

Table 3.3. Expected and potential consequences of quality assurance for cross-border tertiary education

Quality assurance mechanism	Quality assurance for cross-border tertiary education (branch campus, partnership programme, distance/online learning)
Local licensing	Granted to foreign institutions by receiving country Provides authorisation for foreign providers to operate – regulatory Permits awarding of credentials Can provide legitimacy to foreign providers and protect local stakeholders Potential consequence: strict licensing can stifle entry of good-quality provision
Audit/accreditation (receiving country)	Conducted by local quality assurance agencies and professional associations to assess cross-border study programmes and institutions according to local standards Provides information to local stakeholders and helps protect them Provides legitimacy to foreign providers Can be used as a regulatory tool Facilitates recognition Potential consequence: costly and may stretch available human resources; standards for cross-border and local provision may differ
Audit/accreditation (sending country)	Conducted by quality assurance entities in sending countries Provides information to both sending and receiving country Can provide legitimacy to foreign providers and protect local stakeholders Can be used as a regulatory tool Facilitates recognition Potential consequence: may not be aligned with local norms; may use lower standards for cross-border provision; may thwart development of local cultures of quality
Regional accreditation	Conducted by recognised multi-country agency Provides information to local stakeholders and international audience De-linked from government authority Can provide legitimacy to foreign providers and protect local stakeholders Facilitates recognition Potential consequence: may not be recognised by local government; can conflict with local accreditation practices; may thwart development of local cultures of quality
Ranking	Often conducted by local or international press Provides information to local stakeholders and international audience De-linked from government authority Can provide legitimacy to foreign providers and protect local stakeholders Potential consequence: may use questionable methodology; interpreted as de facto accreditation; press may be biased or have a particular agenda; authors potentially the target of corruption (bribes, misuse of power, etc.)
Cross-border quality assurance	Conducted by foreign quality assurance agency entity in the local environment Provides information to local stakeholders and international audience De-linked from government authority Does not absorb a large amount of local human resources Can provide legitimacy to foreign providers and protect local stakeholders Potential consequence: may use questionable methodology; may prevent capacity building for the development of local quality assurance; expensive to administer; risks commercialising the quality assurance process; may thwart development of local cultures of quality
Qualifications framework	Conducted by local or international authority Provides information to local stakeholders and international audience Can provide legitimacy to foreign providers and protect local stakeholders Facilitates mobility of human capital Potential consequence: development of framework can become politicised

Source: World Bank.

Existing quality assurance agencies cannot be assumed to have the capacity to monitor incoming and outgoing cross-border education. Indeed, many quality assurance bodies around the world have not even begun to consider how to address the cross-border issue. Quality assurance systems tend to seek foremost a quality enhancement role for existing local tertiary education institutions and programmes. In some cases, they do not cover the private domestic sector; in others, the public sector. Yet, governments wish to assure stakeholders that students are receiving a minimum standard of quality no matter the type of provision – whether public, private, domestic or cross-border. Many developing countries frequently lack sufficient resources and capacities to establish and operate comprehensive, agency-based quality assurance systems that meet the basic international norms. Assuring quality of cross-border tertiary education requires an additional level of capacity. Given local limitations, policy makers should review the wide range of options, effects, and potential unintended consequences of operational choices related to establishing or reforming a quality assurance system. With the growth in the importance and influence of cross-border tertiary education, policy makers should also consider the range of possible implications that the operational choices related to quality assurance can have on their capacity-building strategies. Table 3.3 reviews some possible choices and their potential consequences.

At a minimum, receiving countries should endeavour to develop clear policies and strategies toward foreign providers of cross-border tertiary education, particularly as they relate to issues of access, equity, relevance to the labour market and funding. Such a discussion can be viewed as an important part of an overall capacity-building agenda since cross-border provision can fill in the many gaps left by domestic offerings. All relevant government agencies (*e.g.* education, trade, science and technology, health, etc.) should be included in the dialogue. Compliance with locally determined policies by cross-border providers can be verified and monitored through an effective regulatory framework and quality assurance system.

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Chapter 4
Developing Capacity in Tertiary Education through Trade Liberalisation and the GATS

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This chapter explores opportunities and challenges of developing capacity in higher education through enhanced trade and investment, and in the context of the General Agreement on Trade in Services (GATS). It shows that while many of the policies needed to manage liberalisation of tertiary education services are not shaped by the GATS, the Agreement can affect the regulatory conduct of governments in some areas of tertiary education. If appropriately designed, bound liberalisation under the GATS can contribute to the advancement of national objectives by improving investor's confidence when countries decide to allow private sector participation in higher education.

4.1. Introduction

Higher education services have become more than ever critical determinants of a country's economic growth and standards of living. Recent developments worldwide – including the increasing share of services in economic activity, the spread of communication technology, falling telecommunications costs and shorter product development cycles – have turned knowledge into a primary factor of production throughout the world economy. Access to post-secondary education and training services is essential to adapt to these sweeping changes and for integrating into the world economy. However, participation in tertiary education concerns in most cases less than 5% of the population in the developing world (World Bank, 2002).

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Strengthening the higher education service sector is therefore of key importance. There is growing recognition that enhanced trade and investment in tertiary education could provide emerging economies and developing countries with greater access to these services. If appropriately designed, bound liberalisation under the General Agreement on Trade in Services (GATS) of the World Trade Organisation (WTO) could contribute to the advancement of this goal. There is, at the same time, increasing awareness that liberalisation of higher education services at national and multilateral levels is no easy task. Doing so involves a broad set of policies, regulatory instruments and institutions. There is a need to carefully plan liberalisation, ensure that it is compatible with national and development goals and put in place needed regulation. This can pose challenges particularly for developing countries, which are more likely to have weaker regulatory regimes and enforcement capacities. Another important dimension relates to the possible implications of enhanced trade in higher education and trade agreements, including the WTO Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), on academic research. However, these issues are not dealt with in this paper.

This chapter explores opportunities and challenges of developing capacity in higher education through enhanced trade and investment and in the context of the GATS. The next section reviews recent developments that have taken place in higher education services worldwide and the expanded possibilities for trade as a means to develop capacity in tertiary education allowed for by these changes. Section 4.3 identifies a number of key regulatory objectives that governments seek to achieve in liberalised markets to address market failures and meet public policy objectives. Section 4.4 then links the discussion of liberalisation of higher education services at the national level with the GATS. It examines the GATS framework, how it can accommodate and support the objectives of national policies and key open questions that require active involvement from the education community. The last section concludes.

4.2. Developing capacity through enhanced trade and investment

Historically, trade in higher education services has been limited because they were mostly provided by local public institutions to local students throughout the world. Universities have typically been owned, financed and operated by the public sector. Government provision was seen as necessary in light of the widely recognised importance of higher education services for social and economic development and of the need to ensure public policy objectives in the provision of these services.

Nevertheless, in recent years countries around the world have experienced significant transformations in the structure, governance and financing of their tertiary education systems. A major driver for change has been widespread concern in the shape of financial pressures and expanding demand. Policy and institutional changes have involved, in addition to scholarship programmes to support the outward mobility of students, the restructuring of public universities and allowing the establishment of private universities, where they did not exist. These policies are seen as way to increase investment and access to service, enhance competition, and foster innovation and managerial efficiency. Particularly in developing and emerging economies, in light of limited domestic capacity and finance, a decision to introduce the private sector typically involves accepting foreign participation.

Changes in higher education systems have also been facilitated by technological innovation. Distance learning has been a very dynamic area, benefiting from the development of new information and communication technologies. The Internet, in particular, is perceived as an important contributor to the recent evolutions in higher education. It has introduced changes in the process and organisation of tertiary education (*e.g.* from faculty-centred to student-centred learning) and has significantly facilitated the international transmission of course material, reports, etc. This greatly increases the scope for cross-border supply of post-secondary education services.

Another recent development has been the growing importance of specialised training in a wide range of activities, including information technology, languages, testing and corporate training services. Education institutions are teaming up with information technology companies and other experts to design courses of instruction on a variety of subjects. Many of these are practical courses for use on the job, some of which can be used as credits towards degrees. Large companies are also developing education and training courses to improve the skills of their employees and to keep them up to date on their latest products. Such services constitute a growing international business, supplementing the public education system.

These changes are having the effect of increasingly bringing higher education and training services into the realm of the market and exposing them to international trade. As with other services sectors, enhanced international trade and investment in post-secondary education could be beneficial and help improve access to these services in the developing world (see Box 4.1). The gains can be quite significant as knowledge accumulation and application have become major factors of economic development. Comparative advantages for developing countries come increasingly from a combination of low-cost labour with technical innovation and the

competitive use of knowledge, as shown by the success of the Indian software industry. The proportion of goods in international trade with medium-to-high level of technology content also rose significantly in recent decades (World Bank, 2002).

