New Trends in Higher Education

Cross-border higher education: regulation, quality assurance and impact

Chile, Oman, Philippines, South Africa

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The cross-border challenge of higher education: comparing experiences

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List of abbreviations

CHE	Council on Higher Education (South Africa)
CHED	Commission on Higher Education (Philippines)
GATS	General Agreement on Trade in Services
HRD	Human resources development
ICT	Information and communication technology
MBA	Master of Business Administration
NICT	New information and communication technology
OECD	Organisation for Economic Co-operation and Development
TNHE	Transnational higher education
WTO	World Trade Organization

List of tables

I.   The context for the study

1.   What factors have led to the development of transnational commercial provision of higher education in the countries?

Higher education systems worldwide, both in developed and in developing countries, are undergoing manifold types of changes that are often interrelated. Social demand for higher education remains very high, in particular in developing countries, and systems are thus expanding fast, while the financial and administrative capacity to respond to this growing demand for higher education is often inadequate.

Given this insufficient financial and administrative capacity to respond to social demand for higher education, many countries worldwide, formerly committed to exclusively public systems of education, have adopted legislation that allows for the development of a private higher education sector. This has led to tremendous growth in the private provision of higher education over the last decade, in particular within developing countries.

Changes in the perception of higher education, in many instances fostered by international organizations, have led to higher education being increasingly considered as a private good. Under this conception, higher education leads to greater benefits for the individual (individual rate of return) than for society as a whole (social rate of return).

In particular, higher education for working adults (lifelong learning) has moved up on the political agenda of national governments and is increasingly targeted by both public and private higher education institutions as both a national and international market. Consequently, specific segments of higher education (professional higher education for adults) are treated in many countries as a market good and certain governments actively encourage their public higher education institutions to become active players in this domain.

Higher education systems are also widely affected by regional integration and globalization processes. Growing potential for the international movement of goods, services, capital and persons – facilitated by recent advances in information and communication technology – has widely affected in many respects the structure, content and delivery systems of higher education worldwide. The globalization of some professions and an increased scope of professional mobility create stronger pressure on institutions to deliver qualifications that can be used in the context of an internationalized labour market. In addition, as part of the concern with national competitiveness of economies, governments are increasingly concerned with the comparability of their educational standards at all levels, particularly higher education.

2.   What is transnational commercial higher education?

One of the most visible phenomena within the context of globalization of higher education is the continuous growth of an alleged 'transnational education', which is defined in a joint UNESCO/Council of Europe *Code of practice in the provision of transnational education* as:

> All types of higher education study programmes, sets of study courses, or educational services (including those of distance education) in which the learners are located in a country different from the one where the awarding institution is based. Such programmes may belong to the educational system of a state, different from the state in which it operates, or may operate independently of any national system.

Higher education, traditionally, has been characterized by its international linkages. It is widely acknowledged that science and research are international and communities of scholars are naturally international. Increased student mobility is, however, a newer phenomenon. Most of these traditional international linkages used to be conducted with a foremost academic and cultural purpose. What has newly appeared is that much of the transnational education is conducted with a commercial aim and is referred to in the literature as "international trade in educational services" (OECD, 2004*a*).

It should be underlined that both transnational education and its commercial application are not entirely new phenomena, but that the speed of their evolution has recently increased and is expected to continue to do so. Indeed, the inclusion of 'educational services' in discussions within the General Agreement on Trade in Services (GATS) is underway in the World Trade Organization (WTO). GATS distinguishes four modes of international supply of educational services, which are useful for the sake of clarification of the specific object of analysis of the suggested study on transnational commercial education:

- Mode 1: Cross-border supply (distance education, virtual educational institutions, education software and corporate training through ICT delivery).
- Mode 2: Consumption abroad (students studying abroad).
- Mode 3: Commercial presence (i.e. local university or satellite campus, language training companies, private training companies).
- Mode 4: Presence of natural persons (professors, teachers, researchers working abroad).

Transnational commercial higher education, as it is defined for the sake of this study, is when the service crosses the border, and not the consumer of the service. Under Mode 1 (cross-border supply), the service crosses the border through distance or virtual education, whereas under Mode 3 (commercial presence), there is foreign investment that leads to the establishment of a branch/satellite campus, a foreign-owned corporate institution, or franchise programmes. At present, Mode 1 and even more so Mode 3 are posing the main challenges for regulation and quality assurance to developing countries. GATS negotiations have potentially also the strongest implications for Modes 1 and 3 of trade in higher education.

3.   Who are the providers of commercial transnational higher education?

Trade in educational services covers educational provision, as well as other related services such as testing services and multi-media education. It is offered by a group of sometimes old and often new providers of higher education, such as those from the commercial sector (Machado Dos Santos, 2002):

- corporate universities, whereby multinationals set up their own training arm or 'university' for their own employees or for others;
- private and for-profit providers operating at a transnational level;
- media and publishing businesses;
- educational services and brokers.

From both the publicly and privately funded sectors, the following providers can be distinguished:

- regional and international consortia;
- national virtual university initiatives;
- national regular universities.

4. What are the particular challenges arising from transnational commercial provision, in particular for developing countries?

The transnational commercial provision of higher education offers both opportunities and challenges for higher education systems, for their respective communities and for countries at large. Where the state cannot satisfy the social demand for education, as is the case in many developing countries, private provision may be opportune to offer improved access to higher education. In addition, foreign providers may bear with them innovative educational practices and opportunities to learn from each other, as well as a welcomed internationalization of curricula. They may bring new types of study programmes not yet available in the country, or complement the existing curriculum. Through the direct collaboration between two higher education institutions, the possibility for the transfer of knowledge and innovative practices may be particularly high.

There are also many fears relating to transnational higher education, which are loudly expressed by the national public providers of higher education. A particular concern with transnational commercial provision is that it challenges quality standards and consumer rights in countries where administrative capacity is often weak and where there are no functioning quality assurance systems in place. There may be problems associated in particular with non-recognized, unregulated higher education institutions that are not subject to a national quality

control system (from neither the sending nor the receiving country). Consumer protection also becomes an important national concern, often in relation to so-called 'diploma mills' that exploit the public. Another problem is that transnational commercial provision is unstable and its existence may be discontinued when they are no longer profitable, thus depriving students of the opportunity to obtain a qualification.

At present, the challenges are perceived to be particularly important in those developing countries where social demand for higher education is high and expected to increase in the years to come. Present higher education systems are often still fragile and suffer from a shortage of qualified academics, brain drain and inadequate funding. The capacity of public administrations for the steering and management of their systems of higher education is also commonly rather weak, and information systems are frequently underdeveloped both at the institutional and system levels.

In addition to the problem of controlling and assuring the quality of transnational commercial higher education, there are also possible negative effects on equity – tuition fees might be prohibitive, and access to transnational education limited to privileged social classes. Finally, the state might be tempted to further cut down on costs related to higher education, assuming that the market can bear a growing part of it.

What's more, in many developing countries populations are young and many more young people will request access in the years to come. In many developing countries, public institutions are also fee-paying. Western higher education institutions may be perceived as providing a comparative advantage for labour-market entry, both locally and internationally. At present, relatively low participation rates, the intention to link up with the global knowledge economy, and increasing social demand for higher education put pressure on national authorities to accept foreign providers. Branch campuses and franchised higher education especially are often positively perceived since they offer higher education within the country, and thus lower the potential for brain drain, which is particularly acute when students reside for long

periods in another country. All these reasons make developing countries particularly open to outside providers.

5. What basic approaches exist in the regulation of transnational commercial provision?

Most transnational commercial higher education can be found currently in countries with a considerable number of English-speaking students (since the majority of providers are from Australia, the United Kingdom and the United States), and the English-language medium is often perceived to offer a comparative advantage for the labour market. In Latin America, Spain is also becoming a provider and Spanish universities frequently offer franchise courses together with Latin American universities, sometimes suggesting access to the European Union. Also, most commercial transnational provision can be found in countries with a relatively large sector of private higher education and already high levels of tuition fees, so that the cost of commercial transnational higher education is often not much higher than the traditional provision. Finally, solvent demand found in medium-income countries can be expected to facilitate the establishment of transnational commercial higher education. East Asia and the Middle East are those regions where transnational commercial providers have been able to establish a considerable presence.

Countries worldwide are concerned with the challenges that arise from international trade in education. Many have put in place or are in the process of defining legislative or regulatory measures in relation to transnational commercial providers of higher education. There are different approaches to international trade in education. One extreme approach can be characterized as the 'laissez-faire' approach, where countries simply ignore the existence of international private providers and do not recognize their qualifications in the area of public employment. Another extreme approach is simply to prohibit all kinds of private education, including transnational higher education. This option can be effectively applied to the establishment of foreign branch campuses or to the franchising of educational delivery, but it is difficult to prohibit educational services offered through e-learning where the

learner can simply plug into the Internet. A third type of option could be called the interventionist approach, whereby countries accept the operation of international providers in the country, all while trying to control it, in order to ascertain a minimum level of quality both in the interest of the consumers and other national interests.

It should be noted, however, that developing countries are not exclusively receivers of transnational higher education; they themselves are also increasingly, or intend to become, providers. In consequence, the topic should not be understood as a flow of provision from Northern to Southern countries, but as a multi-directional movement.

II.   The objectives and methodology of this research

The main objective of this research is to analyze the current status, the existing mechanisms for the regulation and quality assurance, and the impact of transnational commercial provision on the higher education system in six developing countries and a country in transition.

1.   Scope of this study

Transnational commercial higher education relates in particular to the above-mentioned Mode 3: commercial presence (i.e. local university or satellite campuses, language training companies, private training companies) of the GATS classification, whereby the service provider either establishes its own facilities or uses those situated in another country. Despite the fact that this mode of supply is not at present the most important segment of international trade in education, there is evidence of increasing interest in it and potential for growth (OECD, 2004*a*). In addition, it offers the most interesting opportunities for regulatory frameworks of quality assurance because the commercial presence of transnational higher education (TNHE) providers is physical and can thus be assessed more easily than trans-border provision of e-learning.

The study will also encompass Mode 1: cross-border supply (i.e. distance education, virtual education institutions, education software and corporate training through ICT delivery), which is a provision of service that crosses borders, most commonly with the help of new information and communication technology (NICT). Cross-border supply is currently a relatively small but rapidly growing market and has an equally high possibility to develop (OECD, 2004*a*). It is, however, much more difficult to control it given the fact that it is not commonly physically present in the country. In this case, countries may make restrictions on the Internet supply, or issue regulations as to the recognition of qualifications obtained in this way.

It was initially intended that the study concentrate on transnational education that is supplied with an exclusively commercial objective,

either through individual public or private providers or through networks. It was thus proposed to exclude transnational education that is offered with a cultural perspective, i.e. joint study programmes organized through twinning arrangements. This choice was based on the underlying assumption that commercially organized educational services should be more highly regulated by the state, given its particular responsibility to protect consumer interests and make it compatible with the objectives for national development. In the course of defining the study, it proved difficult, however, to distinguish precisely between totally commercial and non-commercial transnational higher education. In many instances, there are intertwined cultural, political and commercial interests that make it difficult to differentiate clearly the commercial from the non-commercial. In the case of Argentina and Chile for instance, the national law prohibits 'for-profit higher education institutions', and universities must be established as non-profit organizations. However, even public higher education institutions offer certain programmes that are profit-making, and which thus cross-subsidize other provisions. In this case, it is easy to increase salaries, pay bonuses or provide other benefits to selected stakeholders within an institution. Even keeping within the law, many institutions in these countries charge high fees for their services, and operate under a market rationale.

2. Objectives

The case-study research adopted the following three major objectives:

- To analyze the principal forms and distinctive features of transnational commercial higher education in seven countries (with special reference to the context of the higher education system and higher education policy).
- To identify current approaches and good practices in regulation and quality assurance (i.e. regulations for opening and functioning as well as ongoing accreditation mechanisms) of transnational commercial provision by receiver countries.

- To identify the impact of these new provisions on the entire higher education system in terms of quality, access, equity and funding.

The main methodology suggested for conducting the research was through a limited number of in-depth country monographs where the current phenomenon of commercial transnational provision of Mode 1 and 3 types was already prevalent, and where public authorities had defined some type of framework of regulation and quality assurance for such provision. Not surprisingly, the case-study research brought to light that the tighter the regulatory framework, the fewer the transnational providers in the official system. When a regulatory framework is constraining, transnational providers shift to those types of provisions (non-university sector or non-certifying) where market access is easier and thus becomes more difficult to trace.

The country monographs were designed to include a more detailed analysis of the operation of one or two transnational provisions (institutions/programmes) to obtain a better understanding of their functioning in terms of management (including internal quality assurance mechanisms), programmes and students. These transnational provisions were chosen in such as fashion that they would illustrate the functioning of other transnational provisions operating in the country.

3. Selection of country case studies

The study has selected seven country cases from Africa, Asia and Latin America, and a country in transition – Russia – to obtain a wide spread of experiences and to understand better the regional realities in the transnational provision of higher education. The countries chosen were South Africa and Kenya in Africa, the Philippines in Asia, Argentina and Chile in Latin America, Oman in the Middle East, and Russia as a country in transition. These countries were selected also with the aim to demonstrate a variety of policy objectives pursued with transnational higher education, which was expected to lead to diverse regulatory frameworks and quality assurance regimes. These varying policy objectives have much to do with the developmental stage of the higher education system in terms of size and diversification. The best market opportunities are available when the national higher education

system is itself insufficient from a quantitative and qualitative point of view, and where there is a high privatization of the already existing provision.

4. Limitations

Country monographs were prepared based on a common research framework prepared by the IIEP and handed over to the case-study authors. Six of the case-study authors are high-level officials from local quality assurance/accreditation agencies or higher education buffers, while one other author, in fact a team of co-authors, is a group of researchers on higher education. The authors were selected on the basis of their profile as it was expected that those in regulatory functions or in quality assurance would both have best access to data on transnational providers, and be able to assess the effectiveness of the regulatory and quality assurance framework. They have given informed opinions; however, they naturally have their limitations in terms of access to data and knowledge. Indeed, the phenomenon of trans-border higher education is quickly evolving and has many facets. It is also a sensitive area because it sometimes casts doubt on the effectiveness of governmental action, as well as particular interests. Also, in many countries, data on transnational provision was not readily available and needed to be collected from advertisements and the Internet. The authors mention that the information presented is not necessarily exhaustive and complete.

III.   The main findings from this research

1.   In what context did TNHE emerge?

Country context

The case studies represent a diverse set of country characteristics in terms of population size, population percentages according to age groups, economic development, educational development in terms of adult literacy, net enrolment rate in secondary education and gross enrolment rate in tertiary education (*Table 3.1*). All of these factors indirectly affect a country's openness to the development of cross-border higher education and are thus relevant as background conditions for this study.

Table 3.1   Selected data on population, economic and educational development of the countries studied (2002)

Country/ indicator	Population in million	Population under 15 (%)	GDP capita PPP	Adult literacy rate (%)	Net enrolment in secondary education	Gross enrolment in tertiary education*	Tertiary in S&T** (%)
Argentina	38	24.4	10,888	97	81	48	30
Chile	15.6	27.8	9,820	95.5	75	37.5	43
Kenya	31.5	42.1	1,020	84	24	3	–
Oman	2.8	37.2	13,340	74.4	68	8.5	31
Philippines	78.6	36.6	4,170	92.6	56	31.2	–
Russia	144.1	16.5	8,230	99.6	-	64	49
South Africa	44.8	33.2	10,070	86	62	15	18

Source: UNDP, 2004.
* UNESCO, 2003-2004.
** S&T: Science and technology.

Table 3.1 shows that six out of the seven countries belong to the middle-income category. None of the countries are among the least developed, and only Kenya is a low-income country, combining a

relatively young population, low per capita income, and a relatively low advancement of its education system in terms of secondary and tertiary. Russia, a country in transition, is also a specific case in the group of countries because, due to its particular history, it is very much advanced in terms of educational development, but shows a relatively low per capita income. Oman is the contrary: This country still shows shortcomings in educational coverage, yet is one of the richest countries of the group due to its petroleum resources.

Trends in higher education

Overall system expansion in terms of student numbers is one of the most important trends in the development of all seven case studies. They have expanded and are still rapidly expanding their provision of higher education in terms of institutions and student numbers. This has taken place, however, from relatively different starting points. While the major expansion movements of the higher education systems of Argentina, Chile, the Philippines, Russia and South Africa had started already some two to three decades ago, the expansion of higher education in Kenya and Oman is somewhat more recent. The formal education system in Oman started to develop only in the 1970s, and the first Omani higher education institution (a teachers' training college) was opened in 1976 with the National University following suit in 1985.

Another common element of development relates to horizontal diversification through the evolution of the private sector of higher education. All countries studied have by now a private higher education sector. Again, in some countries, such as the Philippines and Chile, the private sector has a long-standing tradition and may even be the predominant part of the higher education system, such as in the Philippines, where close to 66 per cent of students study in the private sector. In Chile, this share is 53.3 per cent. In Oman, private higher education dates back to the past 10 years only, but it represent already 34.5 per cent of all enrolments in 2002. In South Africa, several policy documents mention the development of private higher education as a means to widen access and to reach higher levels of participation, but policy documents insist on the need for regulation to safeguard quality

(Department of Education, 1997). However, private provision has been regulated. In most case studies, the private sector constitutes the most dynamic part of the higher education system with high growth rates. The Oman case study shows that the number of students studying in private institutions, which are by law affiliated with foreign providers, increased by 37 per cent from 2001 to 2002.

Table 3.2   Student numbers in the public and private sectors of higher education

Country/indicator	Enrolments in public sector	Enrolments in private sector	Percentage in private sector
Argentina 2000	1,381,043	333,684	19.5
Chile 2002	243,593*	278,016	53.3
Kenya 2002/2003	62,875	8,750	12.2
Oman 2002	15,174	8,000	34.5
Philippines 2002/2003	870,523	1,671,395	65.8
Russia 2000	4,741,400	470,600	9
South Africa	700,000	30,000	40

Source: Case-study data.

* Enrolments in universities with public funding belonging to the Consejo de Rectores.

In addition to such horizontal diversification, all seven higher education systems are also undergoing a trend of vertical diversification, meaning that in addition to the university sector, they are developing their non-university sector. This non-university sector is largely of a private nature, in particular when it relates to the tertiary service sector. This has led in all case-study countries to a growing share of courses that are below the degree level.

Another trend in the vertical diversification is the quick development of the postgraduate provision of courses. Chile, Argentina, the Philippines, and South Africa mention also that the postgraduate provision of higher education has grown very fast due to the general trend that students tend to increase their study duration, which is itself due to a growing demand for professionalized courses such as professional Master's programmes. In Argentina, higher education

institutions have been allowed to charge fees for the postgraduate provision (while all other higher education is free by law), and for this reason, the postgraduate courses have become very popular and have grown very rapidly.

Contrary to our initial expectation, several of the case-study authors said that the social demand for higher education was at present widely met. These are naturally the countries with relatively high gross tertiary enrolment rates. South Africa even reported an excess of capacity with many places remaining unfilled in public universities, and Argentina, Chile and the Philippines also mentioned that their quantitative demand for higher education was at large satisfied. However, Kenya, Oman and Russia refer to a considerable unmet social demand. In Russia, the gross enrolment rate in tertiary education is relatively high (64 per cent), but this is due to the so-called recent 'educational boom', during which the social demand for higher education has increased considerably, and to a significant number of adult learners returning to higher education institutions. Part of this demand is thus from non-traditional students for non-traditional higher education. In Kenya, it was said that only 30 per cent of the applicants to higher education find places and that there are few alternatives in terms of professional training opportunities. Oman also mentions that a sharp increase has taken place in the number of general secondary school graduates – from 5,311 in 1995 to 41,573 in 2003 – and the fact that only some 27 per cent of qualified secondary school leavers got access to public higher education in 2003. The Russian case study mentions that competition at the entrance examination has been growing over the years, partially due to the introduction of the system of unified state examinations at Russian universities, which aimed at increasing accessibility of higher education for talented young people, especially those from underprivileged families. In 2000, the average ratio of applicants to admitted students to universities amounted to 3:1 (1999, 2.68; and 1997, 2.28). This again means that only one third of the social demand for access to the higher education sector could be satisfied.

All systems reported existing mismatches between student demand and programmes offered from a qualitative perspective. The need for new types of programmes was particularly strongly felt in the Philippines where a developing modern tertiary service sector calls for skill development in the ICT domain. In Russia, the rapidly transforming economic environment requests new skills, in particular in the social sciences area, such as business administration, which are not part of the traditional offer of higher education institutions. In South Africa, there is a particular need to develop higher education programmes at the diploma and certificate level to develop a middle-level work force in professional areas.

In terms of recent reforms, all case studies have reported major reform initiatives that naturally refer to the particular situation of each country. South Africa is very much concerned with the integration and rationalization of its higher education system while trying to redress historical inequities. Two decades ago, Chile adopted an important number of reforms that have strengthened the private sector, and which have introduced stronger elements of marketization, among others, through a competitive funding mechanism. Both Kenya and Oman are very much concerned with widening access to their higher education sector to respond to the social demand. In Russia, policy imperatives have recently been changing from system transformation and rationalization to equity concerns, both in terms of growing regional and social disparities.

All seven higher education systems are concerned with the quality of their systems, and have launched initiatives related to quality assurance in higher education. In fact, all countries have created quality assurance or accreditation agencies, which have diverse tasks depending on what area of higher education was identified as being in need of particular support. Quality assurance agencies in the countries studied have taken an increasingly standard-based approach and are contributing to the regulation of academic quality and standards within their respective countries.

Simultaneously, several statements of higher education policy include explicit references to desired internationalization. Internationalization of both scientific research through participation in international networks of researchers and increased mobility of students and scholars are perceived as a means to link up to state-of-the-art science and the preparation of students for an increasingly international labour market. Some countries such as Chile, the Philippines and Russia explicitly mention that they welcome the foreign provision of higher education, but that they also want to be exporters of higher education, and are therefore already engaged to different extents in the exportation of their higher education provision. Russia concentrates heavily on some of the former Soviet Union countries with Russian-speaking minorities (such as the Baltic States or Central Asian countries) or other countries with a Russian diaspora such as Germany, Israel, and the United States (and offers higher education in the Russian language). However, Russia also concentrates on offering bilingual programmes with leading Western countries – in the sphere of franchising, validation, accreditation, joint programmes, leadership networks and strategic alliances.

2. How can one characterize the TNHE provision in the countries studied?

One of the objectives of the case-study research was to identify types and modes of transnational commercial presence in the countries studied, with a view to obtaining a detailed picture of the nature of the provision and to identify mechanisms through which transnational providers operate. In nearly all cases (with the exception of Oman and South Africa), case-study authors needed to collect the data on transnational providers from manifold sources (such as diverse ministries: education and commerce, quality assurance agencies, agencies for international academic relations), including the printed press and the Internet. Only in the case of Oman and South Africa was there a centralized information system that provided a unified source access to information. The case studies brought to light that the

provision, as experienced by the case countries, can be classified into new institutions and new or diversified study programmes.

New institutions

In terms of institutions, the following types were found:

- Representatives or branch campuses in Argentina (2/5), Chile (3), Kenya (2), the Philippines (3), Russia (3), and South Africa (4) which offer either whole or 'ladderized' programmes (i.e. programmes where students fulfil only a part of their studies in the branch campus that leads to a degree with a study period).
- Corporate universities: subsidiaries of an international private service provider, such as a representative of an international learning company (in Chile where Sylvan Learning Systems – now called Laureate Education Inc. – has developed four subsidiaries).

New study programmes

While branch campuses and corporate institutions are the most visible item of transnational higher education, the quantitatively more predominant forms of TNHE are at the study programme level. Programmes of the transnational commercial provision can be classified into:

- Franchise programmes, where the foreign university either sells a part or an entire curriculum, the associated training materials or an instructional design and/or is in charge of one or several elements of the process of delivery, assessment or certification of either the entire programme or only part of it (in the case of a ladderized study programme).
- Joint study programmes or twinning arrangements, where either the programme delivery (credit transfer), assessment and certification are shared between the home and the foreign university, but where students obtain a qualification from both higher education institutions.
- Validation arrangements, where institutions in a foreign provider country establish a course offered in a local higher education

institution as equivalent to their own and thus allow it to award their qualification (this latter modality was found only in Russia).

Twinning and joint study programmes cover very different realities in the case countries; only those countries such as Oman, which directly encourage their provision, have detailed information on such programmes. Most countries have only scattered knowledge on such provision. Chile mentions that many twinning programmes are organized under an 'academic umbrella' of a licensed local university, but they are often not equivalent to those offered in the home country, and are also frequently not recognized by the foreign country. In some cases, students are required to travel to the provider institution for a specific period of time. In Chile, most twinning programmes (32 out of 45) were of the Master's level, only seven were located at the diploma level, and the other ones were at the PhD level. Joint degree programmes, where two higher education institutions commit themselves to grant a double degree, were perceived by case-study authors as more reliable arrangements from a qualitative point of view.

Virtual programme offer

Transnational virtual higher education (e-learning) is accessible and offered in all the countries studied, simply because access to Internet providers is increasing in all of them. However, the knowledge of the offer and its use is very scattered because the students can enrol into courses offered abroad without informing or obtaining consent from their national authorities. National authorities tend to have a more detailed picture of students studying with local universities offering programmes at a distance. National authorities receive information on trans-border virtual providers when students seek recognition or equivalence of qualifications obtained virtually. In this context, the case studies mentioned different mechanisms: decisions related to recognition are the responsibility either of the ministry of education, a national agency for quality assurance, or less frequently of a national university, such as in Chile. This is due to a tradition of strong academic autonomy where the national authorities have no say in the definition of academic programmes.

Table 3.3   Number of branch campuses in the case studies

Country	Number of branch campuses
Argentina	University of Bologna (Italy)
	University of Salamanca (Spain)
	University of Pennsylvania (United States)*
	University of Chicago (United States)*
	University of Pepperdine (United States)*
Chile	Universidad Europea de Negocios (Spain)
	Universidad Internacional SEK (Spain)
	Heidelberg Centre for Latin America (Germany)
Kenya	Australian Study Institute (Australia)
	Aga Khan University (Pakistan)
	United States International University (United States)
Oman	None
Philippines	Southville Foreign Colleges**
	Thames International Business School Philippines
	University of Western Australia
Russia	Stockholm School of Economics in Russia (Sweden)
	Moscow University Touro (United States)
	TU Delft University Campus in Siberia (Netherlands)***
South Africa	De Montfort University (United Kingdom), Business School of Netherlands (Netherlands), Bond University (Australia), Monash University (Australia)

*   For the three branch campuses of United States universities, they offer opportunities for their own students to study in Argentina in a programme jointly organized with an Argentinian university.

**   Southville Foreign Colleges is a local representative offering courses of the London City College, IHMES International Hotel School and Insearch Institute of Commerce.

***   In the absence of official data, expert opinion was used to identify foreign branch campuses in Russia

The account of existing branch campuses exposed in *Table 3.3* shows that the TNHE provision, in terms of new institutions, is at this point in time of the study relatively marginal to the higher education system. In particular, there were only a small number of branch campuses or subsidiaries because such new organizations generally need to comply

with heavy and time-consuming national regulations pertaining to the licensing of new private institutions. In addition, the creation of a subsidiary is a costly enterprise because it requires major foreign investment and thus risk-taking on the part of the foreign provider. For this reason, therefore, there are many more franchise programmes or joint study programmes – the majority of which are concentrated either at the diploma/certificate level or at the postgraduate professionalized level.