**Box 4.1. The gains from liberalising trade in services**

Expanding trade in services could strengthen the capacity of developing countries (and developed countries) to achieve their economic and social objectives. A sizeable body of work has emerged in recent years, including within the OECD, highlighting the broad benefits of liberalising trade in services. Developing countries generally stand to make significant gains, despite a perception in much of the developing world that they will lose out because their domestic services industries are inefficient and non-competitive.

For all economies, the gains from more open services trade are substantially greater than those from liberalising trade in goods. This is because levels of protection in services trade are higher than in other areas, services are occupying an ever larger share of the economy and services liberalisation is a proxy for increased factor mobility – investment and labour. An OECD study suggests that if countries went ahead and opened their services markets unilaterally, they would gain almost as much as under a multilateral agreement, and far more than similar reforms in agriculture and manufacturing (see Figures 4.1 and 4.2 below). So, there is an argument for individual countries not to wait, though the overall gains to the world economy would clearly be greater from multilateral market opening.

Liberalisation has also been beneficial in expanding access to services with a traditional strong public service aspect. A case in point is telecommunications where liberalisation, coupled with technology advances, has led to significant price decreases and improved access in developing countries. The introduction of competition in mobile telephones, in particular, has considerably reduced the universal access problem for the urban poor and low-income users in rural areas. In other basic services, such as water and sanitation or energy, experience with liberalisation has been mixed, leading in some cases to higher tariffs to the detriment of the poor. This shows the importance of appropriate regulation to underpin liberalisation, particularly in services traditionally provided by governments. With such regulation in place, liberalisation has led to gains in these services as well, through increased investment and service coverage.

The prominent example among developing countries is Chile, where this has happened in virtually all utilities. Another successful case in the water and sanitation sector is Senegal. At the end of the 90s, the government introduced regulated private participation and established a social connection programme to expand service to the poor, through a fund financed by the government and donors. A decade later, the reforms resulted in significant better services, including a 20% increase in the amount of water supplied and a 35% increase in the number of customers connected. Senegal compares well in terms of water coverage with other African countries. According to the last Senegalese Household Survey (2001), drinking water is available (less than 15 minutes away) to more than 70% of the households (almost 90% in Dakar).

Figure 4.1. Gains from liberalisation in goods and services (USD)
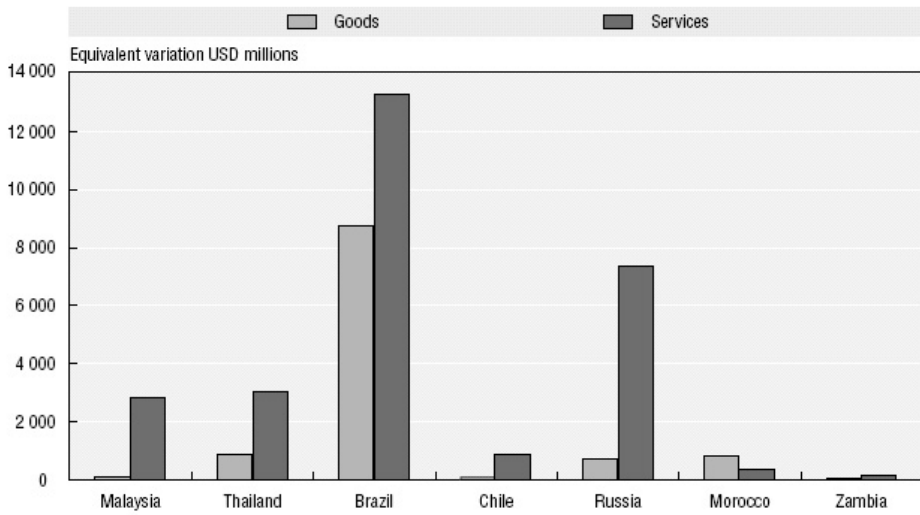
Figure 4.2. Gains from services liberalisation (USD)
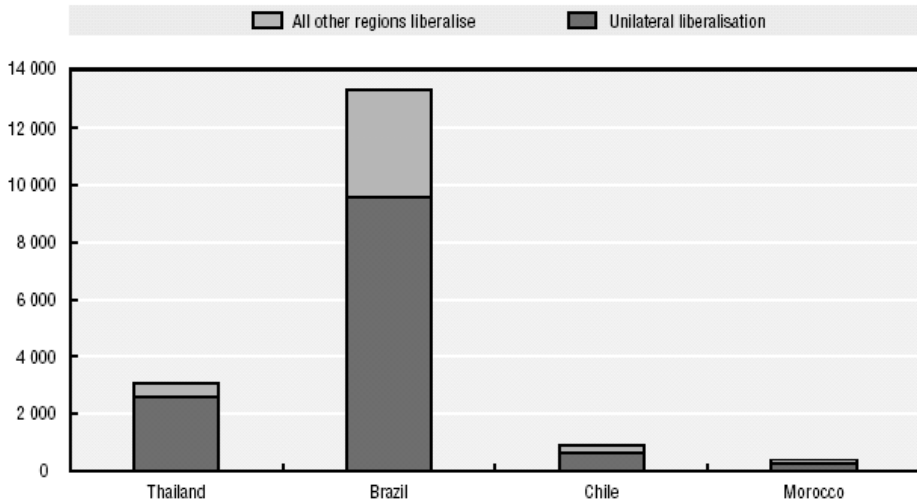
Source: OECD (2005a); PPIAF and WSP (2001); and ITU (2003).

Programmes underway in East Asia show that widening access through trade and investment can work. But the growth of international trade in higher education services also raises a number of important questions. As governments move away from being the sole providers of tertiary education, their active oversight of the higher education system becomes ever more important. The key responsibility for the state is to provide an appropriate legal and regulatory environment for both public and private higher education institutions. Governments must ensure that the system continues to serve the public interest, promotes equity and provides quality assurance and recognition mechanisms for all types of institutions. Also very important is the establishment of remedial policies to minimise the negative consequences of brain drain, as is the availability of accurate information about the status of higher education institutions and programmes for students and other stakeholders.

It should be noted that there is no universal appropriate model for reform. Each country, province, or state must choose regulatory mechanisms consistent with the goals and priorities of its tertiary education development strategy and be prepared to make changes over time as these goals and priorities evolve (World Bank, 2002). Furthermore, the establishment of adequate regulatory instruments and institutions can be costly and may require sophisticated skills, and thus presents challenges that are likely to be most acute in emerging economies and developing countries. Provision of technical assistance and capacity building to support liberalisation are thus particularly important for these countries.

4.3. Regulation and remedial policies

Pursuing equity

In recent years, more countries and public institutions have introduced or raised user fees at the tertiary level in the developing world. This is seen as a way to reduce the burden on governments' budgets by mobilising a greater share of the funding by students themselves who can expect significant earnings from higher education and who typically come from families with the ability to contribute to the cost of tertiary education. Indeed, where public tertiary education is free, public expenditure at that level often represents regressive social spending in that the proportion of university students from upper income families is higher than their share in the overall population. Nevertheless, in the absence of public support, user fees may increase access disparities (World Bank, 2002).

Trade in higher education services can further exacerbate the inequity of tertiary education in developing countries, given that, whether provided via student or programme and institution mobility, it is generally more expensive than domestic education. Governments must thus play an even more critical role in ensuring that academically qualified students are not prevented from studying by lack of financial resources. Liberalisation needs to be implemented in parallel with the development of mechanisms that can guarantee the necessary support to deserving low-income or disadvantaged (for racial, religious or gender-related reasons) students unable to meet the cost of tertiary education (see Box 4.2). In addition, stronger equity efforts must be made earlier at the primary and secondary levels, so that all students have an equal opportunity to compete for entry into tertiary education.

Box 4.2. Mechanisms for achieving equity

Mechanisms to reduce access disparities in tertiary education include so called *affirmative action* and various forms of financial aid from both the public and private sectors. Experience so far with *affirmative action* – in particular preferential treatment in university or college admissions for low income and disadvantaged students – seems to indicate that interventions at the tertiary level come too late to assist the majority of these students, in light of previous discrimination in access to primary and secondary education.

At the tertiary level, focusing on financial aid such as scholarships, grants, and student loans appears to be a more effective form of intervention for capable aspirants from lower socio-economic backgrounds. Among these, given that public funds for scholarships are limited, it seems that large-scale assistance affecting a broader segment of low income or disadvantaged students can be made more easily available through student loan programmes. However, administering student loan schemes is no easy task. Experience suggests that in order to design an appropriate student loan scheme several conditions need to be in place, including transparent systems for effective targeting of the most deserving students (academically and on social criteria); well-designed interest rate and subsidy policies to protect the financial viability of the scheme; and effective collection mechanisms to minimise default.

Two alternative schemes to establish large-scale programmes are *mixed-loan systems of private funding with government guarantees* and *income-contingent loan systems*. Under the first approach, student loans are administered and financed by commercial banks, with a government guarantee in case of default and an interest subsidy to keep the loans affordable. The second involves loan repayments as a fixed proportion of a graduate's annual income. Income-contingent loans can in theory achieve a better balance between effective cost recovery and risk to the borrower than mixed-loans. Administration is also usually simpler because loan recovery is handled through existing collection mechanisms such as the income tax administration or the social security system. These loans can additionally allow for better ability to pay, since repayments are in proportion to a graduate's income. However, their feasibility depends on the existence of a reliable income tax or social security system.

Source: World Bank (2002).

The development of trade and investment in higher education also represents a new challenge for student financial aid agencies. Eligibility rules and loan features should be adjusted to accommodate the financial needs of the growing number of students who are enrolled in increasingly different activities, including distance education offered by foreign institutions.

Ensuring quality

Expanding enrolments in higher education in many developing countries are affecting their ability to continue to support their tertiary education systems, with the consequence of loss of educational quality. The introduction of market forces and trade in higher education can bring about the needed financial resources providing universities in developing countries with the means to improve the quality of their facilities, libraries and teaching staff – potentially enhancing the quality of their educational services. Market forces can also lead educational institutions to better adjust to students' needs and demands.

At the same time, the rise in trade in tertiary education services carries new potential quality risks for tertiary education. Existing national frameworks for quality assurance, accreditation in higher education are often insufficiently prepared to address the new challenges from trade and private provision. In many developing countries, such frameworks do not exist. Among the different forms of trade in tertiary education, programme and institution mobility carry the greater risk, because they are new, less stable and often do not fall within the scope of quality assurance and accreditation systems. In particular, distance education is potentially the most problematic given that quality assurance and accreditation systems are harder to adapt to this form of teaching and because this mode of trade can more easily escape the control of relevant authorities (OECD, 2004a).

At the national level, these policy challenges call for the establishment of robust and transparent systems of quality assurance and accreditation to protect students of cross-border higher education. The key issue for current systems is how to cover foreign providers and programmes, by enlarging the scope of existing systems or by establishing new systems specifically for them (OECD, 2004b; see Box 4.3 for the case of Malaysia). National quality assurance and accreditation agencies also need to intensify cooperation at the international level in order to increase their mutual understanding. A recent example of cooperation is provided by the *UNESCO/OECD Guidelines for Quality Provision in Cross-Border Higher Education* (see Annex 1). The Guidelines set out good practice for a range of higher education stakeholders and call on governments to establish mechanisms for the accreditation and

quality assurance of education for those institutions in their jurisdictions which provide cross-border higher education (OECD, 2005b).

Box 4.3. Quality assurance and accreditation: the case of Malaysia

The Malaysian government encourages private-sector investment in higher education, while strictly regulating private provision to ensure quality and meet the country's cultural and economic needs. Several bodies are involved in quality assurance and accreditation for higher education institutions. All higher education institutions are under the supervision of the Ministry of Education, whose Department of Private Education deals with private providers concerning issues such as establishment and registration. The main quality assurance body is the National Accreditation Board (NAB), which provides quality standards and guidelines for courses offered by private institutions and ensures that they are of quality comparable to those in the public sector. It also advises the Registrar General of Private Education on the establishment, registration and approval of courses of private institutions.

Universities in Malaysia can only be established in accordance with an Incorporation Order signed by the King and only on the invitation of the Minister of Education. The Private Higher Education Act requires all private education institutions to be licensed, based on the decision of the Ministry of Education following an evaluation by the NAB. When a private provider is granted a license to offer courses, the Ministry of Education then refers it to the NAB for assessment of its courses. Once approval to conduct courses of study is granted, the provider must ensure that the course of study meets the minimum standard in order to award a degree. For accreditation of courses of study, which is optional, the provider must apply for more detailed assessment. Once accreditation is granted, the public will be informed through the NAB's Website. Accreditation is necessary to be eligible for recognition as a basis for employment in the public sector.

All foreign providers are subject to the national quality assurance framework. Foreign providers can either apply to be licensed as private higher education institutions or deliver courses through a local partner licensed as a private higher education institution.

Source: OECD (2004b).

Fostering recognition of qualifications

Closely linked to the issue of quality assurance and accreditation is the recognition of academic and professional qualifications. National systems for granting qualifications as well as the nature of qualifications vary significantly across countries. This means that when students or employees move to a foreign country they often have to repeat the same qualification requirements already completed in the home country. Enhanced trade in higher education and growing professional mobility have significantly increased the importance of academic and professional recognition of qualifications.

The international framework for facilitating the recognition of academic qualifications has largely been established by the UNESCO Regional Conventions on recognition of qualifications. The Conventions are the most significant instruments for governments and the international higher education community to address issues of recognition concerning the international mobility of students and skilled labour. Other international initiatives are intended to enhance the convergence of programmes and qualifications. The prominent example is the EU's Bologna Process, which aims to achieve comparable degree structures in member countries. As shown in Box 4.4, a similar initiative has also been launched by developing countries in the context of MERCOSUR (OECD, 2004b).

Box 4.4. Harmonisation and recognition of academic qualifications in MERCOSUR

The Members of MERCOSUR have been working to develop agreed requirements and standards for the recognition of diplomas and the right to practice. A working group was established in 1998 to facilitate the development of a system of curricula accreditation aimed at facilitating the recognition of degrees. The group decided to form a Consulting Commission of Experts to support its work. The Commission, which embraced national experts, carried out two main tasks. It analysed the specific teaching content and method in each of the MERCOSUR countries; and explored the specific activities that professionals in each of the four countries could carry out after getting a university degree. On the basis of this preliminary work, the Commission started defining baseline Quality MERCOSUR Standards for three selected careers – agronomy, engineering and medicine. The draft standards were sent to the National Accreditation Agencies for evaluation and were subsequently modified to reflect the comments received.

In order to formalise and consolidate this process, the MERCOSUR Experimental Mechanism for Career Accreditation (MEXA) was established. The goal was to set up a mechanism for the recognition of the university degrees granted by those institutions whose curricula had been accredited on the basis of agreed standards. Accredited degrees would in turn be recognised in member countries making possible for professionals to move within the region. The overall process is coordinated by the Council of the Ministers of Education of MERCOSUR. The National Accreditation Agencies are responsible for carrying out the accreditation process in their respective countries and report to the Council on the implementation and evaluation of the mechanism.

In line with similar undertakings based on the harmonisation, the initiative is advancing at a slow pace and has only had limited practical results. So far, only a few curricula have been accredited and the recognition of the degrees does not imply an automatic right to exercise a profession. Nevertheless, the process is regarded as positive by participating countries, since it has facilitated an exchange of views and experiences among national institutions in charge of higher education, professional associations and public and private universities. It is also seen as a tool for enhancing the overall quality of tertiary education in the region.

Source: Zarrilli (2005).

Professional mutual recognition agreements (MRAs) have also proliferated in recent decades to help avoid potential duplication of qualification requirements. The underlying assumption is that MRAs can lead to much faster and concrete results than harmonisation, which has been shown to be a long and laborious process requiring significant time and efforts. Free trade agreements have contributed to this development by encouraging MRAs among Members to facilitate trade in professional services. However, to date most MRAs have been concluded among developed countries, pointing to the need of real efforts to develop mechanisms to enhance developing countries' participation in these agreements (Nielson, 2002; and Zarrilli 2005).

Minimising brain drain

The unmet demand for higher education services in several developing and emerging economies is one of the reasons explaining the rising number of students from these countries going abroad for tertiary education. The benefits of this practice can be quite significant since students are exposed to new ideas, techniques and fields of study often of better quality than those available at home. Nevertheless, this form of trade can also lead to negative consequences. First, the cost of studying abroad in higher education, particularly in developed countries, is very high and can represent a fiscal drain on sending countries. In addition, students going oversees may not return to their home countries in the face of higher financial rewards abroad. This may represent a significant loss of investment in sending countries from the developing world.

Governments have used various policies to encourage students to return to their home countries, with various degrees of success. Some countries have tried restrictive policies, *e.g.* compulsory national service, in an attempt to render migration more difficult. These policies have not proven very effective since they represent only temporary deterrents for migration. Another dimension is the development of policies and incentives for the return of highly qualified migrants, including international students. This requires a combination of better economic conditions at home (*e.g.* higher salaries) along with improved university and research facilities. A number of emerging countries have been relatively successful in this regard by opening their economies and through the use of policies, *e.g.* tax rules on remittances, which foster inward investment and R&D. This, however, requires that home countries are able to offer job opportunities and an overall infrastructure comparable to those in developed countries.

In the short-term, another possibility particularly for low-income developing countries is the so-called "diaspora option". The main feature of

the diaspora option is to set up a knowledge network among skilled expatriates linked to the country of origin, with the aim of mobilising their knowledge and expertise to the development of their country without physically relocating. The development of information and communication technologies has significantly enhanced the potential for this practice (see Box 4.5 for the South African example). Nevertheless, the diaspora option relies on an effective system for exchanging information between network members and their counterparts in the home country. Incentives and benefits can also be very important to bond members of the network (UNECA, 2000).