Nature of the programme provision

Programmes delivered are to be found predominantly in areas of professional specialization for the tertiary service sector such as: computer science, information technology, business administration studies, and law and accounting. Much of the TNHE provision concentrates on programmes in the non-university sector, thus offering professional higher education for middle-level managers at the diploma or certificate level. Another pole of concentration are MBAs or other professional graduate specialized courses.

Since TNHE programmes are fee-paying, they are market-driven and prepare in general for private-sector employment. Several authors emphasized that the transnational programme offer is not necessarily related to national work force needs, as perceived by the public authorities. In Russia, for instance, it was underlined that there has been an overproduction of MBAs in relation to the real employment capacity of the emerging private sector. The problem lies in an excessive offer of MBA programmes, most of which are of low quality. In South Africa, private providers were said to offer more of those programmes basically in low-cost areas, which are already delivered by public institutions, and thus they do not offer anything complementary to the public system. In Oman, in 2003, only 19 per cent of enrolments in the transnational sector were in medicine, engineering and sciences, and the remainder in human and social sciences (with 21 per cent in computer sciences).

TNHE programmes are frequently offered as ladderized programmes, and they thus offer opportunities to pursue and obtain degrees in an

institution abroad. Where local labour markets are constrained, there are more lucrative employment opportunities in the country of the foreign provider. Such programmes are very much in demand since they offer easier access to foreign labour markets. In South Africa, opportunities arising from the portability of degrees obtained from the branch campuses were said to be of particular importance for white South African students who may be particularly interested in emigrating to Australia, the Netherlands or the United Kingdom.

Study programmes only exceptionally relate to research activities carried out in the institution, simply because there is little or no research taking place in branch campuses, or because franchise programmes are a copied version from a foreign institution. In South Africa, all four branch campuses were mentioned as having poor research profiles since they do not offer postgraduate studies. Some exceptions to this rule came to light, however, in the Argentine and Russian institutional case studies. In Argentina, a branch of the University of Bologna, which is particularly geared to the development of postgraduate programmes that address local problems, comprises a definite research orientation. The Russian joint MBA programme comprises projects that guide the MBA students in the analysis of a local business-related problem. The programme presented in the Russian case study thus represents an illustration of a programme that tries to integrate local reality and associate study activities. Finally, both branch campuses and franchise education tend not to offer community engagement projects, which are more a feature of public higher education institutions.

Case studies only occasionally mentioned the financial agreements that rule the operation of franchise programmes. It is interesting to note that the example described under the Russian case study of an MBA programme jointly run by the Moscow-based Academy of National Economics and Kingston University foresees that 40 per cent of the income generated is reverted back to Kingston University Business School. In Oman, in one programme offered in affiliation with a British university by the College of Banking and Financial Studies, the British university perceives 70 per cent of the tuition fees and the local institution perceives 30 per cent. These few figures show that

there are considerable financial interests for foreign higher education institutions.

Modes of operation of commercial transnational providers

The case-study research also explored the ways through which transnational providers operate depending on their own status, i.e. both public and private higher education institutions or private firms (with or without an educational focus). Four modes of operation could be identified:

- University to university collaboration: This is the most frequent mode of operation whereby either a foreign private or public higher education institution opens a branch campus or offers a franchise programme in a local public or more frequently private higher education institution.
- Local representatives or agents (including a specifically created umbrella) with foreign (both public and private) higher education institutions: Under this arrangement, one or a consortium of foreign higher education institutions establishes a local representative, sometimes under a national umbrella firm, to offer its training provision.
- Local public or private higher education institutions collaborate with industrial multinational players in the training business.
- Educational service providers act as a broker to local public or private and foreign higher education institutions.

This account of linkages shows that strategic alliances are formed across the public/private divide of higher education institutions, but also between private firms and public/private higher education institutions. Frequently, a transnational firm or a private/public university operates with the local private providers since they are the most easily accessible segment in national higher education systems.

In terms of provider countries, they vary with respect to the geographical location of the receiving country. In Russia, Western European providers and the United States are predominant. Australia,

Singapore (for the Philippines only), the United Kingdom and the United States, are the major provider countries in Kenya, the Philippines and South Africa. For Argentina and Chile, Spain and the United States play a major part due to the language advantage. In Oman, a multitude of provider countries such as Australia, the United Kingdom, and also Austria, Canada, India and Jordan could be identified.

3.   What regulatory regimes are in place for TNHE providers?

The case-study research was particularly concerned with identifying approaches and instruments for the regulation and quality assurance of transnational commercial providers of higher education. Regulation and quality assurance are the most important instruments in the hand of governments to make sure that the TNHE provision corresponds to national policy objectives in general, and that it is in line with the national minimum quality standards.

Despite a growing provision of TNHE, the case studies brought to light that in three countries (Argentina, Chile, Russia), there was no particular regulatory regime for international providers as such, but that TNHE providers had to follow the regulatory regime of private higher education in the country. In Argentina, the law on higher education made special mention of TNHE providers, but simply stipulated that TNHE needed to follow the rules for the opening of local private providers. In one country (Kenya), the regulatory regime for TNHE providers was in the making, meaning that a legal text was in the process of being prepared by the Ministry of Education. In three other countries (Oman, the Philippines and South Africa), a specific legal base existed for TNHE providers, both for institutions and programmes.

Regulatory regimes for branch campuses

Regulatory regimes are best developed for branch campuses, which are most frequently treated as local private providers and have to undergo the usual registration and/or licensing procedure applicable for private providers. In Kenya, private providers can either register with the Chamber of Commerce or obtain a Letter of Interim

Authorization (LIA) from the Ministry of Education. In South Africa, foreign providers must first establish themselves as a trading company under the Companies Act before they can be licensed by the Ministry of Education. In the Philippines, a foreign provider has to apply with the Security and Exchange Commission, which has to make sure that no more than 40 per cent of equity is owned by a foreign entity or person.

All higher education institutions have to undergo some type of licensing procedure during which an assessment is made to establish whether a provider has the academic, managerial and financial capacity to implement an institutional project. Differences exist among the case studies of whether the licensing procedure is final or not. In Kenya, Oman and Russia, licensing is permanent and institutions are no longer supervised. In Kenya, applicants need to pay a fee before they can obtain their Letter of Interim Authorization.

In two other countries (Argentina, Chile), the licensing procedure is conducted in two stages. In both of these Latin American countries, institutions having undertaken the initial stage of the licensing procedure must wait five to six years until they undergo a second stage when they can finally be granted an autonomous status. The idea is that the capacity of a higher education institution to implement its institutional project is not judged merely on the basis of initial conditions, but that its work is also judged on the basis of results obtained. During the period of supervision, institutions in Chile have to present yearly reports with academic information on students and staff. At least three external review visits are made and students in the different programmes are examined. It was reported from Argentina that institutions in the process of requesting final licensing frequently present a modest initial institutional project that outlines the objectives according to which they will be assessed later on. Once final authorization has been granted, the institutions may rapidly create new programmes for which there is not necessarily a supplementary authorization.

South Africa has created a specific requirement for its registration procedure of TNHE providers, which has established an ongoing annual monitoring process for TNHE providers. Indeed, TNHE providers have to collect and submit annual data on staff/student numbers, qualifications, programmes offered, and student attainment to the Department of National Education, which allows the department to closely monitor the evolution and performance of the TNHE provider.

- Several countries have created special regulations to protect the use of the term 'university'. In Kenya, both public and private universities have to be established under the University Act and comply with specific requirements. In Argentina, it is compulsory that a university has more than one faculty. In the Philippines, a university has to offer four-year study programmes, graduate level courses, some programmes having obtained Level III accreditation.
- In South Africa, the Department of Education regulated in 1999 the naming of private institutions. No private institution was allowed to take on the muche coveted title of university or technikon. Increasingly, private higher education institutions were seeking to offer undergraduate degree programmes, as well as postgraduate programmes up to the level of a doctoral degree. The Council for Higher Education was called upon in 2002 to make recommendations as to the nomenclature of higher education institutions; these were to be pronounced in 2005.
- Argentina and Chile have a specific regulation that stipulates that degree-granting universities cannot be established as profit-making institutions. This does not prevent a university from generating surpluses from some of its activities, but these benefits have to be reinvested for developmental purposes within the university. Consequently, no TNHE provider with an explicit profit-making objective (such as a corporate university) will be granted permission to open. In Chile, according to the law, a profit-making corporation may legitimately be a partner in a non-profit organization (as Sylvan Laureate).
- Both Oman and the Philippines stipulate that educational institutions located in the country cannot be majority-owned by foreign equity. It

is specified in the Philippines that an equity ceiling of 40 per cent of foreign capital is not to be exceeded. In Oman a foreign equity ceiling existed before the country joined the Word Trade Organization, but it has been recently abolished.

Within the context of its history and current higher education policies geared at the redress of inequities, in South Africa it is requested that both private and transnational providers sign a declaration of non-discrimination in relation to students and staff. Moreover, they have to show an intention to advance the agenda of redress and equity.

None of the countries studied make any stipulation regarding the language of instruction, which is either the local language or frequently English.

The above account of regulatory instruments shows that the procedures to obtain authorization to function as a new institution are relatively cumbersome and can be quite time-consuming. This is why many TNHE providers register simply as companies and offer educational programmes without granting a qualification at the diploma or certificate level. This then prevents them from issuing qualifications from their home institutions. But since they mainly prepare students for work in the private sector, official recognition of qualifications is less important, in particular in the non-university sector.

 When TNHE providers wish to operate without having to undergo the procedures leading to official recognition, they may also register with national agencies where this is not a requirement. This is the case in the Philippines, where TNHE providers register with the agency in charge of technical and vocational higher education while offering the first stages of university-level courses. In such a way, they may choose the route for registration that is less constraining to them.

Equity ceilings were also said to be easily circumvented in the Philippines through the creation of some umbrella firms whose capital is, in the majority, local. Another strategy, which was identified in Chile, is to purchase a majority equity stake from an existing licensed private institution, and then to transform the programme offer as suits best. This

was the case with Sylvan Learning Systems in Chile, which purchased existing private universities, and thus did not need to undergo the existing procedure for licensing.

Franchised courses and twinning/joint study arrangements

Franchised courses and joint study are, in all systems, the most common forms of commercial transnational provision. Here, regulatory frameworks relate to the general regimes for the opening of new study programmes and to specific regulations relating to twinning and franchising arrangements.

General requirements linked to the opening of new study programmes

With regard to the existing general regulatory framework concerning the opening of new study programmes, countries have quite different rules and regulations. In many countries, chartered universities do not need approval from the ministry for newly created study programmes. However, increasingly, an official body (ministry of buffer organization) requests certain types of programmes to undergo an authorization process. In Kenya, charted universities can open new study programmes without any additional governmental authorization, but governmental approval is needed for new programmes that are offered in the non-university sector. In Chile, only professional programmes offered by private institutions that were created after 1991 and are still undergoing their licensing process have to be authorized by the national buffer, Consejo Superior de Educación (Higher Education Council). In Argentina, new programmes simply have to comply with a minimum annual workload stipulated by the Ministry of Education, and state-regulated programmes have to comply with minimum content requirements, the same as postgraduate programmes, which have to undergo compulsory accreditation. In Russia, new programmes have to be registered and certified by the Ministry of Education to become part of the national standard system. In South Africa, all new programmes that meet the minimum quality requirements of the Council on Higher Education (CHE) are to be approved by the Ministry of Education

and have to be part of the National Qualifications Framework. The most cumbersome procedure exists in the Philippines where private providers have to undergo a so-called 'permit phase' of some three to four years' duration, and a 'recognition phase' for new programmes, which verify that minimum requirements are met. The Commission on Higher Education (CHED) has indeed set up a series of policies, standards and guidelines for all study programmes with which private providers have to comply, unless they have already several accredited programmes of Levels III and IV.

Policy approaches linked to franchised education

In addition to these general requirements, the seven countries studied have developed quite different approaches, which directly relate to wider objectives of higher education policy.

Oman pursues an approach that directly encourages franchised higher education in the private sector of higher education. Indeed, licensing requirements include (as a condition for the establishment and provision of private higher education) that these local universities and colleges have an 'academic affiliation agreement' with 'recognized and accredited higher education institutions' abroad. Indeed, Oman is looking for well-established overseas institutions to build alliances with local private higher education institutions, and thus to extend quickly the local provision of 'quality' higher education. The Ministry of Higher Education of Oman has designed a standard academic affiliation agreement through which services and modes of co-operation between the local and foreign higher education institution are specified. It is interesting to see that Oman makes it an explicit requirement that foreign institutions that enter into a franchise agreement with the local institutions accept students from either branch campuses or franchise education into their institutions.

In contrast to Oman, both Kenya and Russia use a kind of laissez-faire approach in the franchise domain. In Kenya, public and private universities can freely link up with TNHE providers of university level, and it is the local institutions that are in charge of quality assurance. In

the case of public non-university institutions, approval has to be sought by the relevant ministry, whereas private non-university institutions face no limitations. In Russia, there is no regulation of franchise education, as it is not officially recognized by the Russian system of standards. Such ventures are simply understood as commercial operations, and institutions are quite constrained by taxation and fiscal issues.

Finally, the Philippines and South Africa take an interventionist approach to franchise education. In South Africa, franchised education has simply been prohibited, since 2002, if a foreign provider is not locally represented by a branch campus. Indeed, it appeared that too many franchise programmes of low quality had been set up and that it was very difficult to make sure that consumers were rightly informed about the quality and status of accreditation of such programmes. Evidence has been provided recently in South Africa of MBA programmes that had been quality assured in their home countries, but which could not receive accreditation in South Africa. The reason was that programmes had been assessed on paper only in the provider country without a site visit being undertaken to check on the actual conditions of implementing such a programme. In the Philippines, a very specific framework of quality requirements for both partnering institutions is requested for both twinning and franchise programmes. CHED, the Philippines' buffer organization for the regulation of higher education, makes it a requirement that only a CHED-recognized higher education institution (with recognized and authorized programmes) twin with a recognized and accredited foreign higher education institution. In addition, a foreign provider may offer extension classes only if the programme has been accredited in the home country or through a local HEI partner if it has received Level II accreditation from the local private accreditors. In addition, institutions have to set up a memorandum of understanding in a format prepared by the CHED.

Tax regimes and foreign exchange regulations

In addition to licensing and accreditation requirements, two countries reported specific regulatory regimes in the area of tax and exchange regulations: the Philippines and Russia. In the Philippines,

transnational providers have to register with the Security and Exchange Commission to ascertain that their equity level does not exceed the 40 per cent ceiling. The Philippines has put into place a rather favourable tax regime for educational providers, including transnational operators. All income from non-profit educational institutions is exempt from income and property tax, as well as from customs duties. For-profit institutions may also be exempt from taxes and duties subject to certain limitations, but profits are subject to tax. In Russia, a co-operation agreement between local and foreign higher education institutions meets with problems related to currency legislation, taxation law and foreign trade law. Direct payments from a Russian partner for the services of a foreign university (teaching services, the right to use a teaching content or method) with outflow of capital requires special permission from the Russian Central Bank – a long and complex process. Also, proof has to be provided that the service (including the granting of intellectual property) for which there is outflow of capital has been properly taxed for VAT. Also, co-operation agreements between Russian and foreign universities need to be confirmed by attendant banks. When a bank transfer exceeds the sum of US$10,000, special permission needs to be obtained from the Russian Ministry of Finance.

Franchise and twinning arrangements do operate, in the majority of the case studies, in a loose regulatory framework, which in addition offers manifold opportunities for circumvention. Whenever there exists a regulatory framework, it hardly ever applies to all parts of the higher education system (both university and non-university sectors). Frequently, TNHE providers can twin with those local higher education institutions that do not need authorization to set up new programmes (such as the non-university sector in Kenya).

In addition, TNHE providers may avoid programmes such as 'state-regulated' programmes, postgraduate programmes, or programmes of the university sector where public authorization procedures are needed. When a large part of the higher education system is regulated, they then may sell training programmes under the non-degree-granting offer. In

this case, there will be no national recognition of the qualification since the provider is simply registered as a commercial enterprise. Frequently however, an international credential is considered as an asset in the local labour market.

4. What quality assurance regimes are in place for TNHE?

The case-study research explored also whether there were particular mechanisms for the local quality assurance/accreditation of transnational higher education in addition to the regulations concerning the opening of institutions and new programmes, as well as twinning and franchise education. The overall response is that all countries have in place by now a functioning quality assurance/accreditation agency (only in Oman has the existing agency just started its accreditation work), but none of the present agencies yet address transnational higher education as a specific area of concern. It appears quite clearly that most quality assurance agencies have been developed mainly to deal with domestic concerns related to both horizontal and vertical diversification. In other terms, they have been set up to come to grips with mushrooming private higher education, or with a proliferation of certain types of programmes such as the postgraduate provision in Argentina, both of which produced very uneven levels of quality on the concerned higher education systems.

The quality assurance systems, which have been set up by the seven countries, are either focusing on institutions or on programmes. The Philippine system tries to combine both into one, meaning that when an institution has obtained accreditation for a certain number of programmes, the whole institution is considered as an accredited one and enjoys certain privileges (such as access to development funds and deregulation). Several countries (Argentina, Chile, Oman, South Africa) have independent mechanisms for both.

All but one quality assurance system tend to function within a national parastatal agency, specifically created for quality assurance or accreditation. The Philippine system is an exception to this rule. Here, there exists a series of four private accreditation agencies that are

basically dealing with specific parts of the highly segmented system of higher education, but they themselves are meta-accredited by a national umbrella agency.

Existing quality assurance agencies perform very different functions, which range from institutional licensing to assessing projects for the creation of new public institutions and both institutional and programme accreditation. They also cover different segments of the higher education system, i.e. both public and private, or sometimes only one or the other, both the university or non-university sector (the latter is rare), the whole provision of programmes, or they cover only certain types of programmes such as the postgraduate provision or state-regulated programmes. Some accreditation mechanisms are compulsory and deal with minimum quality standards for certain types of programmes, while others are voluntary in nature for all institutions and programmes. This account of what exists in only seven countries shows the great variety of quality assurance arrangements.

Institutional accreditation

Institutional accreditation, as it is conducted in Kenya, is of a compulsory nature for universities that have received the interim authorization to function, but there is no specification as to the timeframe by which higher education institutions have to comply with this requirement. This means that some institutions, including the transnational providers, have received the Letter of Interim Authorization, but have not yet undergone the compulsory accreditation process. Oman has put in place a new accreditation council, which will function under the CHE. One of its tasks is to conduct compulsory institutional and programme accreditation of both public and private higher education institutions. In Russia, there is also a compulsory accreditation scheme in place, but here the timeframe is specified to be three years after the licensing decision. In this case, accreditation plays somewhat the role of the second phase of licensing that can be found in Argentina and Chile, where an assessment takes place some five to six years after the provisional licensing as to the attainment of the objectives laid down in the initial project of development.

South Africa has implemented an interesting method of institutional auditing and it is one of the cases that has developed a quality assurance scheme that applies to local private and public providers. While such auditing is compulsory, the Higher Education Quality Council (HEQC) of South Africa has established a Memorandum of Co-operation to conduct joint audits with the Australian Universities Quality Agency. HEQC is preparing a similar agreement with the United Kingdom Quality Assurance Agency.

In all other countries, institutional accreditation is a non-compulsory procedure, which is mainly set up with a national objective of stimulating quality improvement rather than enforcing minimum standards. In Argentina and Chile, institutional accreditation is a voluntary procedure, which has been created only recently, in addition to other compulsory mechanisms existing at the programme level.

Programme accreditation

With the exception of the South African quality assurance regime and the forthcoming scheme in Oman, which are very comprehensive and cover all publicly and privately organized higher education programmes, quality assurance or accreditation in the other countries studied apply to parts of the higher education system only, such as the university sector or certain types of programmes. Argentina has compulsory accreditation only for the postgraduate provision and state-regulated study programmes. Chile's accreditation is of a voluntary nature, both at the programme (professional and graduate provision) and more recently at the institutional level.

South Africa in contrast offers complete coverage of quality assurance for the TNHE sector. All private providers (local and transnational) must have all qualifications accredited against the standards of the South African Qualifications Agency and their programmes must be accredited by the CHE, the local quality assurance agency. It is also stipulated that transnational providers need recognition by their home National Qualification Frameworks, and quality assurance clearance from their parent country. In addition,

students must be given proof that they can transfer to a parent institution in the provider country without the loss of credits. In their application for registration, transnational providers have to submit proof of recognition and accreditation in their country of origin.

It should be emphasized, however, that regulatory and quality assurance mechanisms are only frameworks for action, but that their enforcement is often difficult. The Russian case study informed us that, by law, only half of the 5,000 registered private universities – that is, those who have passed the procedure of 'attestation and accreditation' by the ministry – have the right to issue qualifications at the standard (i.e. 'certified') level. In addition, an institution may offer many different programmes, but be accredited only for a few.

The above-mentioned account of diversified quality assurance/ accreditation systems demonstrates one major finding from the case studies. In the majority of the countries studied, TNHE providers can easily circumvent accreditation procedures, which are cumbersome, time-consuming and costly. If there are compulsory institutional licensing and accreditation requirements, TNHE providers will attempt to access markets through franchising schemes or buy themselves into existing institutions; or they may locate their TNHE programmes in segments of the system where accreditation is not compulsory.

The case-study research also showed that TNHE providers only rarely seek official accreditation of their offer whenever it is not compulsory. The reason for this is that the added value of local voluntary accreditation does not really bring with it a strong comparative advantage in comparison with local public and private providers. Frequently, the brand associated with a qualification from an overseas provider has a strong marketing value in itself and, depending on the local culture, offers a comparative advantage in the labour market. Accreditation systems generally use a number of incentives such as prestige (all), some financial incentives, i.e. access to development funds (Chile, the Philippines), access to student grants or loans (Chile, Kenya), or greater levels of autonomy (the Philippines). Case-study authors mentioned, however, that such incentives, in particular the financial

ones (such as access to scholarship schemes), were not strong enough for transnational providers of higher education because the student clientele belongs to the upper middle class segment of the population and does not depend on it.

Finally, in some selected countries, quality assurance of higher education encompasses professional certification through which access to a given profession is regulated frequently via an examination. Only in the Philippines is there such a system for 42 professions where a professional board organizes examinations for higher education graduates. Where such systems exist, they apply equally to public, private and transnational providers, and they offer thus an interesting mechanism for a posteriori quality assurance. Unfortunately, the Philippine case study did not provide any information in relation to the success rates of graduates from the TNHE sector.

5. What is the impact of the TNHE provision on local higher education systems?

The case-study research was also concerned with assessing the impact of the transnational higher education provision on the local higher education system. This was done with the intention to shed some light on the frequently very heated and often ideological discussions about their contribution to the national system. While governments often tend to welcome the transnational provision of higher education because it offers new and often innovative opportunities for study, and widens access while being less prone to brain drain, the public sector of higher education institutions tends to consider this new offer as a threat. There is thus a real need to shed some light on the 'impact' in order to achieve a more realistic assessment of the situation.

Impact can be assessed in terms of the analytical dimensions of quality, equity, access and funding. A word of caution needs to be added, however. Impact assessment is not easy from a methodological point of view, and commonly needs an in-depth qualitative analysis, which would require collecting information from a variety of stakeholders, including graduates from the TNHE sector (tracer studies). Conclusions on

impact as they are presented here are drawn from a restricted number of indicators, but also from the expert opinions of the case-study authors. They are certainly informed actors in the system, but due to their position in the system (mainly high-level officials in charge of the quality assurance system), their assessments are naturally linked to their professional roles.

In terms of impact on national systems

It has been said earlier that, with the exception of Oman, the transnational provision of higher education, either in the form of institutional arrangements (branch campuses, corporate universities, local representatives) or programme connections (franchise, joint or twinned study programmes, validations), despite being relatively marginal to the seven systems studied is growing. Several countries underline that the TNHE provision is frequently of a very narrow range, i.e. training provision for middle-level workers for the service sector, such as business administration, accounting and courses on ICT, which are economically lucrative. In Oman, it is stated that the transnational offer is adding more to the national provision, but it does not really offer new or complementary items. Programme offerings in costly areas such as the sciences are exceptions.

All case studies confirm what is generally known as the most important interaction of the local public and private higher education systems: the mobility of academic staff. TNHE providers in all case studies function with the academic staff of the public universities. The Kenya study states, for example, that 70 per cent of the staff in Kenyan TNHE providers also teach in local universities. Foreign professionals join institutions and programmes generally for short periods.

Transnational providers do thus sometimes offer additional opportunities for university teachers to generate personal income. The Russian case study mentions that the average pay of 50 per cent of university teachers is less than 1,500 roubles (around US$50) per month. By present standards, the authors assume that the salary of as little as 10 per cent of teachers can be considered acceptable. Consequently,

85.5 per cent of university teachers had a second job in 2002, which included 43.7 per cent of teachers on a regular basis, 31.8 per cent from time to time, and 10 per cent only occasionally.

Some transnational providers do offer opportunities for local staff development. The Philippine case study refers to the local staff that was trained by the TNHE provider to deliver courses, and the faculty qualifications that had been upgraded and updated. The Russian case mentions that academic staff from the local university engaged in an MBA programme with a British university have received training overseas. In the MBA programme, which illustrates the functioning of TNHE in Russia, there is a system of shadow teaching whereby a Russian expert follows the teaching sessions of the British colleague, and thereby assimilates both methods and contents. It is somewhat difficult to judge whether these incidences are frequent or more of an exception. The case studies do, however, bring to light the fact that local staff development exists, at least in some cases, in the transnational provision.

Case-study authors also commented on the question of whether TNHE provision does create competition for the local higher education systems in terms of attracting students. The answer provided by several cases was that there is some marginal competition, though not with the local public system, because fees in the TNHE sector are relatively high and the public sector is generally the preferred option among students. Competition arises mainly between local and transnational private providers because fees are of comparable levels. There may be exceptions in some parts of the system, for instance the postgraduate higher education provision where Argentinian universities charge relatively high fees, while undergraduate courses are generally free of charge.

Another question was asked to find out whether there were any institutional linkages between local and TNHE providers. Case-study authors stated that there was very little organized interaction between the TNHE sectors and local public institutions beyond the movement

of individuals. They simply co-exist without affecting each other's operation.

In terms of quality

The major concern with TNHE provision is with its quality and its compliance with minimum standards. Case-study authors reported wide differences among transnational commercial providers of higher education in terms of physical, human and financial resources (Chile, Kenya). In the case of Kenya, it was said that certain TNHE providers practise lower admission requirements than public institutions. Incidences of fraud were mentioned in all case studies, such as through 'fly-by-night' providers or 'diploma mills'. It was reported in Kenya that there had been false advertisements, where courses were advertised but never run, or that it was advertised to be at the degree level and finally it was offered only as a diploma course. There had been also incidences of last-minute changes in the course offer, such as changes in the study programme. Again, case-study authors were not able to quantify such incidences, but were knowledgeable enough to mention that they exist.

In South Africa, the Department of Education initiated the process of registration of private providers, including the transnational ones, in January 1999. Fourteen transnational providers (11 universities and three colleges) from Australia, the Netherlands, the United Kingdom, and the United States applied for registration, and only four were accepted according to the established national quality standards. In 2003, the South African Council of Higher Education undertook the accreditation of all MBA programmes. This process brought to light that, of the four MBA programmes offered in the TNHE sector, only one could receive conditional accreditation and three saw their accreditation withdrawn. This was due to one of the following factors: lack of competent and adequate staff, heavy reliance on part-time staff from industry, dual but not joint certification by both the local partner and foreign institution in two cases, curricula not contextualized to reflect South Africa needs of management training, high supervisor:student ratios, lack of research track records, limited and under-resourced libraries, quality assurance

dependent on the parent institution, and finally, external evaluation systems not implemented rigorously.