Box 4.5. Diaspora networks: the case of South Africa

The South African Network of Skills Abroad (SANSA) is a diaspora network comprising members located in 68 countries on the five main continents. The National Research Foundation (NFR) is responsible for the development of SANSA, which has also been formally endorsed by the Department of Science and Technology. Through its website, SANSA invites professional South Africans to sign up and become part of its network. It reports that at least 22 000 graduates from five major South African universities remain in touch with the universities. In the case of the University of Cape Town, 30% of contactable doctoral graduates are living overseas. They comprise significant proportions of the university's graduates in medicine, commerce, education and engineering, all areas in which South Africa has an acute shortage of skills. A distinctive feature of SANSA is that it also includes members from other countries, with a representation of 57 nationalities.

Once professionals join SANSA, they can:

- offer to train their South African counterparts;

- assist them to initiate and conduct research;

- transmit information and research results not available in South Africa;

- facilitate business contacts;

- disseminate cultural and artistic creation;

- facilitate discussion fora;

- transfer technology to South African institutions (*e.g.* through provision of software collected in industrialised countries).

Source: Mutume (2003); and SANSA website.

Enhancing transparency

National students have better access to reliable information on educational institutions and have a better understanding of this information than international students. The relative opacity of information at the international level gives degree mills more opportunities in trade and cross border provision. Governments thus have a critical role to play in ensuring availability of accurate information, which is essential to the proper functioning of higher education systems.

Box 4.6. Transparency in higher education systems: the case of Australia

Australian authorities attach great importance to the provision of information about the country's higher education system and the processes for quality assurance and accreditation. The Australian Department of Education, Science and Training has recently released a *discussion paper* outlining a strategy to clarify and simplify the country's approach to quality and quality assurance for transnational education and training. Three of the four principles contained in the strategy relate to the provision of information about the Australian system to students, governments and other stakeholders:

- **Principle One:** Ensure that Australia's quality assurance framework is well understood and well-regarded within Australia and internationally.

- **Principle Two:** Make clear to providers and consumers the accountabilities in offshore education and training.

- **Principle Three:** Ensure that accreditation and audit functions are undertaken transparently.

Australia also plays an active role in establishing dialogue with relevant authorities in foreign countries. It has a network of education counsellors at its embassies in those countries with which it has significant education links. The role of these counsellors includes bilateral contact with host country officials regarding education policy and regulation and issues of mutual interest such as the welfare of students studying in Australia. Furthermore, Australia has Memoranda of Understanding (MoU) regarding education with a number of countries. These often include a commitment to the establishment of formal processes such as joint working groups which meet on a regular basis to discuss issues of significance in the education relationship.

Source: Thorn (2005); and Australian Department of Education, Science and Training (2005).

Potential students need to have access to appropriate information in different countries and have a sense of reliability and status of information sources to make informed choices. Regulatory authorities need information

to make judgements about the quality of specific programmes and institutions or about the equivalence of foreign and domestic qualifications. Also very important is the existence of real opportunities to discuss concerns with the relevant authorities in foreign countries (see Box 4.6 for the case of Australia). Employers too need information about qualifications when making recruitment decisions (Thorn, 2005).

In this context, a potentially useful multilateral development is the proposed international information tool under discussion as a possible means to facilitate the implementation of the *UNESCO/OECD Guidelines*. The information tool is intended to provide a single point of access through an internet portal to the websites of quality assurance and accreditation agencies recognised by participating countries. It would provide an authoritative source of information for students and other stakeholders regarding the status of higher education institutions and programmes (OECD, 2005b).

4.4. Higher education services and the GATS

The preceding discussion has highlighted the strong public service aspect to the provision of higher education services and that these services require an appropriate regulatory framework to ensure social objectives. In this context, concerns have been raised in relation to the potential effects of the GATS on governments' ability to ensure adequate provision of these services to the public. In practice, this refers to the possible impact of the Agreement on government's right to maintain public funding and subsidies and put in place needed regulation. These problems are intensified by the fact that the GATS is a relatively young agreement and some of its provisions remain to be tested in practice.

These concerns can partly explain the limited progress achieved so far on bound liberalisation of higher education services under the GATS. The education sector is one of the least committed sectors. Only 28 Members (counting the then 12 EU Members as one) have made commitments on education services during the Uruguay Round[1] and, of these, 20 schedules contain commitments in higher education services.[2] The notable exception

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[1] Australia, Austria, Congo RP, Costa Rica, Czech Republic, European Community, Gambia, Ghana, Haiti, Hungary, Jamaica, Japan, Lesotho, Liechtenstein, Mali, Mexico, New Zealand, Norway, Poland, Rwanda, Sierra Leone, Slovak Republic, Slovenia, Switzerland, Thailand, Trinidad and Tobago, Turkey and United States.

[2] Austria, Gambia, Ghana, Haiti, Mali, Rwanda, Thailand and United States did not commit to higher education services.

relates to the 21 countries that have subsequently acceded to the WTO, which have all but three (Bulgaria, Ecuador and Mongolia) made commitments on higher education services (Bulgaria did commit to other education subsectors). Offers in the current round of negotiations also remain limited. Of the 33 initial and revised offers publicly available, only 11 (counting EU Members as one) relate to higher education services, some of which represent only technical changes or clarifications of existing commitments.

In light of the importance of these services for society and their highly regulated nature, governments are understandably cautious when agreeing to subject themselves to common rules. Nevertheless, opening up higher education services is largely a domestic issue. Many of the policies seen earlier that may be needed to manage liberalisation of trade in tertiary education services are not shaped by the GATS but by domestic factors. The WTO is not a standard setting body nor an institution for the substantive regulation of quality in higher education (or any other service sector). Policies regarding the recognition of qualification or measures to minimise brain drain are also largely unaffected by the GATS.

The GATS, like other international treaties, can affect the regulatory conduct of governments in some areas of higher education. This is particularly so in light of the Agreement's wide concept of trade in services (see below), which brings into its purview investment and immigration policies previously outside the multilateral system. At the same time, a thorough examination of GATS current provisions and functioning reveals that its framework can accommodate and even contribute to the advancement of the objectives of national policies. Some open questions remain with respect to ongoing work on rule-making, which require close monitoring and involvement by the education community and other relevant stakeholders.

Overview of the GATS

The GATS applies to any service in any sector, with two main exclusions, the most important of which in the context of higher education is the exclusion of services provided in the "exercise of governmental authority" (Article I:3).[3] It defines trade in services by reference to four modes of supply. The traditional concept of trade in goods is imbedded in "cross border supply" (mode 1), which refers to the supply of a service from the territory of one Member into the territory another Member. Mode 1

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[3] The other exclusion relates to measures affecting air traffic rights or services directly related to the exercise of traffic rights.

could include distance education and e-learning.[4] "Consumption abroad" (mode 2) involves the supply of a service in the territory of one Member to a service consumer of another Member, *i.e.* students going overseas. Services supplied through the establishment of a "commercial presence" (mode 3) or through the "presence of a natural person" (mode 4) in another Member, would correspond to programme and institution mobility.

The GATS explicitly recognises in its Preamble "the right of Members to regulate the supply of services within their territory in order to meet national policy objectives". Market access (Article XVI) and national treatment (Article XVII) need to be granted only in sectors which a Member lists in its schedule of specific commitments. Members have also significant flexibility in scheduling as they are free to choose and define the sectors, and select the modes of supply for which they are ready to undertake specific commitments. Commitments can additionally be qualified with various types of limitations, thus allowing Members to tailor them to specific national policy objectives.

In the absence of specific commitments, the GATS imposes only limited obligations. The most important of these is the most-favoured-nation (MFN) treatment, a prohibition to discriminate among foreign providers providing the same service. Each member had the opportunity to seek exemption from the MFN obligation at the date of entry into force of the Agreement (an opportunity also afforded to subsequent acceding countries).

Even if regulations breach obligations under the GATS, they may still be allowed under the provisions of Article XIV on exceptions. These provisions can be invoked to protect major public interests, including public morals and public order or to prevent deceptive and fraudulent practices. The measures should not, however, be applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where like conditions prevail or a disguised restriction on trade in services.

The carve-out for "services in the exercise of governmental authority"

As noted, the GATS applies in principle to all services, except those provided in the exercise of governmental authority. GATS Article I.3 (b) states that, for the purpose of the GATS, "services" include "any service in

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[4] There is debate among WTO Members on whether electronic provision of services would constitute mode 1 or mode 2. The recent US-Antigua Internet gambling case may have brought about some legal clarity in this regard (see Wunsch-Vincent, 2005).

any sector except services supplied in the exercise of governmental authority". This exception is further defined in Article I.3 (c), which specifies that "a service supplied in the exercise of governmental authority" means "any service, which is supplied neither on a commercial basis, nor in competition with one or more service suppliers".