However, a report was also made of enhanced curricula and cross-fertilization of knowledge and teaching/training modes in much of the TNHE provision. Kenya and the Philippines mentioned that new technology and equipment had come along with ICT-related TNHE courses. In addition, mention is made of many TNHE programmes offered in the English language in countries such as Oman, Russia, Argentina and Chile. Offering programmes in English provides graduates with a supplementary advantage, in particular when they wish to access the international labour market (multinationals) or work abroad.

All case-study authors mentioned that the TNHE providers were filling either quantitative or qualitative gaps in the national offer in the area of professional higher education, mainly in the provision of training for the private service sector. This is perceived to lead to improved employability of graduates. In no country, however, was there information available (such as from tracer studies) that could have substantiated and quantified this impression. Kenya and the Philippines also pointed out that the TNHE provision was geared to the training of middle-level workers, but not cutting-edge "of the kind that would put graduates on strategic positions in the global market" (Philippines). Oman also mentions that the expectation to increase the offer in the sciences sector has not been fulfilled by the TNHE provision. It appears thus that the TNHE provision filled gaps in the national system of qualifications, but only where the profitability was high because the training provision could be reproduced at low cost, and because there were attractive labour-market openings. This general principle rules out the proliferation of cutting-edge and research-informed programmes.

In terms of access and equity

The question of access and equity is very important in relation to the TNHE provision because the TNHE is commonly perceived as very costly and thus raises major questions in relation to both equity and

access. The case-study research has shown that the TNHE provision offers new, however often small, increased opportunities for access. In Kenya for instance, existing institutions can meet only 30 per cent of the demand for higher education, not including adult learners. In Oman, the percentage of qualified secondary school leavers admitted in public higher education was only in 27.8 per cent in 2003.

It was said that since 1993, some 10,000 students have graduated from TNHE providers in Kenya. Oman also mentions that the expansion of the private sector, with the help of the transnational provision of higher education, was the "relatively quick and cheap way" of achieving a rapid expansion in higher education. In 2002, 34.5 per cent of enrolments in Oman were in the private sector.

Access is widening to different extents in all cases, but all authors insisted on the fact that this was happening only in major urban centres (mostly the capital city), where there is a considerable pool of both academic staff and potential students. The Russian case study insists that the TNHE provision thus somewhat sharpened regional disparities in the provision of higher education across the country. This was also confirmed for Oman where most private colleges are located in the Muscat area.

Again, on the equity front, the Argentinian, Chilean, Kenyan and Philippine case studies underline that the TNHE provision is accessible only to those who can pay for it. In these countries, TNHE providers attract students from the upper social strata of the population because of the high fees. Indeed, in Argentina, Chile and the Philippines, the TNHE providers offer the most costly segment of private training provision. In Kenya, however, TNHE providers are comparable to the local private offer, but double that of the public sector. South Africa mentions that only 24 per cent of the students enrolled in the four branch campuses are black Africans, while whites constitute the majority with 54 per cent. This is widely due to the fee structure, which is twice that of the local public providers, and four times that of local private providers.

In some countries, such as Kenya, legal provision is made for private providers to offer a certain number of scholarships, but frequently needy students are not informed about them and thus do not apply for them. Oman again forms an exception to the rule of TNHE being accessible only to upper middle-class students. Indeed, the Omani government offers scholarships to 80 per cent of the students who study in the private sector. This was the reason for the rapid expansion of the private sector.

In those countries where there are both branch campuses and franchise programmes, the former offer the more costly programmes, because all costs (including maintenance of infrastructure and replacement) need to be borne through tuition fees. Since branch campuses have high infrastructural costs, they are also a financially risky business for the mother institutions, and this is one of the reasons why, so far, they are relatively rare.

In terms of funding

One of the issues to be clarified was whether the transnational sector had financial implications for public authorities in terms of funding institutions or students studying in this segment of the system. Only in Oman, due to the explicit objective of widening access to higher education and the publicly recognized role of the private sector in this endeavour, the Omani Government, in addition to its generous scholarship policy, provides direct financial support for the establishment of such universities – as well as exempting them from direct and indirect taxes, and allocating free land to build their premises. In Chile, in order to make students studying in the TNHE sector eligible for scholarships, TNHE providers have to register with the National Agency for Scholarships.

6. What conclusions can be drawn for capacity building for the regulation and quality assurance of the TNHE provision?

The case-study research has brought to light that transnational higher education is a multi-faceted reality, which throws up many policy challenges for developing countries. The case studies also show that

countries are permeated by this reality to different extents depending on: (a) their overall economic policy and development; (b) existing initiatives of regional integration; (c) local purchasing power, local tuition fees and existing student support systems; (d) the development of their own local higher education system; (e) the extent to which it is able to satisfy social demand from a quantitative and qualitative point of view; (f) existing policies for higher education, and in particular whether there is an objective of widening access; (g) existing policies to respond to emerging needs from the labour market, which implies itself the capacity to anticipate training needs and future requirements for education and training; and finally (h) whether there are explicit policies directly related to the export and import of higher education.

All of this makes for a complex set of variables that condition the existence, scope and particular forms of TNHE provision. As we have seen from the case studies, TNHE provision has a potential to serve the human resource development needs of countries, but it needs to be regulated, and minimum standards of quality need to be made certain. In order to make good use of the TNHE provision, the below-mentioned needs have to be addressed.

Need for a complete and up-to-date information and monitoring system on TNHE provision

All case studies mentioned that it had been necessary to pull together fragmented information from different sources to establish an approximate picture of the provision. Authors needed to locate information through print and media advertisements or educational private directories. In most case-study countries, there is no centralized information available on joint study programmes or the distance education delivery. While it is difficult to plan for the TNHE segment, it needs to be monitored with the following questions in mind: Who are the providers? What is their impact on the national system? How are they evolving?

Need for stronger mechanisms of consumer protection through public information on the status of TNHE providers

Students need to have access to information on the status of recognition and accreditation (both from home and the receiving country) so that they can make informed choices. It is also necessary to inform students of the potential existence of fraudulent providers such as is done in South Africa at the upper secondary school level, and to inform them on how they can find out about the status of a transnational provider. Finally, it is important to regulate the way advertisements are made to make sure that no wrong information is exposed.

Need for stronger collaboration between governmental agencies in charge of different stages of regulation and quality assurance

The case-study research brought to light that procedures to enforce regulation and quality assurance mechanisms are often in place, but they are weak because they are fragmented and there is lack of collaboration between governmental departments. In Kenya, the procedures to obtain registration and licensing are not articulated. In other contexts, transnational providers manage to bypass local regulatory frameworks because responsibilities are not clear enough between governmental agencies working for the technical and professional sector and those working for higher education. Grey areas exist, such as ladderized degree programmes or short-duration programmes, where responsibilities of governmental agencies are not clearly defined.

Need for regulatory policies with wider scope and a long-term view (often reluctance from the higher education system to address the challenge) depending on long-term policy objectives (quality and equity)

Several of the countries studied do not have a regulatory framework particularly geared towards the provision of TNHE. They simply use the one they have put in place for the private higher education sector.

Where they exist, specific regulatory regimes and quality assurance policies are often determined in a somewhat random fashion, to deal with specific problems without a prospective view of what TNHE could bring to the system. It seems that higher education systems are somewhat reluctant to address the policy challenges posed by TNHE provision. There is thus a need for regulatory policies with a wider scope, addressing notably the quality and equity issues. Policy also needs to take a long-term view and determine fields in which TNHE providers can continue to serve human resources development needs, identify TNHE providers that can deliver, and work out how the said provider could deliver the required TNHE in the country.

Need for either compulsory accreditation systems or strong incentive systems for voluntary accreditation at the programme level (for local quality control of franchised higher education)

The account of the existing provision of quality assurance mechanisms in the seven case countries has brought to light that licensing procedures are relatively well developed, and are operating a first filter for low quality provisions of any type. However, in most of the case-study countries (with the exception of South Africa), quality assurance mechanisms do either not cover the whole higher education provision, or they are voluntary in nature. This means that there is much scope for TNHE providers to avoid national quality assurance mechanisms at the programme level if they so wish. In many cases, since franchised higher education is located in existing institutions, it is not quality assured at all. In addition, when quality assurance systems are of a voluntary nature, they are not strong enough to make TNHE providers come forward to request accreditation. Consequently, there is a need for compulsory quality assurance at the programme level which needs to make sure that minimum requirements (such as, for instance, those stipulated in a National Qualifications Framework) are respected.

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Transnational higher education in Chile: a new development

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Contents

List of abbreviations

AACSB	American Assembly of Collegiate Schools of Business
AFD	Direct public funding
AFI	Indirect public funding
AGCI	Agency for International Cooperation
AIEP	Academia de Idiomas y Estudios Profesionales
AMBA	Association of MBAs (United Kingdom)
ANECA	Agencia Nacional de Evaluación de la Calidad y Acreditación
CID	Center for International Development
CFT	Technical training centres, established after 1981, all private, no public funding
CONICYT	National Science and Technology Commission
CNAP	National Commission for Accreditation
CSE	Consejo Superior de Educacion
DAAD	German Service for Academic Exchange
DEA	Diploma of advanced studies
ESADE	Escuela Superior de Administración y Dirección de Empresas
ESEM	Escuela Superior de Estudios en Marketing (Higher School of Marketing Studies)
ESERP	Escuela Superior Fundación Universitaria
FTA	Free Trade Agreement
GATS	General Agreement on Trade in Services
HEC	The Hautes Etudes Commerciales School of Management in Paris
IDM	Instituto de Directivos de Empresas (Institute of Business Managers)
IEDE	Institute for Executive Development
IESALC	Instituto Internacional para la Educación Superior en América Latina y el Caribe
IP	Professional institutes, established after 1981, all private, no public funding
ITESM	Instituto Tecnológico de Estudios Superiores de Monterrey

IUP	Instituto Universitario de Postgrado (Graduate University Institute)
LOCE	Ley Orgánica Constitucional de Enseñanza
MECESUP	Programa para el Mejoramiento de la Calidad y la Equidad de la Educacion Superior
MIT	Massachusetts Institute of Technology
OECD	Organisation for Economic Co-operation and Development
SIU	Sylvan International Universities
UCR	Universities with public funding (public and private) belonging to the Consejo de Rectores
UDLA	Universidad de las Americas
UEM	Universidad Europea de Madrid
UNED	Universidad de Educación a Distancia
UNESCO	United Nations Educational, Scientific and Cultural Organization
UPR	Private universities, established after 1981, with no public funding
UVM	Universidad del Valle de Mexico

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Introduction

Chilean higher education has experienced profound changes in the last 20 years. From a public, self-regulated system of eight universities created by law and mostly funded by the government, it has evolved into a complex set of about 200 institutions; higher education providers range from state to for-profit private organizations, including private non-profit institutions, and others that, while created by public entities, operate on a for-profit basis. Funding, even in public institutions, has a strong private component, as student fees and contracts for services rendered to the private sector make up a large part of institutional budgets.

Before 1980, the eight existing universities enjoyed what has been called 'the privileged autonomy' of public funded and self-regulated institutions (Brunner and Briones, 1992). Between 1980 and 1990, regulation was left to the market with such results that in 1990, a licensing system for all private institutions established after 1981 was made mandatory (LOCE, 1990). As will be seen, at the end of the 1990s, the joint result of privatization and autonomy – that is, a substantial number of institutions without external evaluation – made it necessary to develop new forms of regulation.

In this context, transnational offerings have started to emerge. It is not yet a widespread phenomenon, as language, access to technology and legal barriers have proved difficult to surmount. It is also an issue about which little is known, and which provokes strong arguments both in favour and against.

The case study will try to make a first draft of a map of transnational offerings, and to identify the main ways in which these make themselves available to potential students. It will also deal with regulatory processes: barriers to foreign provision, and quality assurance procedures that apply to transnational higher education.

I.   Description of the Chilean higher education system

Until 1980, Chilean higher education was organized into a relatively simple and consolidated system. There were two main public universities, each of which had opened branches in most provinces in the country, plus six private, three of them Catholic and three organized by philanthropic groups.[1] Each of these institutions was created by law and equally funded by the government, which provided about 65 per cent of their total budget. Students paid a token fee and institutions obtained further resources through projects and services to the public and private sectors (Lemaitre and Lavados, 1985).

In 1980, under a military government that made public debate impossible, the system was totally transformed. The branches of public universities were turned into autonomous, regional public institutions, thus curtailing the social and political influence of the older public universities, and new legislation made it possible to establish private higher education institutions provided that one of the previously existing universities (either among the original eight or any of the new public regional ones) agreed to examine students and thus supervise the quality of teaching. Public funding was greatly reduced and institutions were asked to find new sources of income. The system was further diversified into three institutional tiers: universities, which granted professional and academic degrees; professional institutes, which could offer professional but not academic degrees; and technical training centres, offering two-year technical degrees (Bernasconi, 1994).

The three main features of the 1980 reform can thus be summarized as follows:

- Horizontal differentiation, through two complementary measures: the large, strong public universities were split into 16 smaller institutions, and the establishment of new, private institutions was allowed.
- Privatization, not only through the possibility of establishing private institutions but mainly as a consequence of the reduction of public

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1. These eight universities are currently called 'traditional universities'. These, plus the universities created from the branches of the state universities, are gathered in the Consejo de Rectores (Council of Rectors), and they all receive public funding.

funding, thus making institutions highly dependent on private funds – and therefore on market considerations – for their regular operation.

- One objective is vertical differentiation, by creating a three-tier system with different kinds of institutions. This objective, which could have provided an interesting answer to the differentiation of Chilean society, was thwarted because all public professional institutes were changed into universities and the more prestigious professional degrees were reserved for universities only.

Regulation was left almost completely to the market, at least during the 1980s; since 1990, new private institutions have been subject to public supervision for a fixed term of 6 to 11 years, which concludes when they are certified as autonomous (CSE, 1996).[2]

1. Student population

The system has grown significantly since 1980, as can be seen from *Table 1.1*.

Table 1.1   Growth of student population

Type of institution	1980	1985	1990	1995	2000	2002
All universities	118,962	136,150	138,174	231,227	319,089	369,333
UCR	118,962	131,199	118,665	161,850	215,284	243,593
UPR	0	4,951	19,509	69,377	103,805	125,740
IP	0	14,565	33,534	40,980	79,904	91,153
CFT	0	50,425	77,774	72,735	53,184	61,123
Total	118,962	201,140	249,482	344,942	452,177	521,609

UCR: Universities with public funding (public and private) belonging to the Consejo de Rectores.
UPR: Private universities, established after 1981, with no public funding.
IP: Professional institutes, established after 1981, all private, no public funding.
CFT: Technical training centres, established after 1981, all private, no public funding.
Source: Ministerio de Educación, www.mineduc.cl.

This information can be shown graphically (*Figure 1.1*).

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2. Autonomy is defined as 'the right to offer freely all kinds of degrees', with no supervision whatsoever.

Figure 1.1   Enrolment by type of higher education institution, 1980-2002 (thousands of students)
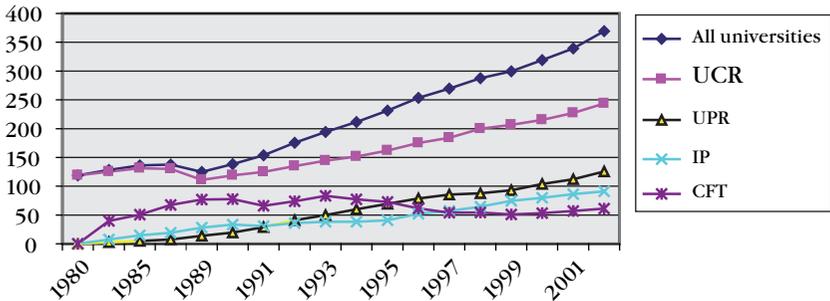
Source: Ministerio de Educación, www.mineduc.cl.

The number of institutions has increased accordingly: In 2002, there were 60 universities (25 belonging to the group that receives public funding, and 35 private), 51 professional institutes and 111 technical training centres. Nevertheless, there are signs that point towards a consolidation and regrouping of the system, as some of the larger private universities are acquiring control of other institutions.

The increase in enrolment is the result of two complementary trends. The first, related to secondary education, is the increase in coverage and completion rates for this educational level, which now reaches almost 90 and 70 per cent of the corresponding age groups respectively. The second is the increasing demand for post-secondary education of people outside the traditional student population: adults seeking higher education, either for the first time, for a second degree, or to upgrade their current training. Thus, higher education enrols a significant number of older, part-time students, who have different requirements that many traditional institutions find difficult to provide for (Lemaitre and Raczynski, 2001).

2.   Funding

The 1981 reform established a completely new system for funding, meant to reduce basal funding to one third of the higher education budget, and to get institutions to obtain the other two thirds through

their own efforts. Funding policy has not changed significantly from the provisions of 1981 (with the exception of indirect public funding (AFI), as shall be noted below) and its main components are given in the following paragraphs.

Public funding

- Institutional funds, through different mechanisms:
  1. Direct public funding, or AFD, which goes to all universities belonging to the Consejo de Rectores and is allocated on a historical basis. This does not cover more than 50 per cent of the budget of the smaller universities, and it barely reaches 25 per cent in the larger, more complex ones. AFD represents 39 per cent of all public funding.
  2. Indirect public funding, or AFI,[3] which is allocated based on the ability of the institutions to enrol the 27,500 students[4] with the best scores in the admission tests. AFI has not grown in recent years, and currently represents 6 per cent of public funding. This component, established as a kind of 'quality-based' funding, has resulted in a big distortion of university offerings.[5] As it is almost impossible to eliminate,[6] the government has 'frozen' it, which in practice means it is slowly disappearing.

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3. This is currently the only type of institutional funding available to private institutions and, as may be seen from *Figure 1.2*, its relative weight has been steadily diminishing.
4. Only students who are applying for the first time to higher education are eligible for AFI, which means that the demand it responds to is that of school-leaving students.
5. AFI provides institutions with an incentive to do what they would do anyway; that is, to try to enrol the best students. It also provides an incentive to offer programmes that are attractive to school-leaving students (probably the students most inclined to choose their career based on tradition, or marketing). Therefore, it is not only an unnecessary piece of funding, it is also distorted: Institutions prefer programmes that are highly demanded by students, but are also inexpensive to run, such as law, journalism, and accounting; thus, these programmes have expanded and now make up a huge portion of university offerings.
6. AFI goes to all institutions – public and private – that enrol students with the highest scores. As it is the only part of public funding that is available to private institutions, they would argue that its elimination is discriminatory; besides, AFI is established by law, and unless some means is found to compensate for it, it is highly unlikely that Congress would vote its elimination.

3. Student funding, through subsidized loans available to students in the universities belonging to the Consejo de Rectores,[7] and scholarships, distributed according to academic achievement and socioeconomic need to students in different types of institutions. This is probably the item that has a more consistent growth, and stands currently at 27 per cent of all public funding.

- Competitive funds for research, scientific and technological development, and institutional development. Funding for research, science and technology is 15 per cent of all public resources; institutional development funding comes up to 13 per cent.

Figure 1.2   Public funding for higher education, in Ch$ (thousands of millions)[8]
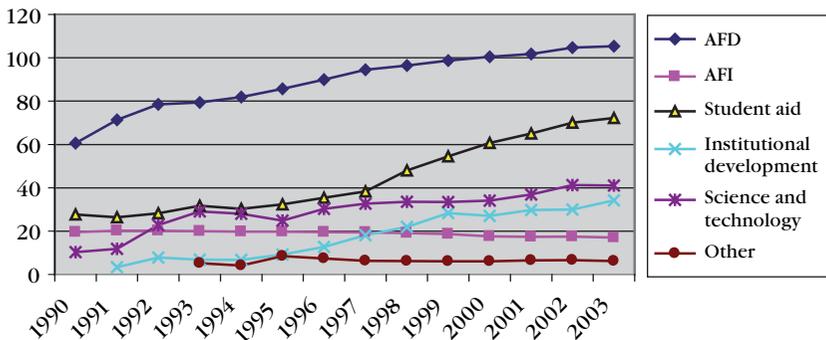
Source: Ministerio de Educación, www.mineduc.cl.

Private funding

- Student fees. Until 1980, students paid only token fees. Now all institutions charge fees, and each institution is free to set them at the level they consider adequate. The level of fees has a strong impact on the demand for loans and, therefore, is a constant potential for conflict (which regularly erupts every year in March, as new

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7. A law project currently being discussed in Congress establishes a new loan scheme for students of private institutions, but only students studying in accredited institutions are eligible for these loans.
8. Exchange rate is currently Ch$600 per US$.

students enrol and ask for financial aid). In practice, all institutions – both public and private – set their fees based on what the market will bear. The government has tried to establish restrictions, with little success beyond making sure that any raise in fees only applies to new students, and the establishment of a referential fee used to calculate the amount needed to cover the loan system.[9] Institutions get a significant part of their resources from student fees. A rough estimation of these can be obtained from the following figures (corresponding to the beginning of 2003):

Average annual fee at the UCR:	US$2,300
Range of fees at private universities:	US$1,900 to $6,300
Range of fees at professional institutes:	US$800 to $2,300
Average fees at technical training centres:	US$900

• Contracts and consultation. Income can also be obtained through contracts with public and private organizations. The amounts vary greatly among institutions; the larger, more complex universities get at least one third of their income from services, but small institutions get only token amounts.

3. Regulation and quality assurance

Until 1980, all higher education institutions were created by law, funded by the government and subject to corporative self-regulation, which operated quite effectively. During the 1980s, regulation was assigned to market mechanisms, public institutions had to look for new sources of income, and private institutions could offer their services with no effective mechanisms of quality control. In 1990, the situation had become critical, and the same military government that de-regulated higher education established a strong licensing mechanism for all new private institutions.

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9. The loan system has a built-in flaw: loans must be repaid after graduation, with a one-year grace period, on an income-contingency basis: no one is required to pay more than 5 per cent of his/her income, and payment stops after 15 years. This means that even if everyone paid their loans, the recovery rate would not amount to more than 60 per cent of the full amount loaned, leaving the other unrecoverable 40 per cent as an unrecognized government subsidy. As many students default on their payments, recovery is closer to 40 per cent, making student aids much closer to grants than to loans.

Quality assurance schemes are organized in three levels (Lemaitre, 2004):

- Licensing procedures, addressed at the initial approval, supervision and certification of autonomy of new, private, higher education institutions. Licensing is compulsory, supervision lasts between 6 and 11 years, and after certification of autonomy, institutions are free from all compulsory regulation. Licensing can also lead to sanctions, or even the closure of an institution if it fails to comply with the licensing agency's requirements.

- Programme accreditation, with two options:
  1. Undergraduate programme accreditation, which is a voluntary process, addressed to professional or technical degree-granting programmes offered by autonomous higher education institutions.
  2. Graduate programme accreditation, which is also a voluntary process, addressed to doctoral programmes offered by autonomous universities. Graduate programme accreditation may also be applied to Master's degrees, but only in areas where no doctoral programmes are offered.[10] Public grants for graduate students may only be used in accredited programmes.

- Institutional accreditation, also voluntary and open to all autonomous higher education institutions. It is organized mainly as an academic audit, and it assesses the formal existence, systematic application, and effectiveness of quality policies and mechanisms within an institution.

These schemes will be analyzed in more detail in *Section 3*, together with their impact on transnational education.

4.   Certification and recognition of degrees

Professional certification is automatic when a person receives a professional or technical degree from a recognized institution. The key word here is 'recognized', which means established by law or duly

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10. Graduate programme accreditation was established originally as a way of making sure that grants and scholarships were going to be used in reliable programmes. Thus, it has a strong academic orientation.

licensed (or in the process of being licensed) by the Consejo Superior de Educación.

Professionals who have obtained their degrees in a foreign country must have their degrees validated or recognized by the Universidad de Chile, which does so by comparing the curriculum and the requirements with those that are current in Chile, in order to ascertain that they comply with the minimum contents of equivalent degrees.

There is no formal definition of minimum contents, but it is assumed that the compulsory, or minimum, requirements of the programmes offered by Universidad de Chile are equivalent to minimum contents. In those cases where the Universidad de Chile does not offer the programme being recognized, it identifies a leading university granting the degree, and uses it as a basis for comparison. The comparison is carried out through documentary analysis – graduates requesting recognition must provide transcripts of the courses taken, and 75 per cent equivalence is necessary. If they are not, the person may be required to complete the missing parts of the curriculum, or pass an examination on 'relevant contents'.

It is a long, expensive and complex process, which can take months or even years to complete. It is also extremely rigid, since no programmes without their exact equivalence within the country could be recognized.[11] Nevertheless, while this certification is formally necessary for all professionals willing to have their degrees recognized, it is really essential only in the case of regulated professions[12] or for those professionals who are hired by government agencies.[13]

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11. As an example, a graduate of veterinary medicine whose initial programme did not include competencies for treating domestic animals would not be able to obtain recognition of his/her degree in Chile, unless he or she were willing to go through the necessary related courses in Chile.

12. In this context, 'regulated professions' correspond to all professional activities which are subject to legislative, regulatory or administrative provisions. These include all those related to health, school teachers, all professionals whose signature is required in a public role (architectural plans, balance sheets, structural plans for construction, etc.), lawyers who appear in court, licensed electricians, risk-prevention experts, and others on a similar basis.

13. Professionals hired by the government obtain a bonus that is equivalent to 60 per cent of their salary. In order to qualify for the bonus, they must prove that they have a recognized degree.

5.   Policy statements related to internationalization

The government is aware of the importance of internationalization, and the need to "take a leap forward in order to advance in the development in a global world, increasingly interdependent,"[14] which also demands the introduction, within the institutions, of new technologies and 'online' education. However, it recognizes that the issue brings with it threats and opportunities.

"The threats derive from the backwardness of the institutions in this respect, and the growing availability of high quality study opportunities offered through the Internet or via satellite by foreign universities. Opportunities, on the other hand, are enormous: 'on line' higher education will open new ways of access to young people and adults who cannot devote an important part of their day to attending classes; it will renew the contents of professional training, stir up teaching methodologies and allow our institutions to extend their educational services throughout the region".[15]

Thus, the main actions taken with regard to internationalization have to do with the promotion of exchanges between European and North American institutions and those in Chile, the development of new curricula to make them more compatible with international standards, and the establishment of quality assurance processes addressed to national and, when necessary, foreign provision of higher education.

6.   Regulation of foreign provision of higher education

The features of the Chilean higher education system outlined above define opportunities and barriers for foreign providers. On the one hand, there is a strong demand for higher education, which has been adequately taken care of at the professional (or undergraduate) level. However, there is an increasing demand from non-traditional students, who also want non-traditional programmes; thus, continuing education,

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14. www.mineduc.cl
15. www.mineduc.cl (translated).

post-degree[16] and graduate programmes are interesting options for foreign providers.

A recent study relating years of study and employment data shows that the income curve rises sharply after 12 years of schooling; professionals stay active longer, and their employment rate is twice as high as that of non-professionals. This is one of the reasons for the high demand for higher education, and the fact that students are willing to pay relatively high fees. At the same time, higher education institutions have been dependent on student fees since 1980. Both these situations make the provision of post-degree programmes appealing, both for the foreign provider and for its national partner.