In practice, since there is no single model of governmental provision of higher education services within WTO membership, as the concept varies according to different segments, national traditions and legal conditions, the coverage of the carve-out will vary depending on the country and service concerned. However, uncertainties remain about its exact scope (see Krawjeski, 2003[5]). This general definition does not allow to clearly determine whether and under what circumstances higher education services provided by public institutions would fall outside the scope of the GATS. Questions remain on the exact meaning of the definition of services supplied on a non-commercial basis, for instance. While services provided for free would fulfil this condition, the same cannot be said with certainty in the case of cost-recovery fees. Even equating commercial with profit-seeking would still leave some questions unanswered as to the exact concepts of profit that would be relevant. And what about an activity that fails to live up to the supplier's underlying profit intentions? Or a service that turns out to be profitable unintentionally?

Similar questions arise with respect to the precise definition of the term "not in competition". Would the provision of government subsidised higher education services alongside private training institutes represent a competitive relationship? If that were the case, the carve-out for services provided under governmental authority would have a limited effect in the case of higher education services, given that it is quite common for both public and private providers to co-exist. Or are there other criteria that would need to be met to deem whether services are in competition?

Implications of misinterpreting the scope of the GATS

These uncertainties have given rise to genuine concerns by governments and other stakeholders in the education community on the possible impact of the GATS on higher education services. However, as pointed out by Adlung (2005), the key question is whether misinterpreting the scope of GATS provisions may lead to a loss of policy control over the provision of these services. As seen earlier, if commitments have not been made in a particular

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[5] Other commentators have subsequently further discussed these issues in the context of a variety of service sectors which feature a strong public service aspect. See Chanda (2003); Cossy (2005); and Adlung (2005).

sector, only limited disciplines apply, the most important of which is the MFN principle (provided that countries have not included the sector in question in their lists of MFN exemptions). MFN treatment does not seem to impinge on governments' ability to retain control over higher education services, given that governments retain the right to exclude any foreign participation.

If a country has made a commitment, other more significant obligations kick in, especially on market access and national treatment. While commitments involve different levels of access depending on the limitations entered in the schedules, misinterpretation of GATS provisions may in such case have more important implications. A case in point is the national treatment obligation. The measures extended to public universities, should they unexpectedly fall under the Agreement, could trigger equal treatment of like foreign services and service suppliers. The government would then be required, in the absence of appropriate limitations, to extend financial and other benefits to the services and/or suppliers concerned. Otherwise it would need to renege on its commitment under Article XXI, which would entail paying compensation through trade concessions or retaliatory measures of commercially equivalent effect. As seen earlier, subsidies are frequently used for development strategies of tertiary education. Although it is difficult to see how foreign providers would be less suited than their domestic counterparts to meet the sector objectives, governments should be aware of unintended consequences.

Scheduling commitments on higher education services thus raises questions in relation to their nature. At the same time, GATS commitments can contribute to the advancement of national reforms and build capacity in tertiary education. By creating a more transparent and predictable legal framework, the GATS can improve the investment climate and help attracting foreign investment in higher education. This new investment can in turn provide capital and expertise to help expand capacity in tertiary education. Though relevant empirical research is still infant, there are early indications supporting the hypothesis that the private sector is more likely to invest in countries that have made GATS commitments (Bressie, Kende and Williams, 2004).

Limitations on higher education services commitments

Pending a clarification of terms and establishment of objective criteria of the carve-out clause, there is however another option to avoid these concerns and facilitate the assumption of GATS commitment in higher education services for countries that so wish. This consists in scheduling appropriate limitations in commitments on these services. As shown in

Table 4.1 below, WTO Members have wide flexibility in this regard. They can condition specific commitments to the private sector or exclude public funded institutions. Countries can also limit funds, subsidies and other public benefits to national institutions and citizens, and even reaffirm (for transparency purposes) their right to intervene to ensure quality and other public policy objectives.

These developments are reflected in the plurilateral request on education services presented by a number of WTO Members[6] in the spring of 2006. As mandated by the Honk Ministerial Declaration, collective requests are intended to complement bilateral request-offer negotiations. The plurilateral request, relating to private higher education and "other" education services as defined in the WTO classification,[7] expressly states that the Members in question are not requesting commitments in public education. Recognising that what is considered public and private education differs among Members, they suggest using the sectoral column to describe, based on each Member's circumstances, that part of education services they wish to commit.[8] In addition, the request suggests that Members make clear in their schedules (in the national treatment column) that public funds granted to nationals remain outside the scope of commitments.

This flexibility can allow governments to design GATS commitments in a manner which supports sector and national development objectives. At the same time, it is important to recognise that the GATS cannot solve the issue of access to higher education services. It can only play a role in complementing policy decisions by enhancing investors' confidence when

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[6] Australia, Chinese Taipei, Malaysia, New Zealand and the United States.

[7] The Services Sectoral Classification List, Document MTN.GNS/W/120, was developed during the Uruguay Round for scheduling purposes under the GATS. It was based on the UN Provisional Central Product Classification (CPC) and the activities covered are defined through reference to CPC codes. Although WTO Members are not legally bound to determine the sectoral scope of their commitments according to this classification, a large majority has done so. *Higher education services* (CPC 923) includes Post-Secondary Technical and Vocational Education Services (CPC 92310) and Other Higher Education Services (CPC 92390). The former refers to sub-degree technical and vocational education, while the latter refers to education leading to a university degree or equivalent. *Other education services* (CPC929) covers all other education services not elsewhere classified, and excluding education services regarding recreation matters, for example, those provided by sport and game schools, which fall under sporting and other recreation services (CPC 964). See WTO (1998).

[8] For example, excluding from the commitments educational institutions that have government equity or which receive government assistance.

countries decide to allow private sector participation in tertiary education. Domestic factors including the state and features of the higher education system and the country's economic, social and political characteristics remain central. There are plenty of examples of countries that have made full GATS commitments during the Uruguay Round which have had no impact on their higher education system.

Table 4.1. Examples of higher education services limitations on WTO Members' schedules

Member	Commitment	Offer	Mode	Limitation***	Higher education services
Australia	X		1,2,3,4	Note	"Covers provision of private tertiary education services including at university level"
EU	X		1,2,3,4	Note	"Only privately funded services"
FYR Macedonia**	X		1,2,3,4	Note	"All education services included in this section: Subsectors listed below only cover privately funded education services. Educational services in investigation, security and defence areas and in history and culture of people and nationalities in FYROM are excluded"
Korea		X	1,2,3,4	Note	"Higher education services provided by private higher educational institutions, which obtained recognition from the government or public accreditation bodies, for the purpose of conferring degrees"
Mexico	X		1,2,3,4	Note	"Private education services"
New Zealand	X		1,2,3,4	Note	"Primary, secondary, and tertiary education in private institutions"
Pakistan		X	1,2,3,4	Note	"Excludes public funded institutions"
Panama**	X		1,2,3,4	Footnote	"National education is a public service. The State may intervene in private teaching establishments to ensure the fulfilment of national and social objectives as regards the education and intellectual, moral, civic and physical training of students"
Slovenia	X		1,2,3,4	Note	"Privately funded only"
Switzerland	X		1,2,3,4	Note	"Private education services"

Table 4.1. Examples of higher education services limitations on WTO Members' schedules (*continued*)

United States		X	1,2,3,4	Footnote	"For transparency purposes, individual US institutions maintain autonomy in admission policies, in setting tuition rates, and in the development of curricula of course content. Educational and training entities must comply with requirements of the jurisdiction in which the facility is established. In some jurisdictions, accreditation of institutions or programmes may be required. Institutions maintain autonomy in selecting the jurisdiction in which they will operate, and institutions and programmes maintain autonomy in choosing to rates vary for in-state and out-of-state residents. Additionally, admissions policies include considerations of equal opportunity for students (regardless of race, ethnicity, or gender), as permitted by domestic law, as well as recognition by regional, national, and/or specialty organisations; and required standards must be met to obtain and maintain accreditation. To participate in the US student loan programme, foreign institutions established in the United States are subject to the same requirements as US institutions" "The granting of US federal or state government funding or subsidies may be limited to US-owned institutions, including land grants, preferential tax treatment, and any other public benefits; and scholarships and grants may be limited to US citizens and/or residents of particular states. In some cases, such funding, subsidies, scholarships, and grants may only be used at certain state institutions or within certain US jurisdictions"
				National treatment	

Notes: *The limitations include only those that define the scope of commitments as discussed in this section of the study. **Post-Uruguay Round accession country. ***Footnote attached to the sector or sub-sector classification; Note: note included under the sector or sub-sector classification; National Treatment: limitation imbedded in the national treatment section of the schedule.

Source: OECD.