Finally, professional certification is the responsibility of higher education institutions and, therefore, programmes leading to professional degrees must have official recognition by the government. This makes it necessary for all new institutions wishing to grant those degrees to submit to the licensing process that is in place for new, private institutions. These strong regulatory mechanisms make this level less attractive to foreign providers, and provide incentives for the offering of graduate or continuing professional education programmes.

Therefore, while there are strong barriers preventing the entry of new providers of professional (undergraduate) programmes into the higher education marketplace, there are no similar provisions for the offering of new programmes under the umbrella of existing autonomous institutions; as will be seen in the following pages, this is the road taken by most of the transnational providers.

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16. Post-degree programmes are continuing education programmes offered to people who already have a degree. They are shorter than graduate programmes, usually providing professional updating or specialization, and end with a certificate or a diploma, not a degree.

II.   Transnational higher education

The following analysis will be made based on the modes of services trade according to GATS, just because they provide a useful way of classifying different forms of supply[17] (Knight, 2002).

While all four modes are present in Chile, their relevance and the impact they have are different. Modes 1 and 3 make evident the need for different strategies and procedures for regulation and quality assurance, while Mode 2 influences more strongly through the opportunity it provides to train highly qualified scholars and professionals. This also creates a risk of 'brain drain' due to the fact that the best and brightest minds of a generation are sent abroad to study in stimulating environments, in contact with good teachers, with apparently unlimited resources, only to find a very different situation when they are ready to return home.

Mode 4 is usually the most beneficial for all parties involved. Visiting professors or researchers bring their knowledge, and take the opportunity to learn. They move on a part-time basis, and therefore the risks for brain drain are minimized. There is a growing number of scholars working in such conditions. Academic mobility has increased not only between Chile and the United States or Europe, but also between Latin American countries, and professional mobility is following the same route.

1.   Cross-border supply

Mode 1 – where the service moves, not the provider – is developing slowly. Language and electronic barriers make it difficult for the

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17. Mode 1: Cross-border supply corresponds to the provision of a service where the service crosses the border. In higher education, this is exemplified in distance education, e-learning or virtual universities.
Mode 2: Consumption abroad: It implies the movement of the service consumer to the country of the supplier. A typical case is students who travel abroad to study, and in higher education, this has been the traditional and dominant mode.
Mode 3: Commercial presence: It refers to the physical presence of the supplier in the 'receiving' country, and it is exemplified by offshore campuses, twinning or franchising arrangements, and satellite campuses.
Mode 4: Presence of natural persons: It consists of persons travelling to another country to provide a service on a temporary basis, such as professors, researchers or professionals.

development of virtual or e-education provision on a large scale, and many institutions have found that to provide virtual or distance education on a quality basis is much harder and expensive than they initially imagined.

Virtual education depends highly on the level of connectivity in a given country. The potential for connectivity in Chile can be estimated using different methods, but in general, data show that Chile is behind developed countries, even though it has a leading place among Latin American countries, as can be seen in the following tables and reports.

Integration into the network society can be estimated through two different measures: the index on network use[18] and an index of enabling factors.[19] In this regard, Chile occupies respectively the 12th and 8th places among the 16 countries considered in the world sample (see *Table 2.1*)

An essential element to increase the level of connectivity relates to the efforts to familiarize the population with the use of IT. Chile has carried out an ambitious reform programme for primary and secondary education, with a large investment in information technology, including the installation of computer laboratories and Internet connection in most schools in the country, in practice covering all the national territory, with the exception of isolated rural areas.

As a result, 71 per cent of students in primary education and 76 per cent of those in secondary education go to schools with Internet connection.[20] This contrasts with the percentage of students having access to Internet at home (20.5 per cent), or with the 12.4 per cent who have broadband access.

A survey of secondary students shows that 87.9 per cent of them connect to the Internet, either at home, school or elsewhere; of these,

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18. The index on network use measures the number of Internet users and of subscribers to cellular phones per 100 inhabitants. It also takes into account the number of Internet users per host, the percentage of PCs connected to the Internet and the availability of public access to the Internet.
19. The index on enabling factors, based on the opinions gathered for the world competitiveness report, the degree of access to webs, the effectiveness of policies, the degree of advancement of digital economy.
20. Report from Ministerio de Educación, www.mineduc.cl

over 90 per cent in public and private schools report that they use the net to gather information or for help with homework. The most interesting fact about these figures is that there is almost no difference in Internet access among the socioeconomic groups, showing that public investment in IT in public schools has had a significant impact (Educarchile, 2002).

Table 2.1   Integration into the network society

Country	Index on network use	Index of enabling factors
Argentina	3.69	4.34
Brazil	3.21	4.38
Chile	3.36	4.65
Colombia	2.89	4.03
Czech Republic	3.93	4.84
Finland	5.71	6.11
Greece	3.91	4.36
Hungary	3.60	4.68
Ireland	4.52	5.26
Korea (Rep. of)	4.82	4.90
Malaysia	3.34	4.29
Netherlands	5.61	4.79
New Zealand	5.26	5.06
Portugal	4.35	
Spain	4.18	

Source: Based on World Economic Forum and CID, 2002.

The fact that most schools have access to the Internet makes it possible to provide access to a wider population. In fact, it is relatively easy for a higher education institution to reach an agreement with the sustainers of secondary schools, which are either the private providers or the municipalities. In many cases, higher education institutions have established branches in small towns using these agreements, and of course, they could also be easily used to provide access to online programmes.

Cross-border supply is probably the mode where information is harder to find. There are no official data on the number of programmes actually operating in Chile and, therefore, nothing to determine the student population involved in these programmes, or who have graduated from them.

Some institutions have offered distance education for some time in Chile, with growing academic recognition. They are Universidad de Educación a Distancia (UNED), from Spain; the Open University, Israel; Universitat Operta de Catalunya, Spain; Téléuniversité de Quebec, Canada; the Instituto Tecnológico de Estudios Superiores de Monterrey (ITESM), México. In general, their programmes do not answer to the usual commercial profile of foreign provision, even though in all cases students must pay fees, and the provision is done at least on a cost recovery basis, even though it is highly likely that fees exceed actual costs.

There are nevertheless new commercial providers, only accessible through their advertising. The Consejo Superior de Educación has registered the following schools, which recurrently offer online and distance programmes in the media (González, 2003):

- The European School of Management[21] is a consortium offering online Master's degrees in business administration supplied by the Instituto de Directivos de Empresas (Institute of Business Managers), and by the Escuela Superior de Estudios en Marketing (Higher School of Marketing Studies), which are both from Spain, although their name and the fact that the course is in English suggest a much wider constituency.
- The Instituto Universitario de Postgrado (Graduate University Institute) is a consortium of Universidad de Alicante – Universidad Autónoma de Barcelona, Universidad Carlos III and Santillana Formación, are all from Spain. Their offer is concentrated in the field of business and administration.

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21. For the electronic addresses of the following institutions, see www.euromanagement.cl; www.iup.es; www.iede.cl; www.pymempresas.com/mba/mba/httm; www.bus.miami.edu/grad/

- The Institute for Executive Development is also from Spain, despite its English name. It offers different modes of obtaining a Master's in business administration, and a doctoral programme. Its main areas of operation are business management, operations and technology, finances and control, marketing and human resources.
- The Fundación Universitaria, from Spain, offers virtual teaching in the area of business administration. The University of Miami, offers access both to its regular and distance programmes.

There are no quality assurance processes in place for these programmes, because in most cases, if not all, they are either Master's programmes with a professional orientation, or post-degree programmes, and no provisions have been set up for these kinds of programmes. A possible regulatory measure would be to provide information on the quality of the programmes, but as mentioned before, this is a mode where no good data collection mechanisms exist, as the very nature of these programmes make it very difficult to have access to reliable data. The only regulation provided is that of monitoring press announcements and at least making sure that they are not a source of gross misrepresentation (such as indicating that the programme would provide graduates with the necessary certification to work within the European Union, or other false claims).

The lack of regulation, quality assurance mechanisms, and valid and reliable information make this type of provision susceptible to fraud. González (2003) quotes two cases of personalized offerings (received by e-mail) to grant him a degree (Bachelor's, Master's, MBA, PhD) within days, with no required test, classes, books or interviews. These notices arrive regularly by e-mail; they promise that no one is turned down, and the prices are quoted in Chilean pesos. Most of these offerings come from the United States.

2. Study abroad

This is, of course, the most traditional and frequent mode of trade in educational services. According to an OECD study, "approximately 1.47 million foreign students in tertiary education were studying abroad

in OECD countries in 1999" (Larsen, Martín, and Morris, 2002). Taking into account the average expenditure per year of students studying in the seven countries that take over 57 per cent of all foreign students, the study suggests "that the overall market in OECD of Mode 2 trade in educational services is around US$30 billion in 1999, corresponding roughly to 3 per cent of total trade in services in OECD countries" (Larsen *et al.*, 2002).

At the end of the 1990s, about 5,000 Chilean students were registered abroad. Of these, 33.7 per cent were in Europe, 33.2 per cent in Latin America and 21.4 per cent in North America (UNESCO, 1998).

While this is certainly a most interesting and significant mode of trade in educational services, it does not reflects the definition stated in the terms of reference for this work, and therefore no further analysis will be made of it.

3.   Commercial presence

When analyzing the behaviour of commercial providers, this seems to be their preferred mode, as it makes it possible to maintain control over the management of higher education, especially in terms of the necessary investment, the definition of tuition fees, and the returns for any investment made.

This is also the area where most current regulations apply. Chilean law does not recognize branches of foreign institutions as such, but considers them always as new institutions, subject to the same regulations applicable to new national institutions. Therefore, if a foreign provider wants to start operating in Chile, it must submit to licensing procedures, and to the supervision of the Consejo Superior de Educación (CSE) for a period of no less than six and no more than 11 years. During that time, the higher education institution asking for a licence must provide all the information that is requested, which relates to "all significant variables related to its development, that is, teaching, didactical, technical, pedagogical, or to their programmes of study, physical resources, infrastructure, as well as the economic and financial resources necessary for the granting of the academic and professional degrees it intends to offer" (LOCE, 1990, Art. 39). The Consejo must

prepare a yearly progress report and request actions necessary for the adequate fulfilment of the institutional project. If the institution fails to perform satisfactorily, the Consejo is entitled to withdraw recognition and to close down the institution.[22]

Therefore, commercial presence of foreign providers as such is scarce. This does not mean that foreign providers are absent, but rather, that they have had to find other ways of operating in the country.

There are several ways in which this can be done, as will be shown in the following sections.

4. Branch campuses

Two Spanish universities have followed the licensing route, which grants them all the rights Chilean institutions have. The first is just beginning the process. The second obtained its autonomy during 2002. In the following boxes, there is a description of the process followed by both institutions.[23]

In 1996, the second university completed the initial six years established by law as the minimum time an institution had to remain under the supervision of the CSE. In November of that year, the visit to decide whether to grant autonomy took place, and in May 1997, the CSE decided that the project presented by the university had not been 'satisfactorily developed', and therefore extended supervision for another five years.

The areas that the university had to reinforce were as follows: (a) the formulation and implementation of its development programme; (b) its management and governance system; (c) the self-assessment mechanisms in place; (d) the student admission system, in order to learn more about prospective students; (e) the strategies for hiring and developing faculty; and (f) the library and other educational resources.

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22. A full description of the licensing procedures is provided in *Section 3.1*.
23. Action letters and documentation on the CSE's decisions may be consulted at www.cse.cl/acuerdos

The university was again visited by an external review team in December 1998, April 2000 and May 2001; during that time, students were periodically examined by external examiners appointed by the CSE.

Box 1.   Universidad Europea de Negocios

Universidad Europea de Negocios presented its institutional proposal to the CSE in 2002. After an initial evaluation, a response presented by the institution and a second evaluation in July 2003 by the CSE approved the proposal as well as the programmes that the university intended to offer in its initial stages. At the time, it pointed out that the institution had not yet provided sufficient evidence about the availability of necessary resources, and gave the institution one year to complete the required information.

In November 2003, the Consejo established that Universidad Europea de Negocios had provided "a set of relevant data that allow it to prove that it has the teaching, didactic, economic, financial and physical resources necessary for the implementation of its institutional project and to offer the programmes ... approved by this organization" (Acuerdo 091/2003, www.cse. cl). This information was sent to the Ministry of Education, and the institution was entitled to begin operating and accepting students.

The supervision process begun with that act extends at least until November 2010. During that time, the CSE will ask for yearly reports, make at least three external review visits, examine students in the different programmes and check on the relevant institutional information. At the end of the period, there will be a full evaluation, and if the project is considered to have developed in accordance with its own stated purposes and to the satisfaction of the CSE, the university will be granted autonomy. If not, the supervisory period may be extended for a further period of up to five years, until November 2015. At that stage, the CSE must either certify the institution's autonomy, or close it down if it has not developed in accordance with its stated purposes.

In 1999, the university took the CSE to court, stating that it had gone beyond the legal framework for action, but the court upheld the

actions of the CSE and stated that it had acted in accordance with legal regulations.

Box 2.   Universidad Internacional SEK

The university was created in 1988, and started operating in 1990, before the establishment of the Consejo Superior de Educación. It applied for licensing in 1991, and presented its institutional project to the CSE, which analyzed it and made a number of recommendations to be assessed during the licensing process.

Universidad SEK was visited in June 1992, November 1993, and January 1996. After each visit, the CSE wrote an 'action letter', stating the institution's strengths and weaknesses, and defining certain actions that had to be fulfilled by the institution. During that period, its students were examined by the CSE on several occasions, and the university had to submit every year a set of institutional data, including academic facts and figures, administrative information and financial statements.

During the licensing period, the university applied for the opening of four new professional programmes, which were authorized by the CSE.

In April 2002, once the five-year extension was completed, the CSE paid the institution a final visit, and while it stated that there were still some unsatisfactory issues, it also recognized that the university was developing according to its own project. Therefore, it certified its autonomy and declared the university fully licensed and entitled to offer freely all kinds of degrees with no external compulsory supervision.

Other institutions have started operating in Chile without involving the CSE. There are different approaches, but in all cases, these institutions offer programmes leading to degrees in unregulated professions,[24] such as graphic design, marketing and commercial management, language courses, neurolinguistic programming (at the levels of Practitioner

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24. It must be recalled that in this context, 'unregulated professions' correspond to all professional activities that are not subject to legislative, regulatory or administrative provisions (see earlier).

and Master Practitioner) or graduate programmes, as can be seen in *Appendix 1*. Some of these programmes require the student, at some stage, to travel to the degree-granting institution, either to complete some part of the course of study, to take part in practical training, or to take a final examination.

There are some special cases, which deserve a closer look. These correspond to prestigious foreign institutions that are interested in setting up programmes in Chile, probably with a less commercial purpose in mind and with more of a political-cultural goal.

The most relevant case is that of Heidelberg University, which recently opened in Chile the Heidelberg Center for Latin America. This was established in 2001 with the support of the Ministry of Science, Research and Arts in the state of Baden-Württemberg and the German Service for Academic Exchange.

The centre is intended to work from Chile with other Latin American countries. It will provide graduate programmes jointly with Universidad de Chile and Universidad Católica, the two most prestigious universities in the country. The centre also intends to organize specialization seminars in different disciplinary areas in order to disseminate the outcomes of German research, to offer Latin American students the possibility to study in Germany, and to promote scientific collaboration. It will also promote access to Chile of other universities in the State of Baden-Württemberg.

As shown in *Box 3*, the Heidelberg Center does not offer its programmes or develop its activities with a commercial purpose (even though, contrary to the practice of German higher education institutions, in Chile it charges fees for its services), but rather with a political-cultural objective, which probably includes the identification of promising graduate students and the provision of easy access for them to German universities.

Box 3. Heidelberg Center for Latin America

During the twentieth century, German universities focused their internationalization efforts on attracting foreign students and researchers to Germany. Since 2001, the internationalization strategy has changed towards moving the universities abroad with a programme called 'Export of German Academic Supply', developed by the German exchange programme.

In this context, the University of Heidelberg has a wide network of academic and scientific co-operation, and includes in its priorities the promotion of multidisciplinary and international work, as well as the exchange of students and faculty with over 250 universities in the world. It decided to open up opportunities in Latin America, in order to promote scientific co-operation between Germany and Latin America, to share the outcomes of research and the contents of German teaching with students and faculty in Latin America, and to offer Latin American students the opportunity to complete their studies in Germany.

Chile was chosen as the place for this experience, because of good relations between both countries, Chilean socio-political stability, and the wide network of Heidelberg alumni in the country. Different alternatives were analyzed, including the possibility of being established as a regular university, which was rejected because of the time involved; the option taken was to become a private corporation – which became the Heidelberg Center for Latin America – and to establish partnerships with Universidad de Chile and Universidad Catolica, the two most prestigious universities in the country.

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5. Programmes offered

The Heidelberg Center for Latina America wishes to focus its efforts in law, arts and health. In this context, it intends to offer the following programmes:

- Master of Arts in European political studies, in progress;
- Master's programme in international law, in a joint effort with Universidad de Chile and its International Studies Institute, and the scientific support of the Max Planck Institute for comparative public law and international law (2004);

- Diploma on judiciary reform (in preparation);
- Diploma in musicology (in preparation), to be offered with Universidad Catolica and Universidad de Chile;
- Master in medical physics, to be offered with Universidad Catolica.

In addition to these programmes, the centre offers German-language courses, open to students and faculty who are travelling to Germany and to students from the associated universities.

The main purposes of the centre are the international projection of German higher education to the southern hemisphere and the expectation of increased association with prestigious universities in this region of the world.

Another similar case is that of the Massachusetts Institute of Technology (MIT) which has announced that it is interested in establishing a centre in Chile, in association with some prestigious universities. Unfortunately, despite many efforts, it was impossible to determine who the Chilean partner(s) would be, or the actual project.

Both these institutions are prestigious universities, offering a wide range of degrees and perceived as an asset for national higher education. To accept their presence in Chile without going through the formal channels seems to be a risky proposition, either because it could reduce their potential impact (by limiting their offer to unregulated degrees) or create a dangerous precedent with other, less desirable institutions.

6. Twinning arrangements

The easiest and most common way to achieve commercial presence without submitting to licensing procedures is to sign an agreement with an existing autonomous institution, offering to provide a joint degree or simply a foreign degree under the auspices of the national institution. The foreign institution provides the degree and in many cases, some faculty who travel to Chile for a fixed period (usually for two weeks, once in each term, for programmes with two to three four-month terms or semesters).

There are different types of twinning arrangements, some more reliable than others. The more reliable are those covered under joint degrees, which are discussed further in this paper, but the majority are simply arrangements under which a licensed university in Chile provides programmes with an academic 'umbrella' under which to offer degrees. In a few cases, these degrees are equivalent to those offered in the home country, even though in most cases, the home country does not recognize them. In others, the programmes offered are adaptations offered by the local faculty, with occasional visits from academics from the degree-granting institution.

Some of these institutions also require students to travel to the provider institution for a period ranging from two weeks to two or three months, in order to complete the graduation requirements.

Luis Eduardo González identifies a number of programmes operating under such a scheme, which are listed in full in *Appendix 2*.

Most of these programmes come from Spain and offer a Master's degree, as can be seen from *Table 2.2*.

As the information summarized above was obtained through a revision of the press at the time when most institutions were trying to attract students, it does not mean that the programmes managed to enrol a sufficient number of students. A recent check-up of those programmes shows that many of them never actually opened.

Unfortunately, there is no way to determine which of these are *bona fide* programmes, subject to adequate quality assurance processes that ensure at least a degree of quality consistent with the equivalent domestic offerings, and which are simply commercial exercises in which the foreign provider does little beyond charging a royalty and letting some of their faculty come to Chile for two weeks (with expenses covered by the tuition that students pay).

For some programmes, it was possible to obtain additional information; a sample of those is summarized in *Box 4*.

Universidad de Sevilla offers programmes in similar arrangements with other universities: a Doctorate in Economics and Business

Administration with Universidad de Santiago,[25] and three doctoral programmes with Universidad Autónoma del Sur[26] (Doctorate in Administration, Doctorate in Business Law, and Doctorate in Education).

Table 2.2   Number of programmes offered by origin of foreign institution

Origin of foreign institution	Type of programme			
	Doctorate	Master's	Diploma	Total
Spain	7	29	2	38
Other	0	3	4	7

Source: See *Appendix 2*.

Most of the programmes offered are in the field of business administration, with a spattering in other areas, as is summarized in *Table 2.3*.

Table 2.3   Number of programmes offered by field of study

Area	Type of programme			
	Doctorate	Master's	Diploma	Total
Education	2	2		4
Communications	1	4	1	6
Business	2	17	4	23
Law		3		3
Architecture and urban development	1	1		2
Environmental studies		2		2
Engineering	1			1
Others		3	1	4
Total	7	32	6	45

Source: See *Appendix 2*.

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25. Universidad de Santiago is one of the two original state universities.
26. Universidad Autónoma del Sur is a private, autonomous, regional university.

Box 4. Universidad Central* – Universidad de Sevilla, Doctorado en Arquitectura y Patrimonio Cultural (Architecture and Cultural Heritage)

Initial year:	2001
Degree granted:	Doctor in Architecture
Degree granting institution:	Universidad de Sevilla, Spain
Institution responsible for the management of the programme:	Universidad Central
Duration of the programme:	6 semesters: first two, 200 hours; third and fourth, 120 practical hours; two last semesters are dedicated to writing a doctoral thesis. Students are expected to have a part-time dedication.
Admission requirements:	Licenciatura degree in Architecture, Arts, History, Anthropology, Sociology or Mathematics
Places offered:	30 (in 2001, there were no further openings)
First-year enrolment:	28
Faculty:	12 full-time professors, and 12 professors hired on an hourly basis. All of them have doctoral degrees.
Equipment:	Provided by Universidad Central
Graduates:	None to date
Recognition:	Degree valid for postdoctoral studies in Spain.

* Universidad Central is a private, autonomous institution located in Santiago.

In the programme offered with Universidad de Santiago, Spanish faculty members travel to Chile during the first cycle (21 credits, about 200 hours); the second cycle is dedicated to research, on a distance basis.

Universidad Autónoma del Sur reports that it enjoys a direct link through the Internet to the library of Universidad de Sevilla. They claim that the degree granted is officially recognized in Spain, and therefore in the European Union. This has been formally denied by ANECA (the quality assurance agency operating in Spain) and the Spanish Ministry of Education.

As can be seen, different universities use different strategies. While programmes offered by Spanish universities differ widely in length, requirements and level of commitment of the foreign institution, they represent the current state of commercial relations regarding educational services between Chile and Spain. All degrees are subject to Spanish regulations, which demand that students obtain a DEA[27] or a Certificate of Research Capability[28] before being entitled to continue to write a doctoral thesis and thus obtain the doctoral degree.

7. Joint degrees

Some institutions prefer to enter the field through the offering of joint degrees. This is the case with the larger and more prestigious institutions that link up with accredited programmes, and in many cases get international accreditation.

A good example of this is the University of Heidelberg described above, which provides specialization programmes for medicine in conjunction with the Universidad de Chile and Pontifical Universidad Católica. Students receive a joint certificate from the Chilean university and from Heidelberg.

Further examples in the field of business administration are given in *Table 2.4*.

The interesting thing about these programmes is that in these cases, quality is a strong consideration. The Chilean universities are the most prestigious in the country, and they choose their partners very carefully. This is not a case of foreign institutions coming to sell their wares in

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27. The DEA is granted to students who approve a theoretical cycle and a practical research cycle ending in a *tesina*, or report of a research project.
28. Universidad de Talca reported that the Certificate of Research Capability is open only to a set number of students within the doctoral programme.

Chile, but rather informed consumers buying selected programmes and offering them under a joint certificate.

Box 5.   Universidad de Talca* – Universidad Complutense de Madrid, Doctorado en Análisis Jurídico de Instituciones de Derecho Público y Privado

Initial year:	2001
Degree granted:	DEA (Diploma of Advanced Studies); Doctor in Legal Analysis of Institutions in Public and Private Law
Degree granting institution:	Universidad Complutense de Madrid, Spain
Institution responsible for the management of the programme:	Universidad Complutense de Madrid, Spain and the Faculty of Law of Universidad de Talca
Duration of the programme:	Theoretical cycle: 36 credits (360 hours); Research cycle: Approximately 12 credits hours, part-time. Doctoral thesis, which must be defended in Spain.
Admission requirements:	Professional degree in Law, granted by a Chilean or foreign institution.
Total enrolment:	8
Graduates:	None to date

*Universidad de Talca is a public, regional university.

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8.   Foreign ownership of Chilean institutions

A new mode is buying into a licensed, private institution. In 1999, Sylvan Learning Systems made an investment that enabled it to take over the control of a private, formally non-profit university, and recently it has done the same with another.[29] After this take-over, the

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29. At the moment of writing this paper, Laureate Education Inc. announced that it had bought IEDE, the Institute for Executive Development, in Spain.

first of these institutions increased its enrolment from 2,000 students in 1998 to 15,000 in 2003. This behaviour is consistent with that of other institutions in the same situation: Universidad del Valle de Mexico also grew at an unprecedented rate after Sylvan took control over it.

Table 2.4   Examples of joint degrees in the field of business administration

Foreign university	Chilean university	Dual degree offered
ESADE, Escuela de Negocios, Barcelona, Spain	Universidad de Chile	Master's degree in Management and Business Administration (MBA)
Tulane University	Universidad de Chile	MBA for the Americas
University of Texas	Pontificia Universidad Católica	MBA (accredited by AACSB)
HEC – France	Pontificia Universidad Católica	MBA
Thunderbird University Case Western	Universidad Adolfo Ibáñez	Executive MBA (accredited by AACSB (United States) and AMBA (United Kingdom)
Graduate School of Management, Leipzig	Universidad de Talca	MBA
Groupe Supérieure de Commerce, Montpellier		
Université de Montpellier	Universidad de Santiago	Master's in Administration and Business Management

Source: Interviews with representatives from Chilean universities responsible for the joint degrees.

Other similar corporations are looking into higher education institutions, and it may be the dominant mode in a few years.

Box 6. Universidad de la Frontera* – Universidad Autónoma de Madrid, Doctorado en Ciencias Empresariales (Managerial Sciences)

Initial year:	2001
Degree granted:	Doctor in Managerial Sciences
Degree granting institution:	Universidad Autónoma de Madrid, Spain
Institution responsible for the management of the programme:	Universidad Autónoma de Madrid, Spain
Duration of the programme:	Three years: First cycle: Programa Curricular Específico, 200 hours, with full-time dedication. It ends in a *tesina*, which leads to a Certificate of Research Capability, and a DEA (Diploma of Advanced Studies). Second cycle: Approximately 800 hours, part-time. Doctoral thesis, which must be defended in Spain.
Admission requirement:	Professional or Licenciatura degree in related fields. Preference is given to candidates with teaching experience and/or a Master's degree.
First-year enrolment:	2001: 18 2002: 21 2003: 19
Faculty:	The programme is led by one full-time professor with a Master's degree and one half-time professor with a doctoral degree. It has 10 half-time professors with doctoral degrees, plus full-time technical support staff.
Graduates:	None to date.
Recognition:	Degree valid for post-doctoral studies in Spain.

* Universidad de la Frontera is a public, regional university.