Additional disciplines on regulatory measures

Once commitments in a particular sector have been made, in addition to the market access and national treatment obligations (subject to scheduled limitations), other disciplines apply. The most significant of such disciplines relate to regulatory measures and are contained in Article VI, in particular

paragraphs 1 and 5. The question arises whether these disciplines can limit governments' ability to regulate higher education services.

Article VI:1 requires Members to ensure that regulatory measures are "administered in a reasonable, objective and impartial manner". Article VI:5 aims at ensuring that licensing, qualification requirements and technical standards are *inter alia* "based on objective and transparent criteria" (examples given are competence and the ability to supply the service) and "not more burdensome than necessary to ensure the quality of the service". These criteria are based on Article VI.4, which provides for a negotiating mandate to develop strengthened disciplines on these measures. The application of Article VI:5 is subject to two limitations, that the measures in question nullify or impair specific commitments and could not reasonably have been expected when commitments were made. The latter appears to exempt from the scope of Article VI:5 at least all those measures which were already in place in 1995 (WTO, 1999).

As noted by Adlung (2005), it is difficult to see how the provisions of Article VI:1 may impinge on governments' right to regulate given that they only relate to the "administration" of the measures and not their substantive aspects. Article VI:5 may have a wider impact on regulatory capacity since as seen above does contain substantive obligations. In this context, genuine concerns have been raised about the meaning of "not more burdensome than necessary" and its potential effects on governments' autonomy to regulate quality in higher education (see Chanda, 2003; and Knight, 2003). Another concern relates to the fact that this "necessity test" is linked only to the quality of service (see Trachtman, 2003). A narrow interpretation of the objective "quality of service" may leave out measures relating to other important objectives such as equity. This may conceivably occur for example in the case of requirements to reduce access disparities in tertiary education and similar measures seen in Section 4.3. In practice, however, the effects of Article VI:5 are likely to be limited given that its application is subject to the two limitations seen earlier.

Nevertheless, these concerns remain important in relation to disciplines to be developed under the Article VI.4 mandate. There are early indications that governments will not develop disciplines in this area that may limit their autonomy to regulate services provision. For example, in the Accountancy Disciplines,[9] the one area where negotiations have been concluded under the mandate, the narrower quality objective has been replaced with a broader set of objectives, including protection of consumers, the quality of service,

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[9] The Accountancy Disciplines were adopted in December 1998 and are due to be integrated into the GATS at the conclusion of the current negotiations.

professional competence and the integrity of the profession. The Accountancy Disciplines also apply only in sectors (or segments) where specific commitments have been made. At the same time, in light of the importance of quality assurance and other social objectives in higher education, these negotiations require close monitoring and especially involvement by the education community and other relevant stakeholders.

Mutual recognition and the GATS

Current disciplines regarding recognition in the GATS framework leave considerable regulatory flexibility to Members to accord recognition as they see fit. Recognising that in light of regulatory differences between Members it may be easier to achieve recognition among a smaller number of countries, and the ensuing benefits for those countries, the GATS (Article VII) allows Members to deviate from the MFN obligation and set up bilateral or plurilateral MRAs – or granted autonomously. Recognition may be achieved through harmonisation or otherwise.

Article VII contains also limited disciplines to protect third-parties. It requires a Member who enters into an MRA to afford adequate opportunity to other interested Members to negotiate their accession to such an agreement or to negotiate comparable ones (through there is no obligation to extend recognition). To facilitate this, Article VII requires Members to notify promptly existing and new recognition measures to the Council for Trade in Services. Article VI.6 further requires that when a Member undertakes specific commitments for professional services, it must provide adequate procedures for verifying the competence of professionals from all other WTO Members. Guidance, however, is not provided as to what might constitute "adequate procedures" (for an in-depth discussion of these issues see Nielson, 2002).

New disciplines on domestic regulation to be developed under the Article VI.4 mandate might assist in promoting recognition multilaterally. In particular, progress on talks relating to qualification requirements and procedures could prove very helpful in this regard. Issues under discussion include strengthening the provisions relating to the availability of mechanisms for verifying foreign qualifications as well as specification of qualification requirements and ways to meet any additional requirements or deficiencies. They also include a range of procedural issues (*e.g.* timeframes, documentation and fees) that could significantly increase the overall efficiency of qualification procedures. Nevertheless, delicate issues of necessity and regulatory sovereignty are relevant here as well and call again for active involvement of the education community.

4.5. Conclusion

The economic and social significance of higher education services means that they are high in the list of development priorities in many countries. Enhanced trade and investment in tertiary education services can help achieve these development goals. Liberalisation, however, is no easy task and requires sound regulation and effective institutions to address market failures and ensure public policy objectives. This is particularly the case in the areas of quality of service and recognition of qualifications, equity and potential downsides stemming from students going overseas.

If appropriately designed, bound liberalisation under the GATS can contribute to the advancement of national objectives by improving investor's confidence when countries decide to allow private sector participation in higher education. While many of the policies needed to manage liberalisation of tertiary education services are not shaped by the GATS, the Agreement can affect the regulatory conduct of governments in some areas of tertiary education. This is intensified by the fact that the GATS is a relatively young agreement and some of its provisions remain to be tested in practice. It is thus crucial to carefully examine its provisions and tailor specific commitments to national policy objectives. Also critical for education and other relevant stakeholders is to remain actively involved in the negotiations of new disciplines in the area of domestic regulation.

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Annex 1
Guidelines[1] for Quality Provision in Cross-border Higher Education (OECD, 2005)

I. Introduction

Purpose of the Guidelines

The Guidelines aim to support and encourage international cooperation and enhance the understanding of the importance of quality provision in cross-border higher education.[2] The purposes of the Guidelines are to protect students and other stakeholders from low-quality provision and disreputable providers[3] as well as to encourage the development of quality cross-border higher education that meets human, social, economic and cultural needs.

Rationale for the Guidelines

Since the 1980s, cross-border higher education through the mobility of students, academic staff, programmes/institutions and professionals has grown considerably. In parallel, new delivery modes and cross-border

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[1] These Guidelines are not legally binding and member countries are expected to implement the Guidelines as appropriate in their national context.

[2] In these Guidelines, cross-border higher education includes higher education that takes place in situations where the teacher, student, programme, institution/provider or course materials cross national jurisdictional borders. Cross-border higher education may include higher education by public/private and not-for-profit/for-profit providers. It encompasses a wide range of modalities, in a continuum from face-to-face (taking various forms such as students travelling abroad and campuses abroad) to distance learning (using a range of technologies and including e-learning).

[3] In this context "'disreputable providers"' refer to degree and accreditation mills.

providers have appeared, such as campuses abroad, electronic delivery of higher education and for-profit providers. These new forms of cross-border higher education offer increased opportunities for improving the skills and competencies of individual students and the quality of national higher education systems, provided they aim at benefiting the human, social, economic and cultural development of the receiving country.

While in some countries the national frameworks for quality assurance, accreditation and the recognition of qualifications take into account cross-border higher education, in many countries they are still not geared to addressing the challenges of cross-border provision. Furthermore, the lack of comprehensive frameworks for co-ordinating various initiatives at the international level, together with the diversity and unevenness of the quality assurance and accreditation systems at the national level, create gaps in the quality assurance of cross-border higher education, leaving some cross-border higher education provision outside any framework of quality assurance and accreditation. This makes students and other stakeholders more vulnerable to low-quality provision and disreputable providers[4] of cross-border higher education. The challenge faced by current quality assurance and accreditation systems is to develop appropriate procedures and systems to cover foreign providers and programmes (in addition to national providers and programmes) in order to maximise the benefits and limit the potential drawbacks of the internationalisation of higher education. At the same time, the increase in cross-border student, academic staff, researcher and professional mobility has put the issue of the recognition of academic and professional qualifications high on the international cooperation agenda.

There is therefore a need for additional national initiatives, strengthened international co-operation and networking, and more transparent information on procedures and systems of quality assurance, accreditation and recognition of qualifications. These efforts should have a global range and should emphasise supporting the needs of developing countries to establish robust higher education systems. Given that some countries lack comprehensive frameworks for quality assurance, accreditation and the recognition of qualifications, capacity building should form an important part of the overall strengthening and co-ordination of national and international initiatives. In this light, UNESCO Secretariat and the OECD have worked closely together in the development of these Guidelines for quality provision in cross-border higher education ("*Guidelines*"). The implementation of these Guidelines could serve as a first step in the capacity building process.

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[4] See footnote 3.

The quality of a country's higher education sector and its assessment and monitoring is not only key to its social and economic well-being, it is also a determining factor affecting the status of that higher education system at the international level. The establishment of quality assurance systems has become a necessity, not only for monitoring quality in higher education delivered within the country, but also for engaging in delivery of higher education internationally. As a consequence, there has been an impressive rise in the number of quality assurance and accreditation bodies for higher education in the past two decades. However, existing national quality assurance capacity often focuses exclusively on domestic delivery by domestic institutions.