9. The case of Sylvan International Universities

Sylvan International Universities (SIU) was created in 1999 by Sylvan Learning Systems, Inc. Sylvan has acquired a number of universities in different countries. This list is constantly growing: between March and June 2004, at least three new institutions were added. The institutions it currently controls are the following:[30]

Campus-based institutions

• Universidad del Valle de Mexico (UVM), Mexico City, Mexico
• Universidad de las Americas (UDLA), Santiago, Chile
• Universidad de las Americas (UDLA), Quito, Ecuador
• Les Roches Hotel Management School, Bluche, Switzerland
• Les Roches Jin Jiang International Hotel Management School, China
• Universidad Europea de Madrid (UEM), Madrid, Spain
• Ecole Supérieure de Commerce Extérieur, Paris, France
• Glion Institute of Higher Education, Glion, Switzerland
• Academia de Idiomas y Estudios Profesionales (AIEP) Chile
• Universidad Andrés Bello, Santiago, Chile
• Universidad Interamericana de Costa Rica, San José, Costa Rica
• Universidad Interamericana de Panamá, Panama City, Panama
• Institute for Executive Development (IEDE), Spain

Online institutions

• Walden University, United States
• National Technological University, United States
• Canter and Associates, United States
• KIT E-learning, the Netherlands

Sylvan Learning Systems recently changed its name to Laureate Education Inc., which better reflects its strategic decision to focus exclusively on the market for post-secondary education.

In 1999, Sylvan bought 60 per cent of the Chilean group, Campus Mater S.A., which had created Universidad de las Américas; in this way,

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30. See www.laureate-inc.com

it acquired control over the university but retained its former academic leaders.

Since the Sylvan take-over, the university has steadily grown, opening new branches, expanding its programmes and increasing its enrolment. From less than 2,000 students enrolled in 1998, it has grown to over 15,000 in 2003, and offered over 6,000 new places for the academic year 2004 (which represents a 50 per cent increase with respect to 2002), heralding continuing growth.

Table 2.5   The expansion of Universidad de las Americas

Year	Branches	Enrolment first year	Total enrolment	Programmes offered/regular	Programmes offered/non traditional
1998	1	829	1,888	7	0
2003	2	7,060	15,600	166	17

Source: Consejo Superior de Educación, 1999 and 2004.

In 2003, Sylvan became a partner in another private autonomous university, Universidad Andrés Bello, and in a professional institute, the Academia de Idiomas y Estudios Profesionales (AIEP), which has branches in seven different cities in the country.

In 2004, Laureate Education Inc. bought IEDE, the Institute for Executive Development, in Spain. In so doing, it acquired control over business schools in the United Kingdom (London), Spain (Lleida), China (Shanghai) and Chile, where it offers programmes in 10 different cities. At the same time, IEDE (and therefore, the former Sylvan International Universities) is behind the Universidad Europea de Negocios, which is applying for licensing, as was shown in *Section 2.4*.

These new acquisitions suggest that Sylvan is trying to address different segments of the higher education market: the mass student market, in medium-range programmes, through Universidad de las Américas; the non-university students, through AIEP, the more demanding student population through Universidad Andrés Bello and graduate and business studies through IEDE.

Box 7.   Universidad de las Americas

It was established by the Chilean group Campvs Mater in 1988, and started operating in 1989. Its main purpose is to train professionals in different areas, with an entrepreneurial approach, oriented towards the global market and prepared to make decisions under conditions of risk.

After a licensing process that started in 1988, Universidad de las Americas was certified as autonomous in 1997.

In 1993, Campvs Mater had opened Universidad de las Americas del Ecuador, in Quito; this international interest was probably one of the reasons why, in 1998, Campvs Mater leaders were contacted by representatives from Sylvan Learning Systems, who were studying the Latin American higher education market, in order to access it from within.

The agreement signed involved a large investment (over US$25 million) by Sylvan in six years, during which the university would keep its current leadership. The payment was made contingent to the number of students enrolled in the university, which helps understand the growth of the institution in recent years.

Students graduating from a Sylvan university are offered the following advantages:

- a 'Sylvan International Universities (SIU) quality certificate', which states that students have received an entrepreneurial education, with an international stamp;
- the possibility of getting a dual degree, one from the country of origin and one from another institution in the SIU network;
- an effective programme for learning English, which is implemented in all SIU institutions.

Part of the enrolment growth in Universidad de las Americas has been in non-traditional programmes, such as 'Executive Professional Degrees', which are offered on a part-time basis (classes on two evenings per week, plus Saturday mornings); it also has expanded in branches into different parts of the country.

In 1998, the university offered programmes in the following areas: administration, agriculture, arts and architecture, social sciences, law, education, technology.

In its relation to Chilean higher education institutions, Sylvan representatives insisted that institutions maintain their academic autonomy; at the same time, all institutions belonging to the Sylvan (now Laureate) network must include in their curriculum what is called the 'Sylvan signature', which includes internationalization, bilingual teaching and technology.

It has been said – but it has not been possible to confirm – that the terms of the acquisition make the price Sylvan is willing to pay dependent on the number of students the institution has at specific points in time. What this suggests is that what Sylvan is actually buying is a 'student portfolio', or rather a growing amount in student fees; in this scenario, quality may well be contradictory with the main goal, which is the increasing number of students.

It is hard to evaluate the impact this strategy will have in the Chilean higher education system. The growth of Universidad de las Américas creates serious concerns, as it seems impossible to maintain such an increase in programmes and students without dangerously affecting the basic quality of the degrees offered.

10. Presence of natural persons

While this mode does not directly affect the issues considered in this paper, it is important to mention that in the case of foreign provision, often the presence of faculty members from the providing country for a short period is the only actual contribution from the foreign institution.

The increased interest in mobility policies and mechanisms makes evident the need to study further the barriers and the opportunities for the presence of natural persons both within higher education institutions and also as technicians and professionals entitled to move from their own country into another through recognition of their degrees and qualifications.

Therefore, while there will not be a special section devoted to this issue, suffice it to say that it deserves a thorough treatment on its own.

III. Regulations affecting foreign provision of higher education

Higher education is traditionally developed in most Latin American countries without any thought to the need of external quality assurance mechanisms. When higher education was restricted to the most qualified students in their respective countries, taught by highly respected faculty, endowed with degrees obtained in the most prestigious universities in Europe and the United States, quality was assured through a sort of 'corporative self-regulation' of institutions enjoying the privileged autonomy that comes with guaranteed public income, and no interference from public officials in academic, administrative or financial matters. Such was the situation in Chile until 1980, where the reform carried out by the military government completely changed the face of the country's higher education:

- It turned the branches of state or public universities into autonomous, regional institutions, giving each region in the country its own state institution;
- New legislation made it possible to establish private higher education institutions;
- Public funding was greatly reduced and institutions were asked to find new sources of income, such as student fees, established at all (public and private) institutions;
- The system was further diversified into three institutional tiers: universities, which granted professional and academic degrees; professional institutes, which could offer professional but not academic degrees; and technical training centres, offering two-year technical degrees.

Regulation was left to the market, which was unable to ensure quality or provide a measure of social legitimacy to private institutions. They grew uncontrolled, and by 1990 there were 45 private universities, 82 professional institutes and over 140 technical training centres.

External quality assurance was seen as unavoidable by the same military government that had de-regulated higher education, and a licensing scheme was put in place in 1990. This is the first case of external quality assurance within the Chilean higher education system, and it has been followed by other mechanisms as the development of the system has shown the need for them. Thus, quality assurance mechanisms have developed under a mostly reactive approach, which has helped overcome the reluctance of higher education institutions to accept them.

Currently, quality assurance mechanisms in Chile cover the following functions: (a) licensing; (b) professional and technical programme accreditation; (c) graduate programme accreditation; (d) institutional accreditation; and (e) public information system.

In this section, a short overview of each of these mechanisms will be provided, looking at them from the point of view of their potential impact (or lack thereof) on transnational education offerings.

1. Licensing procedures

Between 1980 and 1990, the number of institutions increased dramatically, as can be seen in *Table 1.1*. Regulation was left to the market, which, unable to deal with quality issues, failed to legitimize private higher education offerings. Consequently, the same neo-liberal military government that de-regulated the system decided that a licensing system was unavoidable.

Thus, in March 1990, a constitutional law[31] created a new, public agency called Consejo Superior de Educacion (CSE), with the responsibility of authorizing all new private universities and professional institutes, and supervising their operation in order to make sure that they fulfil the commitments made in their initial institutional proposal.

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31. Ley Orgánica Constitucional de Enseñanza, No 18.962, published on 10 March 1990. It is commonly called 'LOCE'. While the military government planned to publish the law well before it had to leave office, legal regulations prevented it from doing so. This meant that the Consejo Superior de Educacion was appointed under a democratic government, which gave it a different social standing and helped make licensing a real quality assurance process.

The Consejo is chaired by the Minister of Education, and is integrated by eight academics appointed by different institutions.[32]

This mechanism imposes strong requirements for all new higher education institutions:

- They must obtain initial authorization, including a statement that they have sufficient resources to develop their project.
- Once they have been authorized, they must submit to six years of supervision, which can be extended for a further five years.
- During supervision, the CSE must write an annual report, based on the assessment of all significant variables related to an institution's operation (teaching, management, finances, teaching and learning resources, infrastructure, etc.). In order to do this, the Consejo asks for self-assessment reports, visits the institution using external reviewers, looks at tests and examinations, and can even directly examine the students of a given programme.
- As a result, it writes a yearly 'action letter', which states the strengths and weaknesses it has identified and establishes any necessary actions.
- During this supervisory period, if the CSE considers the institution is not complying with its requests, or is not operating in accordance with standards of quality and its own mission statement, it can prevent the institution from enrolling new students or it can even withdraw its licence.
- At the end of the supervisory period, the CSE must certify the institution's autonomy, or, if it considers its development unsatisfactory, it can withdraw its license and thus close it

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32. The members of the CSE are appointed by the following institutions: state universities (1); private universities (1); professional institutes (1); Council for Science and Technology (1); Science and disciplinary academies (2); Supreme Court (1); the Armed Forces (1). They elect a Vice President, who chairs the Consejo in the absence of the Minister of Education. Since the Minister has elected not to attend the meetings of the Consejo in order to reinforce its autonomy, this Vice President is the actual chair.

down.[33] Since 1990, the CSE has closed down 11 universities and 19 professional institutes, and granted autonomy to 33 institutions (24 of them universities).

The same process applies to new programmes these institutions wish to offer, and all changes in their initial project, or new developments, must be reported to the CSE.

The law defines autonomy as "the power independently (that is, without supervision of any kind) to offer all kinds of degrees" (LOCE, Art. 42). There is a great distance between the process that leads to autonomy (which is focused on the institutional project presented by the institution) and the actual power linked to autonomy. In fact, an institution can obtain its autonomy by proposing a very modest project with only one programme, or programmes in only one area of knowledge, and the day after being certified as autonomous can increase its offerings to all areas.[34]

The only restrictions that apply to autonomous institutions are those stated by law: universities are entitled to offer academic degrees (that is, Master's and doctoral degrees) as well as professional and technical degrees; professional institutes may offer professional and technical degrees, and technical training centres are allowed to offer technical degrees only.

Licensing is compulsory for all new, private institutions,[35] as it is a requirement for the recognition of these institutions and the degrees they grant. As such, it is also a requirement for any foreign institution

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33. The law does not ask the Consejo to develop standards or criteria for evaluation. All it says is that "institutions must perform to the satisfaction of the Consejo". In order to make the process more transparent and provide the institutions with a guide, the Consejo developed a set of criteria for evaluation, which form the basis for its assessment and decisions. These can be found at www.cse.cl

34. This is not theoretical at all. The provisions of the law provide strong incentives for an institution to keep its project as small and un-ambitious as possible during the licensing period, in order to increase its chances of gaining autonomy fast. However, after autonomy, a completely new world opens up. As an example, only one private institution opened a programme of medicine under supervision, but at least ten of them opened these same programmes within three years of being autonomous.

35. Public institutions can only be created by law.

wishing to provide higher education services in Chile, at least at the professional or technical level.

As the process is rigorous, lengthy and of a highly supervisory nature, foreign institutions are reluctant to submit to it. Heidelberg University, which is interested only in graduate or post-degree courses, considered it to take too long, and therefore opted for a different, unrecognized alternative.

2. Accreditation processes

During the 1990s, regulation for new private institutions operated fully, and their number became relatively consolidated. At the same time, enrolment experienced a significant growth[36] and coverage grew to about 30 per cent of the 18 to 24 age cohort (OECD, 2004). The student population changed, from the homogeneous, highly qualified, urban, mostly male group of the 1980s to a highly heterogeneous group where first-generation higher education students figured prominently, and whose qualifications were at best diverse, and at the worst poor (Lemaitre and Raczynski, 2001).

Competition among higher education institutions for students, faculty and resources became fierce. Marketing developed into an important item in the institutions' budget, and a growing concern about the available information on the quality of higher education started to develop.

As the number of autonomous institutions increased, the level of regulation in the system subsided. Autonomy (both of the newly licensed private institutions and of the public universities), together with the highly competitive nature of Chilean higher education, resulted in the opening of many programmes without quality control.

3. Programme accreditation, for professional and technical degrees

In this context, in 1998, the Ministry of Education established a National Commission for Accreditation (CNAP) charged with designing

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36. See *Table 1.1*.

an accreditation process and carrying it out. The commission has 14 members appointed by the Minister of Education, and a technical staff in charge of co-ordinating and managing accreditation procedures. Its funds come from the national budget as part of a comprehensive programme for the improvement of quality and equity in higher education[37] (Reich, 2000; Ministerio de Educación, 2002).

CNAP developed accreditation criteria and procedures with participation of faculty, professional associations, and employers or users of the services of graduates in each specific field. External quality assurance focuses on the evaluation of inputs and processes linked to the definition of expected learning outcomes for the different fields, and it involves self-evaluation and external review by national and international peer teams (CNAP, 2001).

Accreditation is voluntary, and there are no financial incentives for accredited programmes. In spite of this, over 300 programmes have applied for accreditation. While they represent only 10 per cent of the total number of programmes, they cover about 35 per cent of enrolment. Full accreditation is for seven years, after which programmes must renew their accreditation. Programmes may, however, be accredited for shorter periods, according to their perceived strengths and weaknesses, and the existence of improvement plans.

4. Graduate programme accreditation

During the 1990s, national graduate programmes developed and started their consolidation. The need to provide grants and scholarships to students made it necessary to establish some means to determine which programmes complied with quality standards. An accreditation mechanism was developed, under the tuition of the National Science and Technology Commission (CONICYT), and started operating in the mid-1990s.

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37. This programme, called MECESUP, has three main components: quality assurance, capacity building and a competitive fund used for institutional development of public universities. It provides resources for infrastructure, curriculum development, faculty improvement, development of graduate programmes and resources for research.

Graduate programme accreditation is available to all doctoral degrees and to those Master's degrees that are offered in areas where there are no consolidated doctoral degrees. The rationale behind this is that the main consequence of accreditation is the eligibility for scholarships and grants, which are available only to students wishing to follow academic programmes oriented towards the development of research capabilities.

Doctoral programmes are assessed through the provision of a basic set of relevant information, which is then reviewed by external peers. The focus for evaluation is the impact of the programmes in terms of the academic development of their graduates and their output in terms of publications, patents and other similar outcomes.

Master's programmes have two options: they can follow a process very similar to that of doctoral programmes, or they can carry out their self-evaluation, organize the external review and provide the commission with both reports, plus the necessary evidence to support them. The accrediting agency then decides whether to submit the process to an academic audit or simply to accept its conclusions. The decision is taken based on the information provided, the institutional record, and a random sampling of programmes to be audited.

Graduate programme accreditation could be a means to deal with most of the transnational offerings, which belong in the graduate programme category. However, as was mentioned, accreditation is addressed only at academic programmes, and very few of the transnational offerings fall in this category. Therefore, in most cases, transnational offerings are not eligible for accreditation, even when they are offered in a dual effort with recognized institutions.

5. Institutional accreditation

As the higher education system grew, places for students began to exceed the number of possible applicants, and institutions started aggressively to pursue students everywhere. One of the main strategies was to open branches in smaller towns across the country, with the result that can be seen in *Figure 3.1* (CNAP, 2003*a*).

Figure 3.1   Evolution of institutional branches, 1980-2002
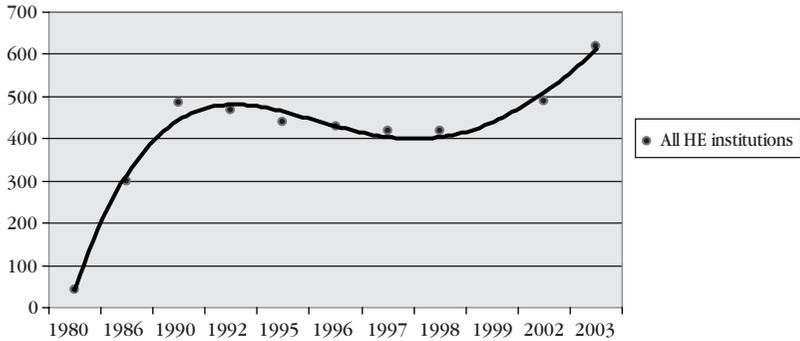
Source: www.cnap.cl

While bringing higher education to the students may be perceived on one level as a good thing, it is not really so if institutions cannot provide quality teaching. In a highly centralized country like Chile, it is very difficult to bring qualified teachers to places far from the larger cities; in a context of scarce resources, it is hard to set up laboratories, library facilities or teaching resources, and in many cases, these are simply not available (CNAP, 2003*a*).

The higher education system has thus become highly segmented: well consolidated, innovative, and developed institutions coexist with others that offer programmes of unknown or doubtful quality. It became necessary to establish external quality assurance mechanisms that provide effective incentives for institutions to manage the quality of their offerings, and to accept responsibility for their teaching, research or other functions they include in their mission statement.

Institutional accreditation focuses on the existence and effective operation of institutional policies and mechanisms addressed to fulfil institutional stated purposes, within a general framework of quality criteria.[38] All institutions applying for accreditation must demonstrate that they have adequate mechanisms for self-regulation in the fields of teaching at the degree level and institutional management. Institutions

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38. Standards and procedures for institutional accreditation may be found at www.cnap.cl/acreditación/

may add other fields, such as graduate studies, research, links with the disciplinary, professional and work environment, or the provision of teaching and learning infrastructure (CNAP, 2004).

The evidence provided by the institutions includes a review of policies and regulations dealing with the above-mentioned fields; a survey of the different levels of operation for each field, in order to ascertain the degree of application of these policies and mechanisms within the institution; and case studies which provide evidence about their application and outcomes. Institutions are then visited by an external review team made up of specialists for each field, with the participation of national and foreign experts. Accreditation may be granted for seven years, for shorter periods, or it can be denied.

Institutional accreditation may be an appropriate, albeit slow, way of dealing with transnational higher education, particularly that offered in twinning arrangements, dual degrees or other means involving the co-operation of a national institution. If an institution wishes to be accredited, it must show that it has adequate provisions in place to ensure the quality of all the programmes it offers, including any transnational agreements.

6. Public information systems

The Ministry of Education is currently working on the improvement of a public information system, intended to serve: (a) in policy decision-making; (b) in institutional management and quality assurance; and (c) in informing all stakeholders.

The third aspect is the one that is most relevant in this context, and the efforts have been addressed mainly at working with higher education institutions to determine the basic data they are willing to share, and to establish institutional information systems organized on a common basis (CNAP, 2003b).

At the same time, the ministry is working with external consultants on an employment observatory, in order to determine the level of employment for different types of professional and technical graduates, their income level and the relationship between years of study, type

of degree, employment rate and income level. This information is published and complements that which is provided by each higher education institution.

Work has also been carried out in order to eliminate misleading publicity and false claims by institutions, but this is still at an initial stage except in the case of institutions or programmes taking part in the accreditation processes described above.

It is expected that the publication of relevant information will have not only a regulatory impact on the system (providing incentives for institutions to improve those areas where indicators are published) but also a pedagogical effect, by making stakeholders more attentive to certain variables and less dependent on publicity and advertising.

7. The Agency for International Cooperation (AGCI)

In some cases, students enrolled in transnational programmes can pay for them with government-subsidized loans.

For some time, the decision about which programmes were eligible for these loans was made by the Agency for International Cooperation. On application from a programme, AGCI checks whether the programme is actually being offered, and determines that the institution offering it is recognized in its own country. This is done through public information, or through the Chilean embassies in the host country. There is no evaluation of the quality of the institution or the programme, and no accreditation is involved.

With AGCI's authorization, students then apply for subsidized loans in selected commercial banks. Loans can reach up to US$90,000, with four-year grace period, and must be repaid within a maximum of 10 years.

AGCI never claimed that their authorization implied a quality review, but of course, institutions used this information and some of them even publicized it as 'programme accredited by AGCI'. At present, AGCI has stopped authorizing the use of these loans for programmes within the country, and reserves them only for studies abroad.

8. Quality assurance processes as applied to transnational education

There is no reason why foreign provision of higher education should not be welcomed as a way to increase access, to bring innovative practices into the country, or to develop new areas within higher education. However, this is not always the case. In order to ensure this to happen, there must be regulatory practices in place that can assure Chilean society of the quality of these offerings, or at least valid and reliable information systems that would make it possible to differentiate between quality offerings and others that are much closer to 'diploma mills' than to actual higher education.

As has been mentioned before, Chile is a relatively de-regulated country in terms of higher education, with the notable exception of the existence of barriers to the installation of new higher education institutions entitled to grant recognized degrees in the regulated professions.

Table 3.1 shows how current regulations affect foreign providers, using two criteria: market access and national treatment.

A special type of regulation is that related to quality assurance processes. All the quality assurance schemes applied in Chile were developed in order to deal with domestic concerns, mainly with the growing vertical and horizontal diversification of the higher education sector. They did not take into account transnational education provision, although there is a growing concern about it among policy-makers, which is promoted by higher education leaders who are beginning to feel its impact through competition for students with the ability to pay for these services.

Quality assurance efforts have been addressed mainly in two directions: licensing of new, private institutions; and voluntary accreditation of programmes. Both these processes have effectively regulated the provision of programmes leading to undergraduate and professional degrees. Therefore, with the exception of the Sylvan strategy and of the foreign institutions that have been willing to go through the licensing process, there are very few transnational offerings in this area.

This may not last, since not all professions are regulated, and in many cases, there is no need for public recognition of a degree to be able to practice a profession (such as graphic designer, social worker, journalist or marine biologist) unless the employer belongs to the public sector. However, employment in the public sector is shrinking, and therefore it is possible that degrees obtained through virtual courses, or twinning programmes, become more frequent.

Table 3.1   Formal barriers to foreign provision of higher education

Mode	Criteria	
	Limitations to market access	**National treatment**
Cross-border supply	None. Professional degrees obtained through this mode must be recognized by Universidad de Chile. Graduate degrees do not need recognition.	None.
Consumption abroad	None at the graduate level. Professional degrees obtained abroad must be certified by Universidad de Chile, except in the case of those countries with which Chile has signed international agreements[39]. Graduate degrees do not need recognition.	Professional degrees obtained abroad must be recognized by Universidad de Chile. No further professional certification is required.
Commercial presence	New institutions must be licensed by the Consejo Superior de Educación in a process that takes between 6 and 11 years. Graduate degrees do not need recognition, although there is a voluntary accreditation process for doctoral and academic Master's programmes.	None, beyond those that apply to national providers.
Presence of natural persons	None, for teachers or researchers. Professionals in regulated professions must have their degrees recognized by Universidad de Chile.	None.

Source: Analysis of current regulations as applied to local and foreign higher education offerings.

39. Chile has signed international agreements with Mexico, 1909; Ecuador, 1918; Uruguay, 1918; Colombia, 1922; Spain, 1969; Brazil, 1979; Peru, 1982; Mercosur, 1998. These agreements provide mutual recognition of degrees, thus eliminating the need for recognition through Universidad de Chile. Interestingly, Spain has unilaterally suspended the application of the agreement with Chile.

At the graduate level – where most of the transnational programmes are concentrated – accreditation is also voluntary, but it is a necessary requirement for government-sponsored scholarships. While no foreign programme has ever applied for accreditation, some of them have registered with the Agency for International Cooperation, thus making their students eligible for subsidized loans offered by financial organizations.

Self-regulation seems to be an effective way to assure quality, but strong incentives must be provided for institutions to take responsibility for their offerings. In order to do this, a new system of institutional accreditation is being tried in a pilot project. This system has been developed mostly in terms of academic audit, and puts the responsibility for quality on the institutions themselves, making them accountable for their decisions. Institutional accreditation is also voluntary, but it is linked to eligibility for public funding for students – at present only for private institutions. It is expected to become a requirement for most public funds and for any mutual recognition agreement for the recognition of degrees within the framework of free-trade agreements (FTAs).[40]

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40. Negotiations of the FTAs that Chile has signed have, up to now, excluded the recognition of professional degrees, leaving it for future discussions.

IV.   Concluding remarks

Transnational offerings could certainly enhance the quality of domestic higher education, and they do so in some parts of the world, especially where local higher education systems are unable to offer updated programmes, faculty is poorly trained, or coverage is low.

In Chile, the situation is different. Since 1980, the higher education system has grown, from eight universities enrolling 120,000 students (about 10 per cent of the cohort) to 200 institutions enrolling over 500,000 students, or about 35 per cent of the corresponding age group. From a mostly public-funded system, it has evolved into a self-funding one, which charges relatively high tuition fees, even in public institutions. At present, practically all applicants with basic qualifications can find a place in a public or private institution, and 60 per cent of students studying in the public sector are studying with the aid of scholarships or subsidized loans. The composition of the faculty in most institutions is changing: there are fewer full-time faculty members, more people with experience in professional practice being asked to perform as teachers, and there is a growing market for graduates with Master's and doctoral degrees obtained in Chile or abroad (thus making it more attractive to those graduates to return to Chile).

Foreign providers tend not to bring new offerings into the country. Rather, they offer the same kind of programmes, and cater to those students who can pay relatively high fees. Their offerings can be more flexible, insofar as they provide a mixture of virtual and face-to-face education, and make it possible for part-time students to organize their studies around their other activities. They use the same kind of faculty, hiring local professionals or academics, and if they bring in any specialists, they do so for very short periods to offer concentrated courses.

In summary, our experience shows the following traits in transnational higher education:

- *Market-driven offerings*. Transnational programmes are concentrated in the areas of business and management, which are those with a high potential for paying students. Fifty per cent of the programmes identified are in the business area, and no other field emerges as a significant one.

- *Some innovation and flexibility in the organization of teaching*. Most programmes cater to older, part-time students who already have a degree. For this kind of student, the combination of face-to-face and virtual teaching is a plus, and the opportunity to travel abroad to complete the curricular requirements of a programme is also attractive. However, this also means that most students are relatively wealthy, or at least that they can afford high tuition fees.

- *Access for those who can pay (in a context where access for wealthy students is not a problem)*. As stated above, most transnational programmes are expensive (although their fees are not significantly higher than some national programmes).[41] Chilean higher education used to be based on qualifications. Currently, it is more dependent on the ability to pay, at least in the private sector, where public grants, scholarships and loans are scarce.

- *Quality is at best unknown, many times just poor*. The lack of regulation and the difficulty to obtain information on transnational programmes make it very difficult to learn about the actual quality of a given programme. In some cases, it is possible to infer quality from general information (such as the relative prestige of the institution hosting the programme, or the qualifications of the faculty). It is only possible to monitor the information different programmes publicize, and make sure that no obviously untrue information is provided to the students.

- *Transnational offerings are mostly concentrated in metropolitan areas (that is, in places with a dense population, where it is easy to find students and teachers)*. This is true of most of higher education offerings, and in those cases where institutions open branches

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41. It must be remembered that all higher education in Chile is fee-paying, and that fees are fixed at the level the market will bear. This makes transnational education not significantly more expensive than similar programmes, but it does not mean that they are affordable for middle-income students.

in rural or distant areas, there is always the question about the availability of qualified faculty or teaching and learning resources. However, the country already has a more than sufficient number of higher education institutions and programmes, and there seems to be no real need for 'more of the same'.

• Transnational offerings seldom make a significant contribution to the local university that hosts these programmes. In many cases, they take more the appearance of a franchise than a twinning arrangement, even if it is presented as the latter, because it is the local institution that provides faculty, teaching and learning resources and, in many cases, the curricular design.

1.   Need for a stronger national regulatory framework

Probably, the best answer to the challenges posed by transnational education is one that is not directly addressed at it as such, but rather one that deals with the quality of higher education offerings within the country. This of course means the establishment of stronger regulatory processes, but established higher education institutions are reluctant to accept them, even though general attitudes towards regulation have changed significantly in the last decade.

In this new context, where national borders are blurred and institutions from any country feel invited to teach students in any other country, regulation policies must develop a wider scope and a long-term view. Up to now, regulation mechanisms have been developed as a reaction to the way in which higher education has evolved. Currently, it seems clear that while dealing with immediate national needs is a necessary component of regulation policies, it is essential also to be able to foresee new developments and challenges.

The higher education system has been slow to recognize the actual challenges of a new environment, and this has probably reduced the ability of national systems to deal with issues of trade. However, at present, the more consolidated institutions are willing to accept a stronger regulatory framework, and most of the public institutions and some of the stronger private institutions have submitted their

programmes to accreditation. The problem lies with the weaker institutions, where a voluntary accreditation system does not seem to be a good answer, unless market considerations and other incentives make it necessary for institutions to submit 'voluntarily' to external quality assurance processes.

2. Quality and equity: national concerns

The main policy issues in Chilean higher education address the need for increased equity and quality. These are the two main considerations that provide the context for other policy concerns, such as access, a balanced geographical provision of higher education, responding to national needs, and making effective use of scarce public resources.

Transnational education could help to achieve these objectives. However, most of the information we have shows that, left to itself, it is difficult for transnational education to do so. Profit is one of the most important incentives to provide higher education to students in a foreign country, and in many cases, quality and equity considerations tend to reduce profit.

Equity can be addressed from several viewpoints: the widening of enrolment opportunities, in terms of different types of programmes, different curricular modes, wider geographical coverage; increased opportunities for students with lower qualifications, which demands different ways of organizing the curriculum and new pedagogical methods; more efficient modes of operation, reducing the number of years students take to graduate, and higher graduation rates; increased information about programmes offered, including feedback from graduates or graduate employment rates. These issues are far from being solved at the national level, but there have been strong advances in most of them. There is no sign that commercial transnational education[42] is willing to address any of these: current offerings tend to be concentrated in the same cities, programmes and curricula as

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42. Some of the programmes discussed in this paper, such as those offered by the Heidelberg Center for Latin America, or most of the joint degrees, are not really of a commercial nature even though they charge fees that are similar to other programmes with a stronger commercial outlook.

national offerings, and therefore, it seems to be just a way of making a profit out of a potential market.

Quality can be defined in many ways, but the most important condition for it is transparency of information, and the possibility of an external assessment of the conditions in which programmes are offered. National higher education institutions are beginning to understand this, and currently, programmes enrolling about 35 per cent of the student population have applied for accreditation; at the same time, institutions representing 80 per cent of total enrolment are undergoing institutional accreditation. However, this is not the case for transnational offerings. While it is true that there are no regular mechanisms for the provision of information, it is also true that those responsible for most of the programmes are highly reluctant to provide information, and the information they provide is very general and difficult to verify.

3.   Issues for regulation

Therefore, regulation becomes an essential part of policy decisions and it must address issues such as the following:

- The need to establish a quality framework that applies to national and international providers within the national borders, and to national providers beyond national borders.
- The need to have a strong information system that makes it possible to know the extent and impact of trade in higher education: What is the actual impact of each of the four modes of trade, on the provision of a professional labour force, on the operation of higher education institutions within the country, on access and its beneficiaries? It must also make it possible to inform the public about higher education offerings, and regulate publicity so that it is accurate and reliable, in order to help potential students to make good decisions.
- The need to address national priorities and policy objectives, and to protect national culture, which may be difficult to achieve under the competition from foreign suppliers.
- The need for adequate measures to protect intellectual property rights of learning materials.

While the role of government has changed, in part as a consequence of the emergence of private providers and the increasing reliance of public institutions on private resources, to it belongs the responsibility of providing a long-term policy framework, regulatory schemes and appropriate financial incentives. This must be done mainly for national higher education, but it cannot ignore the fact that transnational education is part of an increasing trend, and that trade in higher education will grow whether countries make commitments in that sense or not.

It is essential to recognize that higher education has become more diversified, in terms of its providers, its students and its contents. However, to recognize diversity does not mean to accept everything that is offered, and quality is probably a more important consideration in this new context, where it can be defined in many ways, not all of them equally acceptable. Therefore, regulation must be able to encourage innovation and assure quality, to make change possible, and also to limit changes that threaten the basic quality of higher education offerings. It must address funding schemes, provide loans and scholarships to increase access of disadvantaged students, and ensure that non-profit institutions remain so, and that for-profit institutions do not base their returns on poor quality offerings.

Regulation includes the development of quality assurance mechanisms, internal and external, and the establishment of good, valid and reliable information systems, which take into account the possible risks and benefits of national and international offerings in higher education.

4. Strengths and weaknesses of current quality assurance mechanisms

Chile has a quality assurance system that is probably one of the most developed in the Latin American context (only Argentina and Colombia have arrangements as comprehensive as Chile's). However, quality assurance schemes in Chile have been developed in response to the needs of the higher education system. Consequently, while they have quite effectively dealt with quality issues at the national level, they have

been unable to anticipate those challenges that have not been evident. Transnational education poses one of those challenges, and therefore, it may be said to 'fall through the cracks' of a quality assurance system that addresses many other important quality issues.

Currently, quality assurance mechanisms in Chile effectively regulate the quality of new, private higher education institutions through the licensing process. Licensing has many strengths: it has acted as an important means for capacity building within new higher education institutions (management schemes, development of information systems and other institutional areas were supported and developed through the need to provide a yearly report to the CSE and through periodic reviews carried out during the supervisory period). It also helped legitimize private institutions, showing that at least some of them were able to consolidate and develop in compliance with quality standards. It has prevented the existence of poor higher education institutions, at least during the supervisory period, and has made institutions think twice before beginning a process that is rigorous and demanding, helping in that way to weed out weaker proposals.

It also has some weaknesses: it is expensive and time-consuming, for both the CSE and the institution. As it focuses on the fulfilment of institutional purposes, institutions quickly learned that in order to more easily achieve autonomy, their proposals had to be kept to a bare minimum; as a result, mediocre institutions survived, became autonomous and then were free to act as they wished, sometimes offering very poor programmes.

Licensing has been a good response to a serious problem, and the evidence from other Latin American countries shows that Chile has managed to keep its higher education system in manageable condition. However, it does not have a mechanism that makes it possible to adjust to institutions of proven quality, making them go through the whole process. As the experience of the University of Heidelberg shows, in those cases, institutions may be tempted to bypass national regulations.

Voluntary programme accreditation was established with low expectations, as no specific incentives were associated to it. However, over 300 programmes leading to professional degrees have applied for accreditation, and most doctoral and Master's programmes have also done so.

There are some significant strengths associated to programme accreditation: it has helped move programmes from a focus on inputs to an approach that looks at inputs from the point of view of processes and outcomes. It has also made evident the need to improve the effectiveness and efficiency of programmes, looking at the time students take to graduate, graduation rates, alumni follow-up, consideration of the opinions of employers, and so on. At the graduate level, accreditation has widened its impact, focusing not only on eligibility for scholarships and grants, but also on quality improvement. Programme accreditation has also provided useful guidelines for more effective allocation of resources, and has made it possible to identify general problems that should be addressed at the institutional level, improving the general health of the organization.

There are, of course, problems. Programme accreditation is voluntary, which means that the weakest programmes have no interest in applying for accreditation (in spite of the agreement not to publicize decisions of non-accreditation, precisely to seduce them into carrying out a self-evaluation and then receiving the benefits of an external review). The fact that there are no additional incentives also makes accreditation less attractive. At present, the costs of accreditation are covered by the government, but eventually, they should be covered by the institutions themselves, further reducing the interest for accreditation.

From the point of view of transnational education, it must be remembered that there are no accreditation schemes available for graduate programmes with a professional orientation, as are most of those offered across borders. Most of these programmes are addressed to adults who already hold a degree, and who need part-time or online teaching. Probably this has made it less urgent to provide regulation, since it is assumed that clients for these programmes are mature and

knowledgeable enough to decide by themselves whether a particular programme is worth paying for.

Unfortunately, in spite of the fact that, on average, people with graduate degrees or post-degree certificates find work more easily and receive higher salaries, there is no valid and reliable information available to prospective students regarding the market value of specific programmes, and decisions are usually made on very flimsy bases.

Institutional accreditation puts the responsibility for all programmes and activities on the institution itself. As such, it can be an effective way of indirectly regulating transnational programmes offered through a national institution. Even though institutional accreditation is in its initial stages, and therefore we do not have enough information about the way in which it will operate, or about its possible impact, the limited experience to date shows that institutions take good care to ensure that there are no obvious quality problems with any of the programmes they offer.

5.   Quality assurance for transnational education

The main problem with quality assurance for transnational education has to do with the possibility of a given country to act over institutions that belong to another country. When recognition is an issue, the receiving country has a good basis for action: it can simply refuse to recognize a degree granted as the result of a programme whose quality is poor or unknown. However, in all cases where recognition is not an issue – and these are the vast majority – there is little a country can do regarding programmes offered by an institution registered and regulated abroad.

It is marginally easier to control national degrees offered abroad, but here the main difficulty is to obtain the necessary information. Institutional accreditation here can play an important role, as transnational offerings may be considered a significant part of an institution's work, and as such, evaluated and taken into account at the moment of making an accreditation decision.

A possible way to address these difficult issues would be to work towards reciprocity in the recognition of degrees: a degree granted by a foreign institution in a given country is only allowed if the exporting country recognizes and validates that degree within its own borders. Therefore, the receiving country can be assured that the quality of that provision is at least acceptable in the country of origin, which should be enough in most cases.

Finally, while the quality of higher education and regulation schemes depend on the features of national higher education systems and on the definition of national needs and priorities, international organizations can provide a general framework that recognizes the potential of transnational education to improve access and introduce innovation, but is also aware that this is not always the case.

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Appendices

Appendix 1.   Foreign institutions offering programmes in Chile

Institution	Programmes offered
Escuela Superior de Estudios de Marketing de Madrid (ESEM)*	Master's in Marketing and Commercial Management
The Arts Institute (TRACOR)*	Master's in Design, Communications and Multimedia; Master's in Digital Journalism
Institute for Executive Development IEDE*	Master's in Public Management
	Master's in Commercial Management and Marketing
Institute for Executive Development IEDE* Universidad de Lleida*	Doctorate in Advanced Management of International Business
Euromanagement**	Master's in:
	Business Administration
	Foreign Trade
	Logistics
	Marketing
	Finances
The Queensland University (Australia)**	English (undergraduate and graduate courses)
Heinrich Heine Universitat Dusseldorf **	International course in digital photography
Escuela de Negocios Española IEDE**	Master's in Business Administration
American University** University of Utrecht**	Humanitarian international law
NLP University**	Specialization in neurolinguistic programming: Practitioner; Master Practitioner

Sources: González, 2003; information published in the local press; interviews with representatives from AGCI and from Chilean universities.

* Agencia de Cooperación Internacional (AGCI). Students in these programmes are eligible for government-subsidized loans.

** Information taken from advertising published in the media, March 2003.

Appendix 2. Programmes offered by foreign institutions under twinning agreements with Chilean universities

Foreign institution/Chilean institution	Programmes
Universidad de Barcelona*/ Universidad UNIACC	Master's in Education and Multimedia
	Master's in Management of Business Communication
	Master's in Writing for Cinema and Television
Universidad de Sevilla*/ Universidad Autónoma del Sur	Doctorate in Education
Universidad de Girona España*/ Universidad de los Lagos	Doctorate in Physical Education
Universidad Complutense de Madrid*/ Universidad de Talca	Master's in Institutions for Public and Private Law and Comparative Law
Universidad de Sevilla*/ Universidad Central	Doctorate in Architecture and Cultural Goods
Universidad de Sevilla*/ Universidad de Santiago	Doctorate in Business Management
Universidad Politécnica de Valencia* Universidad Autónoma del Sur y Universidad de La Serena	Doctorate in Engineering Projects
	Master's in Territorial, Environmental and Urban Planning
Escuela de Organización Industrial de España** /Universidad Diego Portales	Master's in Business Administration
	Diploma in Quality Management
Red de Desarrollo Organizacional United States**/Universidad Diego Portales	Master's in Organizational Development
Universidad Politécnica de Madrid**/ Universidad del Mar	Master's in:
	Business administration
	Management of industrial innovation
	Marketing management
	Organization and management of human resources
	Professional risk management in business
	International business management
	Business administration in Internet and e-commerce
	Integrated management of quality, the environment labour risks
	Operational management, quality and innovation
	Business administration in a digital economy
	Planning and management of the environment and natural resources

Universidad de Barcelona**/ Universidad del Mar	Master's in International Commerce and Finance
Universitat Pompeu Fabra**/ Universidad Diego Portales	International Diploma in Entrepreneurial Communication
Universidad de Lovaina**/Universidad Diego Portales	Master's in Communications
Universidad Carlos III**/Universidad Central de Chile	Master's in Entrepreneurial Law
University of Notre Dame** Loyola University Chicago** Santa Clara University** Loyola College of Maryland** Marquette University** Loyola Marymont University**/ Universidad Alberto Hurtado	Master's in Business Administration Diploma in : Leadership of organizational transformation Management of innovation in processes and technology Corporate finance and strategic economics Business management and administration
National American University**/ Universidad del Mar	Master's in Business Administration
Universidad Autónoma de Madrid*/ Universidad de la Frontera	Doctorate in Management Sciences
Universidad Politécnica de Madrid*/ Universidad de Chile	Master's in Management of Building and Real Estate Businesses
Universidad de Heidelberg**/ Pontifica Universidad Católica de Chile	Specializations in the field of medicine
Universidad de Heidelberg**/ Universidad de Chile	Specializations in the field of medicine

Source: González, 2003; information published in the local press; interviews with representatives from AGCI and from Chilean universities.

*   Reported by the Agency for International Cooperation (AGCI).

** Information collected from newspaper advertisement in March 2003.

The global higher education market: the case of Oman

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Contents

List of abbreviations

ACCA	Association of Chartered Certified Accountants
AICB	Associate-ship of the Institute of Canadian Bankers
CAT	Certified Accounting Technician
CBFS	College of Banking and Financial Studies
CV	Curriculum vitae
GATS	General Agreement on Trade in Services
IDCS	International Diploma in Computer Studies
IT	Information technology
ITM	International Institute of Tourism and Management
MBA	Master of Business Administration
NCC	National Computing Centre
SQU	The Sultan Qaboos University
TOEFL	Test of English as a Foreign Language

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Introduction

Social and economic demands for higher education in Oman have increased sharply, especially in the last ten years. The social and economic development programmes implemented in the last 30 years have led to a sharp increase in the number of students who leave secondary education and apply for enrolment in higher education. The capacity of the higher education system, however, has not developed to a level sufficient to meet this demand.

One of the solutions sought by the Omani Government to deal with this challenge has been to encourage the opening of private institutions (universities and colleges). In order to ensure the quality of the programmes delivered by these institutions, it was required that private higher education institutions be affiliated to well-recognized foreign universities. This has meant that the systems of teaching, programmes offered, methods of evaluation, and types of qualification are determined by the affiliated university.

At present, Oman has one university and 13 colleges that are affiliated to foreign higher education institutions. According to the General Agreement on Trade in Services (GATS) classification of educational services, these types of institutions can be classified in both Mode 1 (cross-border supply) and Mode 3 (commercial presence). Apart from finding programmes of appropriate quality, these new institutions face the challenge of keeping tuition costs at a level affordable to Omanis.

The establishment and provision of these transnational higher education institutions in Oman is regulated and supervised by the Council of Higher Education and the Ministry of Higher Education. There is an official regulation system that explains the process of establishment and provision, and the Ministry of Higher Education is responsible for the implementation of these regulations. Furthermore, the establishment of an accreditation council will take the responsibility of approving and accrediting programmes offered in higher education institutions in Oman, including those of transnational institutions.

The objective of this case study is to analyze the current status, existing mechanisms for regulation and quality assurance, and the impact of transnational commercial provision on the higher education system in Oman. The government's policies for education reflect both its desire to catch up with the developed world and its enlightened approach. Unfortunately, the development of a database adequate for analysis and planning has lagged behind, and this means that we are unable to analyze some of the changes in detail.

I.   The higher education system in Oman

1.   The current situation

The structure of higher education in Oman can best be understood in the context of the education system as a whole. There are two different structures at present. The first is the general education system that has existed for the last 30 years and is still in place. The second is the basic education system that was introduced about seven years ago as part of the long-term social and economic development strategies designated 'Vision 2020'. In 1995, Oman launched long-term socioeconomic development strategies including the development of the education sector. These strategies were adopted for the period from 1995 to 2020.

The frameworks of the two systems are depicted in *Figures 1.1* and *1.2*.

Figure 1.1 shows that the general education system is structured into four levels. The elementary level extends for a period of six years from the age of 6 to 12. The preparatory or intermediate level covers a period of three years from the age of 13 to 15. The secondary level extends for a period of three years from the age of 16 to 18. At the second year of this level, students can choose to follow sciences or arts. These three levels constitute the general education system and are the responsibility of the Ministry of Education.

Students who graduate from secondary school proceed to the fourth level in the education system. This level comprises either a four-year higher education programme or a technical and vocational training of up to three years. In our view, this is the most critical level in the education system in Oman at present. The deciding factor on which type of post-secondary education a student can follow is her or his attainment in the general examinations at the final year of the secondary level, as well as the number of places available in higher education institutions. Accordingly, admission polices in public higher education institutions are set and revised regularly by the concerned authorities, such as the Council for Higher Education and the individual institutions.

Traditionally, public (government) higher education institutions are considered to be the most prestigious segment of higher education in Oman by virtue of the resources made available to them, the wide range of subjects and disciplines they are able to offer, and the employability of their graduates.

The percentage of students admitted in public higher education, according to the Ministry of Higher Education, was as follows: 34.24 per cent in 1996; 33.3 per cent in 1997; 35.7 per cent in 1998; 25 per cent in 1999; 34.2 per cent in 2000; 31.7 per cent in 2001; 31.2 per cent in 2002; and 27.8 per cent in 2003. These percentages are related to the total number of students graduating from secondary education in each year mentioned.

Data are not available to show the relative funding for the public and private sectors. In general, however, the government has been the main source of core and student-based funding for both.

The secondary school graduates who are not absorbed into higher education will have two options: A small minority will study at private institutions locally or abroad, depending on whether or not they and their families can afford it; alternatively, they can take an unskilled job at low pay. Otherwise, they will be unemployed and an added burden to society.

The current structure of education is shown in *Figure 1.1*. This 'general education system' has been in place for some 30 years. Five years ago, under 'Vision 2020', modifications were introduced as part of long-term social and economic development strategies. This 'basic education system' was introduced specifically to reform the quality of the education system by making the skills of investigation and enquiry the approach rather than rote learning. This approach is believed to improve learning skills and enhance the student's ability to acquire knowledge and skills at later stages in higher education and vocational training. The modifications to the general system of education are shown in *Figure 1.2*.

Figure 1.1 The structure of the education system in Oman (general education)
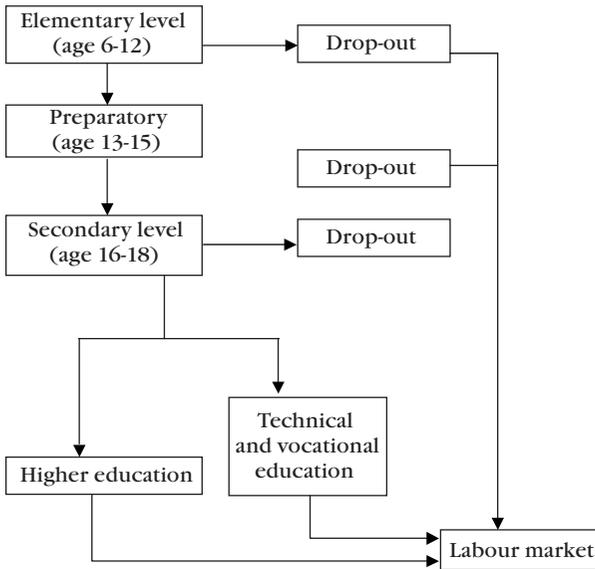
Figure 1.2 The structure of the education system in Oman (basic education)
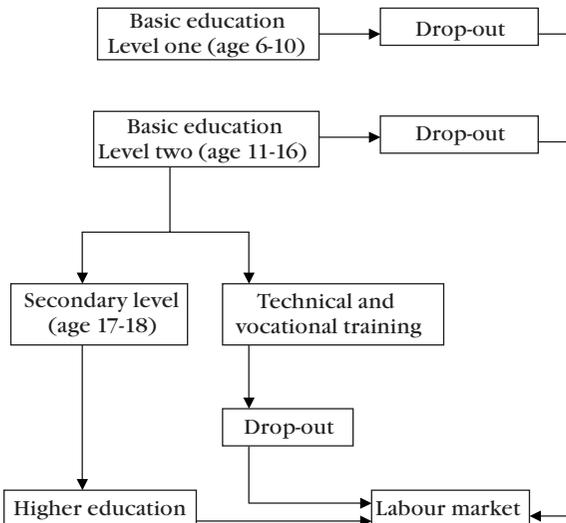
Several reforms had to be introduced as requirements to implement the modern basic education system. The most important was the availability of teachers who both understand this new concept and are willing to adopt it. The Ministry of Education has designed teachers' training programmes in an effort to overcome this problem. Other reforms have included the development of current school curricula, introduction of the English language in the first year, reduction of class size, extension of the school day, and establishment and improvement of specialized laboratories and teaching resource centres.

The implementation of this system is proceeding in gradual stages at present, both in terms of educational level and geographical coverage. The main reason for this gradual implementation is the large amount of resources, both financial and human, which are needed for this formidable development. However, the Omani Government is committed to this reform and is willing to provide moral as well as financial support.

A systematic comparative evaluation of these systems obviously would not be feasible or meaningful at this stage. A scientific inquiry will possibly be necessary and more appropriate after the completion of all the stages. In our view, the degree of success will depend on the factors determining the practical implementation of the system, particularly the quality and support of the teachers.

The third level following the basic education stages is two years of secondary education. Concerned authorities and policy-makers in this field are working on this issue at present.

The third and fourth levels are still under development, but the diagram clearly displays the determination to raise the status of higher education by showing a further stage of development beyond the technical and vocational. Since teachers are supplied through the post-secondary stage, the long-term success of the programme very much depends on solving the problems of the supply of higher education.

2. The institutional structure

The institutional organization of education, including higher education in Oman, is structured into two main levels. At the policy-making level there is the Higher Education Council. This is responsible for setting the general objectives, policies and strategies for the education system as a whole, and for allocating tasks and responsibilities for individual organizations. It is also responsible for co-ordinating activities undertaken by these organizations. At the second level, we have the different ministries and institutions that are responsible for implementing the objectives, policies and strategies approved by the Higher Education Council. These include: the Ministry of Education, the Ministry of Higher Education, the Sultan Qaboos University, the Ministry of Manpower, and the Ministry of Health. *Figure 1.3* shows this institutional structure.

3. The Higher Education Council

The Higher Education Council was established by Royal Decree 65/98, issued by His Majesty the Sultan of Oman on 27 September 1998. The Minister of the Diwan of the Royal Court was appointed as President of the Council, and the Minister of Higher Education as Vice President. The ministers of national economy, education, manpower, civil service, and the President of the Sultan Qaboos University, as well as other concerned bodies and individuals, were appointed as members. The delegation of the councils' presidency to the Minister of the Diwan of the Royal Court, who is a very high-ranking minister, was meant to strengthen and empower its institutional status and authority. It also shows the level of importance and attention given by the leadership in Oman to higher education as a key factor for human-resources development. This importance was embodied in the set of tasks allocated to the Council. According to the *Official Gazette*,[1] these tasks can be summarized as follows:

• Drawing general policies for higher education and scientific research in the universities and other higher education institutions,

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1. Ministry of Legal Affairs, 1998.

and direct them to meet the national needs and to achieve social and economic objectives of the country.

- Regulating students' admission in higher education institutions, including the allocation of student numbers to be admitted in each institution.
- Co-ordinating between higher education institutions.
- Reviewing laws and regulations governing higher education with the aim of recommending ways of improvement online with the general national policies.
- Looking at problems facing higher education and recommending ways of solving them.
- Reviewing the draft laws and regulations for higher education that are proposed by concerned authorities.
- Studying higher education issues delegated to the Council by His Majesty the Sultan and the Council of Ministers.
- Looking at issues and matters presented by other institutions in relation to higher education.
- Looking at issues and problems in different levels and types of education.
- Looking at annual reports prepared by universities and other institutions on their performance, and recommend methods of improvement.
- Preparing annual reports to the Council of Ministers on the situation of higher education with recommendations for improvement.
- Periodical follow-up for the implementation of its policies and decisions.

The Council undertakes these tasks through periodical meetings that are held once every four months or according to the needs. The General Secretary of the Council is responsible for documenting the minutes of the meetings, collecting the required data and statistics, and preparing studies needed for different issues before the Council.

The Council has held many successful meetings since its establishment in 1998, and many promising policies have been discussed and approved for both public and private higher education.

An example of these is the decision to allow the establishment of private universities with government support in terms of financial aid and other incentives.

However, it would seem possible that the achievements of the Council could be further enhanced by supporting the technical secretariat of the Council with experts and professionals in the field of education policy, planning, management, and other matters related to education in general, and higher education in particular. The secretariat will provide the technical support for the Council in terms of studying and evaluating the issues proposed by other institutions and by the Council itself in a technical and professional manner. This in turn will support the members of the Council on the decisions to be taken.

Figure 1.3   The institutional structure of higher education in Oman
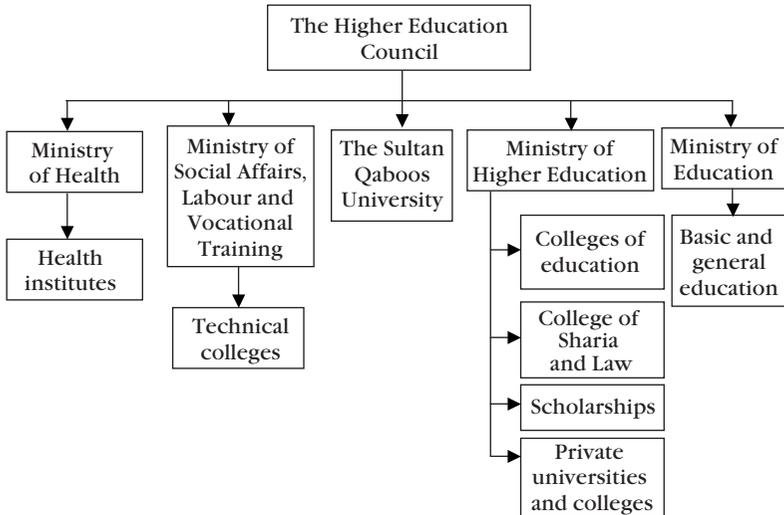
4.   Higher education institutions

Higher education plays an important role in the development of human resources. One of its main tasks is to supply societies with a professional labour force that is highly specialized to work in

occupations that require a high degree of practical and theoretical skills and knowledge. The importance of this task has motivated governments to pay great attention to the development of higher education, both in terms of quantity and quality.