The increased cross-border mobility of students, academic staff, professionals, programmes and providers presents challenges for existing national quality assurance and accreditation frameworks and bodies as well as for the systems for recognising foreign qualifications. Some of these challenges are described below:

- National capacity for quality assurance and accreditation often does not cover cross-border higher education. This increases the risk of students falling victim to misleading guidance and information and disreputable providers, dubious quality assurance and accreditation bodies and low-quality provision, leading to qualifications of limited validity.

- National systems and bodies for the recognition of qualifications may have limited knowledge and experience in dealing with cross-border higher education. In some cases, the challenge becomes more complicated as cross-border higher education providers may deliver qualifications that are not of comparable quality to those which they offer in their home country.

- The increasing need to obtain national recognition of foreign qualifications has posed challenges to national recognition bodies. This in turn, at times, leads to administrative and legal problems for the individuals concerned.

- The professions depend on trustworthy, high-quality qualifications. It is essential that users of professional services including employers have full confidence in the skills of qualified professionals. The increasing possibility of obtaining low-quality qualifications could harm the professions themselves, and might in the long run undermine confidence in professional qualifications.

Scope of the Guidelines

The Guidelines aim to provide an international framework for quality provision in cross-border higher education that responds to the above-mentioned challenges.

The Guidelines are based on the principle of mutual trust and respect among countries and on the recognition of the importance of international collaboration in higher education. They also recognise the importance of national authority and the diversity of higher education systems. Countries attach a high importance to national sovereignty over higher education. Higher education is a vital means for expressing a country's linguistic and cultural diversity and also for nurturing its economic development and social cohesion. It is therefore recognised that policy-making in higher education reflects national priorities. At the same time, it is recognised that in some countries, there are several competent authorities in higher education.

The effectiveness of the Guidelines largely depends on the possibility of strengthening the capacity of national systems to assure the quality of higher education. The development and implementation of the UNESCO regional conventions and further support to the ongoing capacity building initiatives of UNESCO, other multilateral organisations and bilateral donors in this area will sustain and be complementary to the Guidelines. These initiatives should be supported by strong regional and national partners.

The Guidelines acknowledge the important role of non-governmental organisations such as higher education associations, student bodies, academic staff associations, networks of quality assurance and accreditation bodies, recognition and credential evaluation bodies and professional bodies in strengthening international co-operation for quality provision in cross-border higher education. The Guidelines aim to encourage the strengthening and co-ordination of existing initiatives by enhancing dialogue and collaboration among various bodies.

Cross-border higher education encompasses a wide range of modalities that range from face-to-face (taking various forms such as students travelling abroad and campuses abroad) to distance learning (using a range of technologies and including e-learning). In implementing the Guidelines, consideration should be given to the variety of provision and its different demands for quality assurance.

II. Guidelines for Higher Education Stakeholders

With due regard to the specific division of responsibilities in each country, the Guidelines recommend actions to six stakeholders:[5] governments; higher education institutions/providers including academic staff; student bodies; quality assurance and accreditation bodies; academic recognition bodies;[6] and professional bodies.

Guidelines for governments

Governments can be influential, if not responsible, in promoting adequate quality assurance, accreditation and the recognition of qualifications. They undertake the role of policy coordination in most higher education systems. However, it is acknowledged throughout these Guidelines that in some countries, the authority for overseeing quality assurance lies with sub-national government bodies or with non-governmental organisations.

In this context, it is recommended that governments:

- Establish, or encourage the establishment of a comprehensive, fair and transparent system of registration or licensing for cross-border higher education providers wishing to operate in their territory.

- Establish, or encourage the establishment of a comprehensive capacity for reliable quality assurance and accreditation of cross-border higher education provision, recognising that quality assurance and accreditation of cross-border higher education provision involves both sending and receiving countries.

- Consult and coordinate amongst the various competent bodies for quality assurance and accreditation both nationally and internationally.

- Provide accurate, reliable and easily accessible information on the criteria and standards for registration, licensure, quality assurance and accreditation of cross-border higher education, their consequences on the funding of students, institutions or

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[5] In the Guidelines, the distinctions among these stakeholders are made based on the functions and it is recognised that the different functions do not necessarily belong to separate bodies.

[6] Academic recognition bodies include qualification recognition bodies, credential evaluation bodies, and advisory/information centres.

programmes, where applicable and their voluntary or mandatory nature.

- Consider becoming party to and contribute to the development and/or updating of the appropriate UNESCO regional conventions on recognition of qualifications and establish national information centres as stipulated by the conventions.

- Where appropriate develop or encourage bilateral or multilateral recognition agreements, facilitating the recognition or equivalence of each country's qualifications based on the procedures and criteria included in mutual agreements.

- Contribute to efforts to improve the accessibility at the international level of up-to-date, accurate and comprehensive information on recognised higher education institutions/providers.

Guidelines for higher education institutions/providers

Commitment to quality by all higher education institutions/providers is essential.[7] To this end, the active and constructive contributions of academic staff are indispensable. Higher education institutions are responsible for the quality as well as the social, cultural and linguistic relevance of education and the standards of qualifications provided in their name, no matter where or how it is delivered.

In this context, it is recommended that higher education institutions/providers delivering cross-border higher education:

- Ensure that the programmes they deliver across borders and in their home country are of comparable quality and that they also take into account the cultural and linguistic sensitivities of the receiving country. It is desirable that a commitment to this effect should be made public.

- Recognise that quality teaching and research is made possible by the quality of faculty and the quality of their working conditions that foster independent and critical inquiry. The UNESCO Recommendation concerning the Status of Higher Education

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[7] An important and relevant initiative for this is the statement "Sharing Quality Higher Education across Borders" by the International Association of Universities, the Association of Universities and Colleges of Canada, the American Council on Education and the Council on Higher Education Accreditation on behalf of higher education institutions worldwide.

Teaching Personnel[8] and other relevant instruments need to be taken into account by all institutions and providers to support good working conditions and terms of service, collegial governance and academic freedom.

- Develop, maintain or review current internal quality management systems so that they make full use of the competencies of stakeholders such as academic staff, administrators, students and graduates and take full responsibility for delivering higher education qualifications comparable in standard in their home country and across borders. Furthermore, when promoting their programmes to potential students through agents, they should take full responsibility to ensure that the information and guidance provided by their agents are accurate, reliable and easily accessible.

- Consult competent quality assurance and accreditation bodies and respect the quality assurance and accreditation systems of the receiving country when delivering higher education across borders, including distance education.

- Share good practices by participating in sector organisations and inter-institutional networks at national and international levels.

- Develop and maintain networks and partnerships to facilitate the process of recognition by acknowledging each other's qualifications as equivalent or comparable.

- Where relevant, use codes of good practice such as the UNESCO/Council of Europe *Code of Good Practice in the Provision of Transnational Education*[9] and other relevant codes such as the Council of Europe/UNESCO *Recommendation on Criteria and Procedures for the Assessment of Foreign Qualifications*.[10]

- Provide accurate, reliable and easily accessible information on the criteria and procedures of external and internal quality assurance and the academic and professional recognition of qualifications they deliver

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[8] Available at: *http://portal.unesco.org/en/ev.php-URL_ID=13144&URL_DO=DO_TOPIC& URL_SECTION=201.html*

[9] Available at:
http://www.coe.int/T/DG4/HigherEducation/Recognition/Code%20of%20good% 20practice_EN.asp#TopOfPage

[10] Available at: *http://www.coe.int/T/DG4/HigherEducation/Recognition/Criteria%20and% 20procedures_EN.asp#TopOfPage*

and provide complete descriptions of programmes and qualifications, preferably with descriptions of the knowledge, understanding and skills that a successful student should acquire. Higher education institutions/providers should collaborate especially with quality assurance and accreditation bodies and with student bodies to facilitate the dissemination of this information.

- Ensure the transparency of the financial status of the institution and/or educational programme offered.

Guidelines for student bodies

As representatives of the direct recipients of cross-border higher education and as part of the higher education community, student bodies bear the responsibility of helping students and potential students to carefully scrutinise the information available and giving sufficient consideration in their decision making process.

In this context, it is recommended that the emergence of autonomous local, national and international student bodies be encouraged and that the student bodies:

- Be involved as active partners at international, national and institutional levels in the development, monitoring and maintenance of the quality provision of cross-border higher education and take the necessary steps to achieve this objective.

- Take active part in promoting quality provision, by increasing the awareness of the students of the potential risks such as misleading guidance and information, low-quality provision leading to qualifications of limited validity, and disreputable providers. They should also guide them to accurate and reliable information sources on cross-border higher education. This could be done by increasing the awareness of the existence of these guidelines as well as taking an active part in their implementation.