This important function has inspired the Omani Government to establish a modern and universal higher education system that will meet the country's social and economic demand. The historical analysis for the socioeconomic development in Oman during the last three decades points to the fact that higher education was given priority within the context of human resources development plans, which were drawn up and implemented by the government. Sound objectives, policies and strategies were introduced, and financial and technical support was provided to establish a modern higher education system.

However, the process of quantitative and qualitative development of higher education in Oman was constrained by social and economic development in general and the development of the education sector in particular. In other words, in the first five-year development plans, which were implemented in the 1970s and the first half of the 1980s, most of the efforts and resources were focused on the provision of lower levels of education and training, mainly elementary, intermediate, secondary and vocational education. The fact that there was no formal education in Oman prior to the 1970s was the main reason for this policy. At the same time, and because of this situation, the number of Omani students leaving secondary school and demanding higher education was small. Accordingly, all secondary school graduates wishing to continue to higher education were given scholarships to study abroad, which covered the cost of their studies, travel, and living expenses.

From the 1980s onward, the number of secondary school graduates started to increase sharply as a natural result of the high population growth rate and the universal provision of lower levels of education. *Table 1.1* shows the number of students graduating from secondary school in the period from 1976 to 2003.

The government then decided to focus on establishing local (Omani) higher education institutions. This was crowned by the opening of the Sultan Qaboos University in 1985, which is still the most popular higher education institution in Oman. The following section gives a brief review to the most important higher education channels and institutions starting with scholarships.

Table 1.1   General secondary school graduates in Oman, 1976-2003

Year	Number of graduates
1976	58
1980	252
1985	2,591
1990	5,311
1995	15,943
2000	27,037
2003	41,573

Source: Ministry of Education, 2003.

Scholarships

The process of development in education requires an increase in the number of well-educated and trained schoolteachers. This in turn requires lecturers and teachers at a higher level to provide the education and training for the schoolteachers. We can see from *Table 1.2* that the process was given a 'kick start' by the government 'importing' education services by sending students abroad. The process has now taken off and local colleges are increasingly providing the education and training. *Table 1.2* shows that, whereas in 1980, 50 per cent of student enrolments were local, by 2002 the proportion had risen to over 70 per cent.

Scholarships provided by the government for all secondary school graduates to study in foreign universities were the only source of higher education available to Omanis (apart from their own private resources) during the 1970s. It was more efficient to provide scholarships for the smaller number of secondary school graduates than to establish local institutions at that time. The Ministry of Education was responsible

for providing these until the establishment of the Ministry of Higher Education in the 1990s. The number of Omani students that were sent abroad on scholarships started to decline during the second half of the 1980s and the 1990s as a result of establishing local higher education institutions, notably the Sultan Qaboos University and the colleges of education. *Table 1.3* shows the decline in the numbers studying abroad in the 1990s. However, since 1995, they have risen sharply. The progress of enrolment in local higher education institutions from 1976 is shown in *Table 1.2* with the numbers studying abroad shown for comparison.

Table 1.2   Student enrolment in higher education institutions, 1976-2002

Institution	1976	1980	1985	1990	1995	2000	2002
Sultan Qaboos University	0	0	0	3,000	5,000	9,000	12,000
Teacher institutes/colleges	25	1,000	1,000	2,000	3,000	9,000	8,000
Technical colleges	0	0	300	400	4,000	5,000	5,000
College of Sharia and Law	0	0	0	0	0	474	594
Health institutes	0	0	175	338	1,345	1,874	2,161
College of Banking	0	0	95	214	98	410	419
Private universities/colleges	0	0	0	0	200	3,000	8,000
Studying abroad	422	1,000	3,000	1,000	3,000	10,000	13,000
Total	447	2,000	4,570	6,952	16,643	38,758	49,174

Source: Ministry of National Economy, 2003.

Owing to the lack of data, it is not possible to chart the progress of government funding precisely over this period but *Table 1.3* gives some idea of the changes that have taken place. By 2003/2004, less than 3 per cent of students were funded by the government.

Table 1.3   Omani students studying abroad, 2003/2004

Source of funding	Males	Females	Total
Public	323	114	437
Private	4,240	8,533	12,773
Total	4,563	8,647	13,210

Source: Ministry of Higher Education, 2004.

The Sultan Qaboos University

The Sultan Qaboos University (SQU) was opened in 1986 in Muscat, the capital of Oman, admitting a total number of 557 students in five of its seven colleges. The university started with the colleges of education and Islamic studies, medicine, engineering, sciences and agriculture. It has continued to expand in terms of both quantity and quality. From a quantity point of view, the policy was to admit around 2,000 new students every year, increasing the total number of students enrolled to 7,530 in 1999. From a quality point of view, the university started to focus on the national higher education requirements in terms of types of programmes and field of studies demanded by the society and the labour market. In this respect, two more colleges were opened: the College of Arts in 1987 and the College of Economics and Commerce in 1993. Another element of the quality aspect was the introduction of postgraduate programmes and research activities in some of the faculties that have been promoted by the university in recent years. Since its establishment in 1986, the SQU has continued to be the biggest higher education institution in Oman. *Table 1.2* shows that the number of students enrolled at the university quadrupled between 1990 and 2002.

The colleges of education

The formal education revolution, which has taken place in Oman since the 1970s, and the lack of qualified Omanis to meet the labour demand of this development, forced the government to depend on an expatriate labour force, especially in teaching occupations. Other Arab countries that had surplus teachers such as Egypt, Sudan and Jordan were the main sources.

The government realized the crucial importance of 'Omanizing' the labour force in the education sector at all levels. Plans were drawn up to achieve this objective, taking into consideration the required resources of which the available number of graduates from the education system was the most important. Accordingly, the 'Omanization' of teaching occupations was implemented in different phases, starting with lower levels of education that do not require university graduates.

Teacher training centres offering a diploma in education were first opened in 1976. The enrollees of these centres were graduates of intermediate schools who were trained for three years to be teachers at the primary level. In 1980, as a result of the expansion of education, the requirement for admission to these centres was limited to secondary school graduates. Another important step in the development of teacher training was the establishment of two teachers' colleges in 1984 that offered a diploma in education for secondary school graduates after two years of training. Similar colleges were opened in different regions of Oman in the years that followed, increasing the number to seven by 1990. The greatest improvement in this field was the upgrading in 1994 of programmes offered by the colleges to the (four-year) degree level.

The output of the training centres, teacher institutes and colleges, and the College of Education at the Sultan Qaboos University has contributed largely to speeding up the process of Omanization of the teaching profession – a notable achievement. Colleges of education that are under the supervision of the Ministry of Higher Education, besides the College of Education at the university, continue to be the main source of teacher education and training in Oman.

The College of Sharia and Law

The College of Sharia and Law was opened under the supervision of the Ministry of Higher Education in Muscat in 1997. Its main mission is to offer four-year degree programmes in Islamic Sharia law and general law to supply the legal professions. *Table 1.2* shows the college enrolment to be relatively small, as might be expected in this highly specialized area.

Industrial technical colleges

The dependency on expatriate workers in technical and vocational skills has led the Omani Government to introduce policies and strategies that will guarantee the availability of vocational training and technical education. These policies and strategies were integrated within the general framework of the social and economic development planes.

Five industrial technical colleges were opened in different regions of Oman during the last 10 years. The main task of these colleges is to provide technical and vocational training for secondary school graduates. It was intended that most of the graduates would be employed in the private sector that currently employs most of the expatriate labour force.

These colleges are under the supervision of the Ministry of Social Affairs, Labour and Vocational Training. *Table 1.2* shows that the number of students enrolled in 2000 was more than 16 times the number in 1985.

Health institutes

The Ministry of Health recognized the urgent need to Omanize the labour force employed in the health sector, starting with occupations that do not require a high level of education (such as nursing and assistant staff in hospitals and the health sector in general). To achieve this objective, the ministry has opened 14 health institutes and centres in Muscat and other regions of Oman during the last 30 years. Most of the intakes are secondary school graduates who are trained for a period of up to three years and then awarded a diploma in the field of training. The output of these institutes and centres has contributed largely to the Omanization of occupations in the health sector, especially in the nursing field. *Table 1.2* shows the number of students enrolled in the health institutes.

College of Banking and Financial Studies

This college was established in the 1980s as an institute for banking and financial studies under the supervision of the Central Bank of Oman. The main mission was to train secondary school graduates for a period of up to three years. Most of the graduates of this institute are employed in the banking and financial sector. *Table 1.2* shows the number of students enrolled. Although relatively small in terms of enrolments, this is an important institution in Oman that has plans to expand through franchise arrangements.

Private universities and colleges

We have already seen that the sharp increase of secondary school graduates and the rising demand of the labour market for qualified workers created a social and economic demand for higher education. The small capacity of higher education institutions reviewed above and the high financial cost to expand them has made it difficult for the public sector to meet this demand. To overcome this problem, the Omani Government adopted policies and strategies to encourage the participation of the private sector in the provision of higher education. The Ministry of Higher Education was given the responsibility of setting the roles and regulations that will govern the establishment of private higher education, and monitor and follow up its performance and quality. The private sector was asked to get the permission and approval of the ministry for opening higher education institutions. Upon submission of a satisfactory feasibility study that explains all the technical and administrative aspects, the government will give permission for the project.

During the last 10 years, 13 private colleges have been officially opened, mostly in the Muscat area. One private university was opened in the northern City of Sohar in the last two years. These institutions were given permission to admit secondary school graduates who are willing to finance the cost of their education from private sources. At the beginning, they were allowed to offer programmes of studies in different fields, of up to three years' duration only, awarding diplomas and in affiliation with popular foreign universities. Quality assurance was the main reason for this requirement.

In recent years, these colleges have started to face some financial problems that could have threatened their future. The reality that the main objective of private investment in higher education is profit-making is an important issue in the establishment and existence of these colleges. In other words, the low rate of return to investment would force private investors to re-evaluate their decision to continue investing in the project leading to the closing of the institution.

The fact that a large number of secondary school graduates are from low-income families makes it difficult for them to bear the high tuition

fees and other living costs charged by the private colleges. In addition, it seems that there is a lot of duplication in the fields of study offered and that most of these colleges offer similar programmes. These two factors in our view were the main reason for the low demand for private higher education.

The government has stepped in to tackle this problem in line with its continuing efforts to promote and encourage the participation of the private sector in higher education. Financial and technical incentives were provided both directly and indirectly. For example, it was decided to allow the establishment of private universities to make private higher education more attractive to students who wish to enrol in university-level and not college-level higher education institutions. In fact, the government went further by showing its willingness to provide direct financial support for the establishment of such universities, as well as exempting them from direct and indirect taxes, and allocating free land on which to build their premises. Another direct financial incentive is the government's allocation of hundreds of scholarships to secondary school graduates from low-income families to study in the private universities and colleges. This action had a positive impact, which contributed to the survival of some of the colleges that were struggling to maintain their activities.

In our view, the development and enhancement of private higher education, whether at college or university level, will depend on four factors: (a) the quality of private higher education and the ability of the private sector to complement rather than simply to compete with the public sector; (b) the students' social and economic background and the level of household income necessary to cover the cost of studying; (c) the availability of private financial institutions willing to provide funding for individual students and institutions on acceptable terms; and (d) the government's direct and indirect financial and technical support. Yussof (2000) reached similar conclusions in the case of Malaysia.

Of these four factors, the last (government support) is key, though we must stress that the role played by other elements may be crucial in some circumstances.

II. Transnational commercial higher education in Oman

Most of the transnational commercial higher education in Oman is provided through the private universities and colleges, except for the College of Banking and Financial Studies and the Oman Academy for Hospitality and Tourism, which are public institutions. The fact that there are no fully fledged foreign institutions of higher education in Oman might be due in part to the government's objective of encouraging local partnership with international expertise and sources of learning, and partly because the cost of establishing a branch institution for what might well be a limited period is simply prohibitive.

According to the laws and regulations for the establishment and provision of private higher education, local universities and colleges must be affiliated to recognized and accredited foreign universities. The systems, methods, programmes and qualifications of these universities are adopted in the Omani institutions so, on the whole, they can be characterized as franchised higher education programmes. In this section, we review these institutions, their student populations, and the types of programmes and qualifications available.

1. Universities and colleges providing franchised higher education

As mentioned above, in addition to the College of Banking and Financial Studies and the Oman Academy for Hospitality and Tourism, there is one private university (Sohar University) and about 13 private colleges that are affiliated to foreign higher education institutions. Affiliations and franchising arrangements are ways of making good use of the local ability to offer a wide range of programmes. Apart from filling gaps in the curriculum, these arrangements are likely to have beneficial effects on locally established programmes, teaching methods, and staff development. Most activities related to the development of programmes, such as curriculum development, assessment, evaluation, accreditation, and the award of degrees, are the responsibility of the foreign institution. The local institutions are mainly responsible for the marketing and delivery of these programmes and qualifications. The

following table shows the Omani higher education institutions that are affiliated to foreign universities and the type of programmes they offered in 2003.

Table 2.1   **Higher education institutions affiliated to foreign universities**

Omani higher education institutions			Affiliated foreign higher education institutions	
Name of institution	**Subjects offered**	**Qualification**	**Name of institution**	**Country**
Sohar University	Business studies	BA/BSc	University of Queensland	Australia
	Applied sciences			
	Engineering			
College of Banking and Financial Studies	Accounting	Certified Accounting Technician (CAT) (Diploma)	Association of Chartered Certified Accountants (ACCA)	United Kingdom
	Banking	Associateship of Institute of Canadian Bankers (Diploma)	The Institute of Canadian Bankers	Canada
	Information technology (IT)	International Diploma in Computer Studies (IDCS)	National Computing Centre (NCC)	United Kingdom
	Business administration	Master of Business Administration (MBA)	The University of Strathclyde	United Kingdom
The Omani Academy for Hospitality and Tourism	Hospitality and Tourism	International Institute Diploma	1. University of Applied Management Sciences.	Austria
			2. International Institute of Tourism and Management (ITM)	
Majan College	Business administration	Diploma/BA	University of Luton	United Kingdom
	Computer studies			
Modern College of Commerce and Science	Business administration	Diploma/BA	1. University of Missouri – St. Louis	United States
	Computer studies		2. Bond University	Australia
Caledonian College of Engineering	Engineering	Diploma/BSc	Glasgow Caledonian University	United Kingdom

Table 2.1   (continued)

College of fire fighting and safety Engineering	Fire safety engineering	Diploma	University of Central Lancashire	United Kingdom
	Well engineering			
National College of Science and Technology	Business studies	BSc/BA	Al-Yarmouk University	Jordan
	Computer sciences			
	English literature			
Mazoon College of Administration and Applied Sciences	Business studies	Diploma/BA	University of Missouri Rolla	United States
Al Zahra College for Girls	Business studies	Diploma	Al-Ahlia Amman University	Jordan
Oman Medical College	Medicine	BSc	West Virginia University	United States
Walgat College for Applied Sciences	Engineering and computer sciences	BSc	Birla Institute of Technology	India
Sur University College	Management sciences	BSc/BA	Melbourne University Private	Australia
Middle East College of Information Technology	Computer sciences	BSc	Manipal Academy for Higher Education	India
Muscat College of Administrative Science and Technology	Business studies	Diploma/BA	1. Scottish Qualifications Authority	United Kingdom
	Computer studies		2. Sterling University	

Source: Ministry of Higher Education, 2003.

Links with foreign academic institutions were imposed by the government to ensure quality and to safeguard the interests of students and parents against low-quality programmes of education and unrecognized degrees and qualifications. This was also justified by the general perception that a private sector, with profit maximization objectives, might take advantage of the lack of a local infrastructure to monitor quality and economize on the costs of teaching at the expense of quality. To avoid this problem, the Omani Government was one of the early governments in the Arab region to establish an independent Accreditation Council to provide the quality assurance framework to help local institutions develop their own local programmes and

qualifications. The effects of this council and its impact on localizing these programmes and qualifications will be discussed below.

Table 2.2 shows the number of students enrolled in the private higher education institutions in Oman that were affiliated to foreign higher education institutions in 2001 and 2002. The total number increased by 37 per cent in 2002, which indicates both the level of growth in the demand for higher education and the rapid expansion of institutional capacity. The number of applications to establish private higher education institutions is increasing annually despite the complicated and difficult regulations and procedures adopted by the government to control and ensure quality aspects of educational services that are provided by these institutions.

The rapid development of higher education can be characterized by two main features: first, the majority of these institutions are located in the Muscat area rather than being evenly distributed among the other regions of Oman; and second, around 80 per cent of students enrolled are funded by the government through a scholarship scheme. Those two features reflect, first, the relative wealth of the population living in Muscat compared with other regions of Oman, and second, the fact that most students cannot afford the cost of higher education.

Table 2.3 shows the distribution of students by field of study in 2003. There is an obvious imbalance, especially if the practical needs of Oman are taken into account. Although all education is desirable and useful to a degree, medicine, engineering and sciences account for only 19 per cent of the total, 40 per cent if computer studies are added. The remainder are located in the areas of the humanities and social sciences. This partly reflects the fact that the private sector tends to offer subjects that more easily achieve profitability by requiring less expensive equipment and therefore are easier and cheaper to offer.

An important point to emphasize is that most programmes are offered through affiliation agreements between the Omani private universities and colleges and foreign universities. Nevertheless, local institutions can offer their own programmes if they so wish, and if they

have the resources required to provide accredited programmes and qualifications.

Table 2.2   Students studying in private universities and colleges, 2001-2002

University/college	Location	2001	2002
Sohar University	Sohar	816	982
Majan College	Muscat	840	1,304
Modern College of Commerce and Science	Muscat	654	577
Caledonian College of Engineering	Muscat	615	911
College of fire fighting and safety Engineering	Muscat	62	188
National College of Science and Technology	Salalah	611	729
Mazoon College of Administration and Applied Sciences	Muscat	606	837
Al Zahra College for Girls	Muscat	623	890
Oman Medical College	Muscat	69	118
Walgat College for Applied Sciences	Muscat	48	130
Sur University College	Sur	247	438
Middle East College of Information Technology	Muscat	0	219
Muscat College of Administrative Science and Technology	Muscat	305	204
Total		5,496	7,527

Source: Ministry of National Economy, 2003; Ministry of Higher Education, 2003.

Table 2.3   Students studying in private universities and colleges in Oman by field of study for the year 2003

Field of study	Number of students	Percentage of total
Medicine and health science	118	2
Engineering	1,069	14
Sciences	211	3
Computer studies	1,558	21
Arts	638	8
Commerce and administrative sciences	2,219	29
Other subjects	1,714	23
Total	7,527	100

Source: Ministry of Higher Education, 2003.

2. The case of the College of Banking and Financial Studies

The College of Banking and Financial Studies (CBFS) is a non-profit government organization established under a Royal Decree (No. 64/83) as the Oman Institute of Bankers in 1983, with the main mission of Omanizing jobs in the Banking and Financial Sector in Oman. In January 2004, by another Royal Decree, with the diversification of activities, the institute's name was changed to the present one. As can be seen from *Table 2.1,* it has a range of affiliations in terms of both type of subject and type of institution. A detailed examination of its organization and the operation of its programmes will provide a good illustration of how typical franchise programmes operate in the Omani context.

Management, governance and funding of the college

For purposes of comparison with other countries, it is useful to begin with the style of governance of the college. The latest organization chart for the college that specified its objectives, management, governance, and funding sources was issued in 2001. The main objectives were defined as:

- the provision of education and training services for Omanis and non-Omanis in the banking and financial sectors;
- encouraging studies and research activities in the field of banking and finance and the organization of meetings, seminars and workshops that are related to these issues;
- organizing and delivering short- and long-term programmes and study courses in banking and finance;
- organizing and facilitating studies with foreign banking and financial institutions through distance learning;
- the co-operation and collaboration with other organizations and institutions of similar objectives and the exchange of information and expertise with them.

The college is managed through a Board of Directors. *Figure 2.1* represents a simplified organization structure of the college representing the Central Bank of Oman, private banks, and other public

and private organizations who are seen to be main stakeholders. The main responsibilities of the board are:

- establishing the general policies for the college and following-up their implementation;
- establishing rules and regulations that are related to financial, administrative and personal affairs;
- preparing the organization structure;
- approving agreements and contracts;
- establishing policies related to students' admission;
- helping to create job opportunities for the college graduates;
- deciding on the wages and salaries of the college staff;
- allocating scholarships and financial support for Omani students who are studying in the college;
- appointing external auditors to audit the college financial accounts;
- investing the college's financial assets;
- approving the annual financial budget;
- accepting gifts and donations according to the rules and regulations governing these issues;
- approving educational and training programmes and curricula;
- defining the requirements and conditions for employees' selection.

Nevertheless, managing the internal daily tasks and activities in the college is the responsibility of its internal management according to the organization structure in *Figure 2.1*.

The college is funded through three main sources: the contributions of the private banks, the Central Banks of Oman, and fees and tuitions collected from students and other activities. Consequently, its Board of Directors consists of members representing the Central Bank of Oman, the private banks, and other public and private organizations who are seen to be main stakeholders.

Figure 2.1   Organization structure of internal management

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    │ Assistant Dean for  │      │ Assistant Dean for  │
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    │    and Finance      │      │                     │
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      │ finance, students'│       │  Language        │
      │   registration    │       │ Centre, Accounting,│
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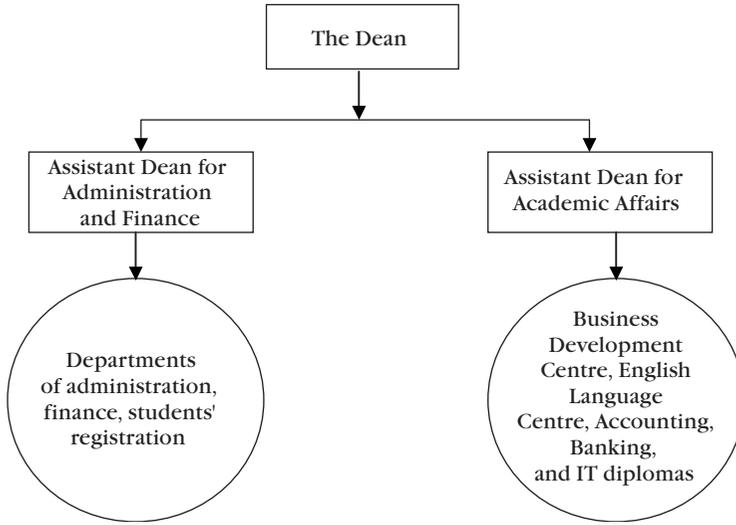
Affiliated programmes

The college has concentrated on helping the financial services industry with its various training needs. The institute has offered courses, which are adapted to the emerging needs of Oman and it has been an active partner in reducing Oman's reliance on foreign staff in this sector. The contribution of the college in this field helped the sector to Omanize about 95 per cent of jobs by the end of 2003. Most programmes and qualifications are offered through full academic affiliations with foreign education and training institutions for ensuring quality on the one hand, and cost control on the other. It is widely acknowledged that the independent development of local education and training risks qualifications that may not be recognized internationally. Moreover, it is quicker and cheaper, as well as safer, to adopt programmes that lead to qualifications that already possess international recognition.

Recently, CBFS felt the necessity of upgrading the skills of the junior and middle-level staff of the workforce to world class. With this end in view, CBFS has gone in for links with leading and recognized

institutions in major areas of specialization. The courses offered are of high calibre, preparing members for work in any sector of the economy – public practice, industry, commerce, or eventually to take up further educational pursuits. Strategically significant programmes that would benefit the participants have been chosen in four major fields of specialization, namely accounting, banking and computing. The specific programmes are listed below:

- Professional Programme of the Association of the Chartered Certified Accountants, United Kingdom;
- Diploma in Accountancy (Certified Accounting Technician) of the Association of Chartered Certified Accountants, United Kingdom;
- Diploma in Banking (the Financial Services Studies Programme) of the Institute of Canadian Bankers, Montreal;
- International Diploma in Computer Studies of the National Computing Centre, United Kingdom.

The CBFS also runs a Master of Business Administration (MBA) in affiliation with the University of Strathclyde, United Kingdom.

The fact that the language of instruction in the college is English means that it requires a high degree of proficiency in the English language. To prepare students to meet this requirement, all or any of the candidates have to undergo a preparatory programme in English prior to taking up the specialization programmes. The level of proficiency would be tested by the institute and, depending on the placement tests, assessment would be made. Deficient students may take up to nine months of preparatory studies subject to passing all internal requirements. The English Language Centre at the college offers an extensive English language course to prepare students to take on any of the three majors currently being offered, namely accounting, banking and information technology (IT). The college normally has two entries each academic year in August and in January. The entry test comprises English and numerical aptitude. Students are graded based on their performance. The college also helps improve language skills to take up the Test of English as a Foreign Language (TOEFL). Further stress is laid on the comprehensive development of the participant through

preparatory courses in basic mathematics and computer skills. This is built into the preparatory programme to help the students when they specialize in a particular area.

The fact that all these programmes are fully affiliated to foreign institutions means that the delivery and management are undertaken jointly by the college and the foreign institution. The design, structure, content, assessment and evaluation of programmes and curricula, as well as qualification awards and accreditation, are the responsibility of the foreign institutions. On the other hand, the main task for the college is to provide administrative facilities such as the provision of faculty and other support staff, buildings and equipment.

The financial costs and benefits of these affiliations are shared between the college and the foreign institution. This comes in the form of an annual fixed fee paid by the college to the foreign institution or as a percentage of individual student's fees, or both. *Table 2.4* shows the financial costs and settlements for each programme.

Students and staff

Table 2.5 shows the number of students enrolled in the college in the different programmes that are described above during the academic year 2003/2004. (It is worth noting that these programmes are shortly to be supplemented by a first-degree programme in finance and accounting.)

The number of academic and administrative staff employed by the college is presented in *Table 2.6*.

Table 2.4   The financial cost of the affiliated programmes at the College of Banking and Financial Studies (CBFS) as of 2004

Programme	Affiliated foreign institution	Type of settlement in Omani Rials (RO)
Master's of Business Administration (MBA)	The University of Strathclyde, UK	The overall fees for the degree are 6,400 RO of which: – 70 per cent goes to the university and the remaining 30 per cent to the college.
Certified Accountant Technician (CAT) Diploma	The Association of Chartered Certified Accountants (ACCA), UK	ACCA charges the following annual fixed fees: – 1,650 RO for accreditation of the college as a centre to deliver CAT and ACCA programmes; – 36 RO for an annual registration fee per student; – 30 RO per subject per student; – 21 RO for textbooks per subject annually. The college charges a fixed fee of 300 RO per student per subject.
Associateship of the Institute of Canadian Bankers (AICB) Diploma	The Institute of Canadian Bankers, Canada	AICB charges the following annual fixed amounts: – 93 RO for the cost of learning materials; – 93 RO per subject; – 43 RO per student for graduation certificates. The college is charging an annual fee of 1,750 RO per student for the whole programme.
International Diploma in Computer Studies (IDCS)	National Computing Centre, UK	An annual fixed fee of 1,378 RO for programme accreditation plus 282 RO annual student fees. The college charges a fee of 2,000 RO for the whole programme.