- Encourage students and potential students to ask appropriate questions when enrolling in cross-border higher education programmes. A list of relevant questions could be established by student bodies, including foreign students where possible, in collaboration with bodies such as higher education institutions, quality assurance and accreditation bodies and academic recognition bodies. Such a list should include the following questions: whether the foreign institution/provider is recognised or accredited by a trustworthy body and whether the qualifications delivered by the

foreign institution/provider are recognised in the students' home country for academic and/or professional purposes.

Guidelines for quality assurance and accreditation bodies

In addition to internal quality management of institutions/providers, external quality assurance and accreditation systems have been adopted in more than 60 countries. Quality assurance and accreditation bodies are responsible for assessing the quality of higher education provision. The existing systems of quality assurance and accreditation often vary from country to country and sometimes within the countries themselves. Some have governmental bodies for quality assurance and accreditation, and others have non-governmental bodies. Furthermore, some differences exist in the terminologies used, the definition of "quality", the purpose and function of the system including its link to the funding of students, institutions or programmes, the methodologies used in quality assurance and accreditation, the scope and function of the responsible body or unit, and the voluntary or compulsory nature of participation. While respecting this diversity, a co-ordinated effort among the bodies of both sending and receiving countries is needed at both the regional and global level, in order to tackle the challenges raised by the growth of cross-border provision of higher education, especially in its new forms.[11]

In this context, it is recommended that quality assurance and accreditation bodies:

- Ensure that their quality assurance and accreditation arrangements include cross-border education provision in its various modes. This can mean giving attention to assessment guidelines, ensuring that standards and processes are transparent, consistent and appropriate to take account of the shape and scope of the national higher education system, and adaptability to changes and developments in cross-border provision.

- Sustain and strengthen the existing regional and international networks or establish regional networks in regions that do not already have one. These networks can serve as platforms to exchange information and good practice, disseminate knowledge, increase the understanding of international developments and challenges as well as to improve the professional expertise of their staff and quality assessors. These networks could also be used to improve awareness of disreputable providers and dubious quality assurance and accreditation bodies, and

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[11] See footnote 2.

to develop monitoring and reporting systems that can lead to their identification.

- Establish links to strengthen the collaboration between the bodies of the sending country and the receiving country and enhance the mutual understanding of different systems of quality assurance and accreditation. This may facilitate the process of assuring the quality of programmes delivered across borders and institutions operating across borders while respecting the quality assurance and accreditation systems of the receiving countries.

- Provide accurate and easily accessible information on the assessment standards, procedures, and effects of the quality assurance mechanisms on the funding of students, institutions or programmes where applicable as well as the results of the assessment. Quality assurance and accreditation bodies should collaborate with other actors, especially higher education institutions/providers, academic staff, student bodies and academic recognition bodies to facilitate the dissemination of such information.

- Apply the principles reflected in current international documents on cross-border higher education such as the UNESCO/Council of Europe *Code of Good Practice in the Provision of Transnational Education*.[12]

- Reach mutual recognition agreements with other bodies on the basis of trust in and understanding of each other's professional practice, develop systems of internal quality assurance and regularly undergo external evaluations, making full use of the competencies of stakeholders. Where feasible, consider undertaking experiments in international evaluation or peer reviews.

- Consider adoption of procedures for the international composition of peer review panels, international benchmarking of standards, criteria and assessment procedures and undertake joint assessment projects to increase the comparability of evaluation activities of different quality assurance and accreditation bodies.

Guidelines for academic recognition bodies

The UNESCO regional conventions on the recognition of qualifications are important instruments facilitating the fair recognition of higher education qualifications, including the assessment of foreign qualifications

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[12] Available at: *http://www.coe.int/T/DG4/HigherEducation/Recognition/Code%20of% 20good%20practice_EN.asp#TopOfPage*

resulting from cross-border mobility of students, skilled professionals and cross-border provision of higher education.

There is a need to build on existing initiatives with additional international action to facilitate fair processes of recognition of academic qualifications by making systems more transparent and comparable.

In this context, it is recommended that academic recognition bodies:

- Establish and maintain regional and international networks that can serve as platforms to exchange information and good practice, disseminate knowledge, increase the understanding of international developments and challenges and improve the professional expertise of their staff.

- Strengthen their cooperation with quality assurance and accreditation bodies to facilitate the process of determining whether a qualification meets basic quality standards, as well as to engage in cross-border cooperation and networking with quality assurance and accreditation bodies. This cooperation should be pursued both at regional and cross-regional level.

- Establish and maintain contacts with all stakeholders to share the information and improve the links between academic and professional qualification assessment methodologies.

- Where appropriate, address the professional recognition of qualifications in the labour market and provide necessary information on professional recognition, both to those who have a foreign qualification and to employers. Given the increasing scope of the international labour markets and growing professional mobility, collaboration and co-ordination with professional associations are recommended for this purpose.

- Use codes of practice such as the Council of Europe/UNESCO *Recommendation on Criteria and Procedures for the Assessment of Foreign Qualifications*[13] and other relevant codes of practice to increase the public's confidence in their recognition procedures, and to reassure stakeholders that the processing of requests is conducted in a fair and consistent manner.

- Provide clear, accurate and accessible information on the criteria for the assessment of qualifications, including qualifications resulting from cross-border provision.

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[13] Available at: *http://www.coe.int/T/DG4/HigherEducation/Recognition/Criteria%20and %20procedures_EN.asp#TopOfPage*

Guidelines for professional bodies[14]

Systems of professional recognition differ from country to country and from profession to profession. For example, in some cases, a recognised academic qualification could be sufficient for entry into professional practice, whereas in other cases, additional requirements are imposed on holders of academic qualifications in order to enter the profession. Given the increasing scope of international labour markets and growing professional mobility, the holders of academic qualifications, as well as employers and professional associations are facing many challenges. Increasing transparency – *i.e.*, improving the availability and the quality of the information – is critical for fair recognition processes.

In this context, it is recommended that professional bodies responsible for professional recognition:

- Develop information channels that are accessible both to national and foreign holders of qualifications to assist them in gaining professional recognition of their qualifications, and to employers who need advice on the professional recognition of foreign qualifications. Information should also be easily accessible to current and potential students.

- Establish and maintain contacts between the professional bodies of both sending and receiving countries, higher education institutions/providers, quality assurance and accreditation bodies, as well as academic recognition bodies to improve qualification assessment methodologies.

- Establish, develop and implement assessment criteria and procedures for comparing programmes and qualifications to facilitate the recognition of qualifications and to accommodate learning outcomes and competencies that are culturally appropriate in addition to input and process requirements.

- Improve the accessibility at the international level of up-to-date, accurate and comprehensive information on mutual recognition agreements for the professions and encourage the development of new agreements.

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[14] This section refers to institutions with legal competence in the field of regulated professions and professional recognition. In some countries, these institutions are professional bodies; in other countries, this role is being performed by other competent authorities, such as governmental ministries.

List of Acronyms

AAU	Association of African Universities
ABET	American Board for Engineering Training
AIR	Association for Institutional Research
AMBA	International Association of MBAs
APQN	Asia Pacific Quality Network
CAMES	Conseil Africain et Malgache pour l'Enseignement Supérieur
CCA	Consejo Centroamericano de Acreditación
CSUCA	Consejo Superior Universitario Centroamericano
DAC	Development Aid Committee of the OECD
DGF	Development Grant Facility (World Bank)
EAIR	European Association for Institutional Research
EEA	European Economic Area
EFMD	European Foundation for Management Development
ENQA	European Association for Quality Assurance in Higher Education
EQUIS	European Quality Improvement System
FEANI	Fédération Européenne d'Associations Nationales d'Ingénieurs
FIMPES	Federación Mexicana de Instituciones Particulares de Educación Superior
GATS	General Agreements on Trade in Services
GIQAC	Global Initiative for Quality Assurance Capacity
GTZ	German Agency for Technical Cooperation
IAAB	International Accreditation Advisory Board

INQAAHE	International Network for Quality Assurance Agencies in Higher Education
IOM	International Organisation for Migrations
MFN	Most-favoured-nation
MoU	Memoranda of Understanding
MRA	Mutual Recognition Agreements
OBHE	Observatory on Borderless Higher Education
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PIFI	Institutional Enhancement Integral Programme
RIACES	Latin America Quality Network for Higher Education
SAAIR	Southeast Asian Association for Institutional Research
SAAIR	Southern African Association for Institutional Research
SADC	Southern African Development Community
SANSA	South African Network of Skills Abroad
TQM	Total Quality Management
TRIPS	Trade Related Aspects of Intellectual Property Rights
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organisation
WEI	World Education Indicators of the OECD/UNESCO
WTO	World Trade Organisation

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The purpose of this book is to cast light on these opportunities and challenges, especially for developing countries willing to leverage cross-border higher education as a tool for development. This book discusses the concept of capacity-building through cross-border education, emphasising the critical role of quality assurance and trade negotiations. This volume should be of particular interest to both education policy makers and the myriad stakeholders in higher education from developing countries.

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