Source: College of Banking and Financial Studies, internal and unpublished sources.

Table 2.5   Total number of students at the College of Banking and Financial Studies, 2003/2004

Programme of study	Total number of students
English language	213
ACCA	33
CAT	117
Banking	65
IT	42
MBA	79
Total	549

Source: College of Banking and Financial Studies, 2004.

Table 2.6   Total number of staff employed at the College of Banking and Financial Studies, 2003/2004

Qualification	Academic		Administrative		Total
	Omanis	Non-Omanis	Omanis	Non-Omanis	
PhD	1	4	0	2	6
Master's	1	4	1	1	7
Bachelor	0	4	4	2	10
Diploma	1	0	6	0	7
Total	3	12	11	5	30

Source: College of Banking and Financial Studies, 2004.

The affiliations and co-operation agreements between the CBFS and other institutions included very limited staff training. As part of the MBA project with Strathclyde University, United Kingdom, only two Omanis were able to go there for about two weeks and they dealt with students' registration. This is due to the shortage of Omanis (small number) who are working in the private institutions, as well as in CBFS. The non-Omanis mentioned in *Table 2.6* are employed by the college and not through affiliations.

Although precise data are not available, the evidence suggests that the work of the college has been well received by both students and employers. This is hardly surprising since the programmes are

geared specifically to labour-market requirements. As we have noted above, Omanization has proceeded apace and students are able to find employment and enter other academic institutions based on the qualifications they gain at the college. A future aim of the college is to develop its research base and to develop more Western style teaching methods.

Assessing the affiliations

The main objective of the college in deciding to depend on full affiliations with foreign institutions in all its programmes stems from the belief that quality is the most important aspect of the education and training process. It was realized that this objective, especially in the absence of any national quality assurance organization, would not be met using the college's own limited experience and resources of technical expertise. Therefore, to assure all the stakeholders in the college that its programmes would be of high quality, it chose to affiliate with reputable organizations in the fields of banking, accounting and information technology, or to franchise their established programmes and award their qualifications.

There is, however, one critical cultural issue to be addressed. The programmes that are franchised have been developed in other cultural environments with different traditions and values. They do not automatically or wholly translate into the Omani cultural environment. Individual graduates of the programmes will automatically adapt themselves to their local environment. It is to be expected, however, that these programmes will ultimately be modified and moulded to the local environment as the college develops and expands.

III. The regulation of transnational commercial higher education in Oman

The fundamental aim of higher education policies is to expand provision quickly in order to satisfy the country's needs. To ensure high quality, private higher education institutions were required to offer established programmes from abroad in the areas most urgently required by industry and the national economy. Left to itself, a private provider might place profit before quality; on the other hand, without private providers, the development of higher education would be very slow. Therefore, the government sought to solve this problem by encouraging private provision but insisting on quality programmes. Consequently, the establishment and provision of transnational commercial higher education through private institutions is highly regulated.

The main aim of, and rationale for, this policy is the protection of domestic institutions and the consumer. The process of establishing private higher education institutions in Oman and the rules, laws, procedures and regulations by which it is governed are set out below. The process is controlled by the Ministry of Higher Education and the Council of Higher Education who must approve all proposals.

The process of establishing private higher education institutions is illustrated in *Figure 3.1*.

Figure 3.1   The process of establishing private higher education institutions
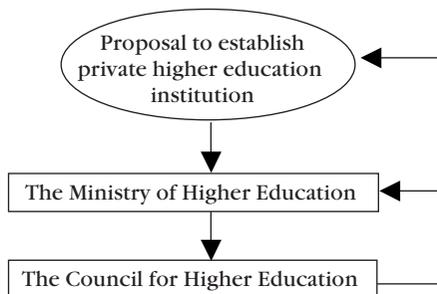
The most important steps are the following (Ministry of Education, 2002):

1. The founders of the institution or their representative have to apply to the Directorate General of Private Universities and Colleges at the Ministry of Higher Education by filling a specific application form.

2. The application should be supported by the following documents:
   - the names of founders, their CVs, and a certificate of data from the Commercial Registry for commercial companies that are operating in Oman;
   - evidence from the founders showing their agreement that they will not withdraw from the project (the university or college) before five years of starting;
   - the name of the university and its location;
   - the mission, aims and objectives of the university;
   - the suggested date of commencing;
   - a detailed explanation of the financial capital that will be allocated to the university and the share of each founder. The largest portion (70 per cent) of this financial capital must be owned by Omanis and it should not be more than 30 per cent of the total capital invested in the project;
   - a feasibility study, which is undertaken by specialized consultants and showing the following:
     - the sufficiency of financial capital allocated to establish the university;
     - the expected financial situation of the university and its annual expenditures, as well as ensuring the continuity of funding to maintain it and to help achieve its missions and objectives;
     - the colleges, departments and centres that will be opened in the university, and which should not be less than three colleges;
     - students' admission requirements and procedures;
     - the intake capacity;

    – the rules and requirements for scholarships that will be offered by the university for Omani students;

    – subjects and fields of studies, duration and time length, the academic structure, and degrees and qualifications offered by the university;

    – affiliations and co-operation plans between the university and other local and foreign higher education institutions.

3. When all the required documents are submitted, the concerned department at the Ministry of Higher Education starts studying and analyzing the application.

4. The Ministry of Higher Education forwards the proposal with its analysis and recommendations to the Council of Higher Education for approval and final decision.

5. The Ministry of Higher Education informs the applicants of the final decision of the Council of Higher Education and asks them to proceed with the project if the proposal is approved.

6. The founders or their representative must provide the Ministry of Higher Education, within six months from the date of the decision of the Council of Higher Education, with the following:

    • the implementation project for the university buildings and infrastructures according to the rules and regulations adopted by the ministry;

    • a detailed academic, administrative, and financial organizational structure for the university.

7. On completion of all implementation procedures and requirements, the Minister of Higher Education issues a decision (declaration) that will formally establish the university.

8. The approval decision, which is issued by the Council of Higher Education, can be ineffective if the founders or their representative do not provide the documents required and fulfil the rules and regulations within the time specified, which can be extended by the Minister of Higher Education for a period of no more than six months.

9. On completion of all requirements, the Minister of Higher Education issues a decision (declaration) of study commencement in the university.

One of the most significant documents in the establishment process with direct relevance to this paper is the 'academic affiliations agreement' between the Omani higher education institution and a foreign higher education institution. As indicated earlier, most private higher universities and colleges in Oman have to enter into academic affiliation with foreign institutions, which will allow them to offer the educational programmes developed by these institutions. The Ministry of Higher Education has designed a standard academic affiliation agreement that contains 17 articles as follows:

1. Definitions
2. Areas of co-operation
3. Scope of services
4. Undertakings
5. Costs and fees
6. Duration
7. Termination
8. Confidentiality
9. Compliance with the law
10. Settlement of disputes
11. Assignment
12. Liability and indemnification
13. Correspondences
14. Waiver
15. Whole agreement
16. Alteration
17. Deposition of the agreement.

The most important articles defining the type of academic affiliation or educational franchising are 2, 3, and 4 that deal with the areas of

co-operation, scope of services, and the undertakings. Article 2 defines areas of co-operation between the two parties as follows:[2]

a) The parties to this agreement will co-operate closely in achieving the college objectives and in providing education for students on a higher education level.

   a. The second party (foreign institution) will assist the first party (Omani institution) in all technical and educational areas as defined in the scope of services by the two parties, including but not limited to curriculum development, follow up and evaluation of colleges' academic performance, and the awarding of a diploma/certificate.

   b. The second party will supervise the development of the curricula for the first party, which will be directed towards educating the students, and to equip them with the knowledge and skills necessary to enable them to participate in the workforce of Oman.

   c. The second party will accept the qualification received by students from the college as an entry requirement into further education programmes provided by the second party in [home country/city of foreign higher educational institution] and will endeavor its best to obtain recognition of the qualification as an entry requirement into other equivalent higher educational institutions, universities in the home country in the level equivalent to the diploma/certificate level.

The third article explains the academic affiliation services that should be provided mainly by the second party (the foreign institution) to the first party (the Omani institution). It states that:

The second party shall provide the following services:

a) Assist in developing curricula for the college for the specializations identified in Annex 1 (to be agreed upon by the two parties).

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2. This quotation and those that follow are from the standard academic affiliation agreement adopted by the Ministry of Higher Education in Oman, pages 3, 4, and 5.

b) Curricula will be developed so as to enable the students who graduate from the college to enter into 2nd/3rd year or at an appropriate level at the foreign higher education institutions.

c) Provide assistance to the first party in all academic areas required by the first party.

d) Follow-up and evaluate the process of monitoring the students' progress and performance to ensure the maintaining of academic standards.

e) Work with the staff of the college in order to:
   • determine final results of students;
   • ensure comparability of standards between qualification and the equivalent certificate which the second party gives to its own students.

f) Provide guidance and counseling to students who wish to continue their studies at universities or at any other institution of higher education in [the home country/city of foreign higher educational institution].

g) Render the services to the first party as an independent consultant and in a technical and academic capacity. The collaboration and association between the two parties in accordance with the terms of this agreement shall not constitute a partnership, unless and until agreed by the two parties in accordance with the prevailing Omani commercial law governing such partnership.

h) Undertake to offer its best expertise and organizational experience in compliance with the highest international standards of theoretical and practical education.

i) Make regular visits by its representative to the college to ensure that all obligations under this agreement are being fully implemented.

Furthermore, the items listed in the undertaking in Article 4 of the standard agreement add extra scope to services. It states that the second party (the foreign institution) ... shall undertake the following:

a) In the event of termination of this agreement for any of the reasons specified in Article 7, the foreign higher educational institution grants entry to the students who have completed successfully the

course or part of the course at the college, at the appropriate level of education, in order to enable the students to complete the number of hours necessary for them to qualify for issue of a diploma.

b) Recognizing and attesting in writing the issue of all qualifications.

The first party hereby undertakes the following:

a) Developing the college to a standard capable of achieving the aims of this agreement.

b) Maintaining the level of education at the college as will be determined by the second party; and in line with the rules and regulations set by the Ministry.

c) Using all efforts to provide appropriate educational facilities and to recruit qualified teaching staff for the college, such staff to be approved by the second party.

This review shows that the establishment and organization of academic affiliations or franchised higher education in Oman is highly regulated, controlled and monitored by the government through the Council of Higher Education and the Ministry of Higher Education. The policies, rules and regulations that govern the type of transnational higher education, described above, are endorsed by, and based on, several Royal decrees and ministerial decisions, notably the following:

1. Royal Decree Number 65/98, establishing the Council of Higher Education;

2. Royal Decree Number 41/99, issuing private universities' ordinances.

3. Ministerial Decision Number 36/99, issuing the executive regulations for the private universities' ordinances;

4. Royal Decree Number 42/99, on establishing of private colleges and higher institutes;

5. Ministerial Decision number 34/2000, issuing the regularity ordinances for private colleges and higher institutes;

6. Royal Decree Number 36/2000, defining the responsibilities of the Ministry of Higher Education;

7. Royal Decree Number 67/2000, on provisions related to higher education institutions;

8. Royal Decree Number 70/2000, establishing the Directorate General of Private Universities and Colleges;
9. Royal Decree Number 74/2001, establishing the Accreditation Board.[3]

All the regulations set out above apply to all franchised programmes in Oman. As can be seen, they are detailed and focus on the guarantee of quality in provision. It is implicit in these regulations that Oman regards the quality of provisions as imperative, especially given the current state of its infrastructure, to ensure and monitor quality. An Accreditation Board was established by a Royal Decree in 2001 (see No. 9 above) to control the quality of provision of all aspects of higher education, including franchised programmes. This will eventually have total responsibility for the control of the quality of higher education provision, and will be discussed at greater length in *Section 4*.

Obviously, variations can exist between the specification and the operation of franchising agreements, but it is clear from the information given above that there is a firm intention to ensure that programmes and teaching staff achieve and maintain a high standard of quality. Of course, such an outcome is in the interest of both parties to the franchise.

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3. More details on the Accreditation Board will be given in the next section, which is related to quality assurance and/or accreditation for transnational commercial provision of higher education in Oman.

IV. Quality assurance and accreditation for transnational provision

The quality of educational qualifications offered by transnational higher education bodies through private institutions in Oman is a major concern for the government. The main objective is to protect students from unscrupulous operators and institutions. To ensure quality, potential franchisees are required to affiliate to well-recognized foreign higher education institutions and only to take on franchises of high-quality programmes. In order to achieve this, a detailed process of accreditation was established and incorporated in the overall procedures and requirements to establish private higher education as explained above.

1. The process of accreditation

Hitherto, all quality assurance and accreditation has been the responsibility of the Ministry of Higher Education. A potential franchisee would have to apply to the ministry to seek permission to go ahead with a franchise scheme. Before giving permission, the ministry requires a feasibility study to be conducted and will itself investigate the proposal to discover, for example, whether the franchiser had received accreditation in its own country. If the programme is not accredited in the franchiser's own country, then the ministry will require an alternative programme to be sought. This discipline does not apply to domestic public higher education bodies such as the Sultan Qaboos University.

In 2001, however, an Accreditation Board was established to assume responsibility for all accreditation, both domestic and franchised. It was desired that an accreditation body be independent of the influence of any higher education institution, domestic or foreign. Moreover, the combining of all accreditation work in one body that possesses its own resources and facilities might be expected to lead to greater cost efficiency.

2.   The Accreditation Board

The Accreditation Board was established under Royal Decree 74/2001. The responsibilities assigned to it in Article 1 of the Royal Decree are as follows:

1) Prepare necessary studies and research on the requirements and standards of accreditation of higher education institutions and the programmes taught at them, and review the basis for their accreditation in the light of the policies made by the Council of Higher Education.
2) Accredit higher education institutions.
3) Accredit programmes of study offered by higher education institutions.
4) Evaluate competency requirements demanded for the practice of professions and ensure that the academic programmes of higher education institutions meet these requirements.
5) Gather information and data on programmes offered by higher education institutions and report on their quality to the Council of Higher Education.
6) Lay down the procedures for performance appraisal and quality improvement of higher education institutions.
7) Review amendments pertaining to the National framework of qualifications awarded by higher education institutions.

Article 1 above defines the seven main functions of the board. These amount to the establishment of a comprehensive system for quality assurance.

Article 2 ensures that the process of accreditation is fair and independent. Members of the board are "competent and experienced professionals" without financial interest in any private higher education institution. To be more specific, it has stated that:

The Accreditation Board shall be formed from ten members to be selected from the following:

1. Teaching staff members at higher education institutions who hold a minimum title of Associate Professor.

2. Competent and experienced professionals who hold postgraduate qualifications.

No member shall have any financial stake in any private higher education institutions for the duration of membership.

Articles 3 to 11 set out the broad structure of operations of the Board ensuring that it will meet regularly with a majority of members attending, will have access to statistical data and information, and can call on external expertise as required.

In general, therefore, as we have seen in *Section 3*, the government's concern to ensure the quality of franchised programmes has been enshrined in a framework of rules and regulations to control and monitor quality and to make sure that the consumer receives value for money. However, two words of caution are necessary. First, now that Oman has joined the Word Trade Organization, there will be free trade in services as well as goods, increasing the possibility of exploitation by international bodies. This makes the establishment of an independent accreditation body to protect the consumer of higher education a timely necessity. Second, the Accreditation Board is not yet fully functioning owing to the lack of financial and human resources allocated to it. Therefore, it is essential that the government put its theory into practice by providing the means for the Accreditation Board to carry out its work.

V. Conclusions: the impact of transnational higher education in Oman

The impetus for the transnational provision of higher education in Oman was undoubtedly economic. The population has been growing rapidly, and above 50 per cent are young people aged 15 or under.[4] The government has had to import expatriate workers in all areas of the economy and at all levels of expertise, and it has lacked the infrastructure to educate the population, especially at the higher levels in the early stages of development. Undoubtedly, the advantage of transnational provision for Oman is that it is a relatively quick and cheap way of achieving rapid expansion in higher education. What can otherwise take decades can be achieved in a few years; deficiencies in the educational infrastructure, expertise and experience can simply be remedied by importing. For example, the total student enrolment in private higher education, the main beneficiaries of transnational provision, grew from 200 in 1995 to 8,000 in 2002 (*Table 1.2*). Within the last decade, the Omanization of professional jobs has rapidly increased so that, for example, some 95 per cent of bank employees are now Omanis. In order to evaluate the impact of these changes on Oman we shall consider four different criteria: quality, access, equity, and funding.

1. Quality

Quality can be measured in two dimensions. The first that we have discussed above is the quality of programmes and their delivery. The second is structure, in terms of subjects of the graduates from the system. This latter is particularly important in an economy seeking to develop its own professional workforce and to expand its expertise in key areas.

As we have seen, the Omani Government had declared its intent to control the quality of franchised programmes, and it is likely that

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4. This is based on the indicators provided by results of the two population censuses that were undertaken in Oman in 1993 and 2003.

by setting high standards, the level of domestic programmes will automatically be influenced by the need to compete where necessary. It is not possible to measure this influence in any objective way, but it is clear that the operation of the Accreditation Board, by enforcing uniform standards for domestic as well as foreign programmes, will ensure that the quality of programmes and their delivery is maintained at a high standard. In addition, there are spillover effects. For example, most franchised programmes are taught in English, and this means that potential applicants must have a good command of the language. Oman has now decreed that the English language has to be taught from the first year in school, and the time allocated to English teaching has been increased. This, in turn, is having an effect on the quality of English teaching. Similarly, the minimum requirements of higher education are beginning to have an effect on the quality of the teaching of mathematics and sciences, and on student attainment in these areas.

We have noted above that, in terms of the needs of the economy, there has not been a significant increase in the offering of applied sciences, including medicine, which are areas of the economy where there are shortages. This has happened despite the government's efforts to encourage the offering of 'useful' subjects. As we have shown above (*Section 2*), the subjects that are cheaper to supply have expanded at the expense of those requiring expensive investment. The relative costs of supplying technical subjects, compared with subjects such as accountancy and computing that require much less in terms of equipment, has led to this imbalance in the supply of what are the main contributors to economic development.

2. Access

Access to higher education can be measured in terms of the number of enrolments. As we have seen (*Table 1.2*), enrolments in private universities and colleges increased spectacularly between 1995 and 2002. In 1995, enrolments were 1.2 per cent of the total for the system; by 2002, they were 16.3 per cent of the total. It should be understood that the private sector institutions are the least prestigious in higher education. Students who attend normally have no other alternative, and

some 80 per cent of the students who are enrolled in the private sector are financed by government scholarships. Thus, franchised programmes do have a significant effect on access to higher education in Oman.

3. Equity

Equity in higher education refers to the provision of equal opportunity of access to a college or university. The very nature of a private sector institution whose aim is to make a profit suggests that it will allow access only to those who can afford the fees. Therefore, if private institutions are to be part of widening access, students need to be subsidized by the government. We have already noted that some 80 per cent of students in private universities and colleges have government scholarships, so it is clear that without government subsidy, equity would not be enhanced by franchised programmes. In this way, the government has improved access for students who would otherwise not be able to become part of the system. As noted above, when it comes to applications to higher education, the private sector comes at the bottom of the pecking order.

A further measure that was taken by the government to improve access concerns the location of institutions. At present, most private colleges are located in the Muscat area. In terms of access, this gives a distinct advantage to the poorer students who live in this area. It follows that potential students who live outside the area are at a disadvantage. Consequently, the government has decided to limit the number of colleges in the Muscat area.

4. Funding

The encouragement of franchising schemes by the government has required it to provide funding in various ways to induce the establishment of new colleges and universities. For example, it will provide 50 per cent of the capital costs for building and equipping a private university. The government will provide land, and the institution may be exempt from paying land fees; the institution will be exempt from all taxes for five years (with the possibility of renewal). In addition, all local public

services are free.[5] Thus, considerable costs are involved, though by no means as much as would be the case without the creation of a private sector.

As we have seen, the majority of students on franchised programmes are funded by the government. Thus, the major source of funding for these franchised programmes remains the government. It is in the government's interests to reduce this dependency in the future. How can this be achieved? Possibilities include the introduction of a student loan scheme, the encouragement of private financial institutions to finance higher education, and generally trying to open new channels of funding. In the United States, and increasingly in the United Kingdom and the rest of Europe, institutions are resorting to fund-raising schemes. Such schemes need to emphasize the benefits of education in general, and higher education in particular, to society as a whole. Although the motivation for the expansion of higher education tends to be economic, the external effects (spillovers) have an impact on, and bring benefits to, society in general. Each of these effects can be seen in the development of Oman during the past three decades.

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5.   Royal Decree 67/2000, as amended by Royal Decrees 25/2001 and 97/2001.

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Transnational commercial provision of higher education: the case of the Philippines

Jean Tayag

Contents

List of abbreviations

AACUP	Association of Accredited Colleges and Universities of the Philippines
ABE	ABE International College of Business and Accounting
ACU	American City University
ADMU	Ateneo de Manila University
AMACC	AMA Computer College
AMACLC	AMA Computer Learning Center
AMAES	AMA Education System
AMA-IIT	AMA International Institute of Technology
ARMM	Administrative Region of Muslim Mindanao
BAC	British Accreditation Council for Independent Further and Higher Education
BSIT	Bachelor of Science in Information Technology
BTEC	Business and Technology Education Council
CARAGA	Region in the Philippines, also known as Region XIII
CASIEC	Chinese Academy of Science International Exchange Centre
CHED	Commission on Higher Education
CNAP	CISCO Networking Academy Programme
CCNA	CISCO Certified Network Associate
CMO	CHED Memorandum Order
COA	Commission on Accreditation
COD	Centre of development
COEs/Ds	Centres of excellence/development
CSC	Civil Service Commission
CSIs	CHED-supervised institutions
DECS	Department of Education, Culture and Sports
DepEd	Department of Education
DLSU	De La Salle University
EDCOM	Congressional Committee on Education
FAAP	Federation of Accrediting Agencies of the Philippines
GATS	General Agreement on Trade in Services
HEDF	Higher Education Development Fund
HEI	Higher education institution
IAU	International Association of Universities
IHMES	International Hotel School

IT	Information technology
LCC	London City College
LUCs	Local Universities and Colleges
MBA	Master of Business Administration
MEM	Master's in Environmental Science
MIS	Management Information System
MYOB	Mind Your Own Business Training
NCC	National Computing Centre
NCR	National Capital Region
NEDA	National Economic and Development Authority
NEUST	Nueva Ecija University of Science and Technology
OL/DE	Open Learning/Distance Education
PACU	Philippine Association of Colleges and Universities
PCER	Philippine Commission on Educational Reform
PRC	Professional Regulations Commission
PSGs	Policies, standards and guidelines
RA	Republic Act
RMB	Yuan (Chinese currency)
SCS	Structured Connectivity Solution
SEC	Securities and Exchange Commission
SFC	Southville Foreign Colleges
SIU	Schiller International University
SUCs	State universities and colleges
TESDA	Technical Education and Skills Development Authority
TIBS	Thames International Business School (Philippines)
TNE	Transnational education
TNHE	Transnational higher education
TP	Technical panel
TVET	TAFE-delivered Vocational Education and Training
UCLES	University of Cambridge Local Examination Syndicate
UNESCO	United Nations Educational, Scientific and Cultural Organization
USF	University of San Francisco
UTPRAS	Unified TVET Programme Registration and Accreditation System
UTS	University of Technology, Sydney
UWA-GSM	University of Western Australia – Graduate School of Management

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Executive summary

Philippine society gives high priority to education, from basic and technical/vocational to higher levels. Public and private institutions play a complementary role in its provision.

The higher education system is currently dominated by private provision although the latter is declining. The overall climate is market-driven, but the government is expected to ensure that social welfare concerns are taken into account.

There is a high participation rate in higher education, and a wide range of programmes provided by the numerous higher education institutions. However, not all of these programmes are of high quality and graduates are not always well-prepared for the labour market.

Of the more than 1,400 higher education institutions in the country, about 60 have active linkages with foreign institutions. Most of these linkages, however, are for academic and cultural exchanges. As of 2003, there are five known Philippine HEIs that have arrangements with foreign providers involving importation of transnational higher education (TNHE) and two that are involved in exporting higher education. The most common originating sources of TNHE in the country are the United Kingdom, United States, Australia and Singapore.

Transnational higher education through Mode 3 – commercial presence, per definition of the General Agreement on Trade in Services, or GATS – is delivered in the country via branch campus operations with the help of representatives/agents and through partnerships with local HEIs. In the former, the course is delivered largely and the certificate/diploma is granted by the TNHE provider. In the latter, the larger part of the course is delivered by the local partner and the degree is granted either jointly by the local and foreign partner or solely by the local partner, though intermediate certificates and diplomas may be granted by the foreign provider.

Examples of TNHE providers with branch campus operations cum programme articulation are: London City College (United Kingdom),

American City University (United States), and Insearch Institute of Commerce/University of Technology, Sydney (Australia), the branches of which are all hosted by Southville Foreign Colleges, and an international learning centre included in the Technical Education and Skills Development Authority (TESDA) list of institutions with registered technical/vocational programmes. London City College (LCC) has programme articulation arrangements with Schiller International University of which it is a 'section' and with American City University where LCC courses are automatically credit transferable. IHMES International Hotel School has articulation arrangements with South Carolina-Beaufort University, Glasgow Caledonian University, Birmingham University, Glamorgan University and Oxford Brookes University. All except IHMES offer Business Administration and IT-related courses. IHMES focuses on Hotel and Tourism Management.

Other TNHE providers of this type are Thames Business School, a division of Informatics Holdings, Ltd (Singapore) and the University of Western Australia Graduate Business School with Esteban Enterprises as agent or marketing arm. Thames offers Business courses validated by Thames/University of Cambridge Local Examination Syndicate (UCLES) and Thames/National Computing Centre (NCC) Education, and has articulation arrangements with affiliate universities in the United Kingdom, the United States, Australia, Canada and Singapore. The University of Western Australia Graduate School of Management (UWA-GSM) offers MBAs.

Among the TNHE providers with local partners/franchisees is CISCO Systems, working with three HEI local partners, namely, Holy Angel University in Angeles City, Misamis University in Ozamiz City and AMA Educational System. Others are Microsoft, NCC-UK. AVAYA Communications, Smart Force, Mind Your Own Business training (MYOB), Alpha Innovations, Fluke Networks, FESTO and iCarnegie, all of which have partnership arrangements with AMA Education System (AMAES). These providers offer mostly IT-related modules that are integrated into the regular curricula of the local HEI partners.

AMAES is the most publicized Philippine HEI that is actively engaged in the export of education. It is reported to have international branches in Bahrain, China, Hong Kong, Viet Nam, Bangladesh, Laos and Saudi Arabia.

The Philippines' approach to transnational commercial education may fit the so-called 'interventionist approach'. The operation of international providers in the country is accepted as a reality; at the same time, policies and mechanisms are being put in place to ensure that the transnational education (TNE) being provided is of acceptable quality and to protect Filipino consumers from 'diploma mills' and unscrupulous operators.

The establishment of a foreign school is governed by applicable laws of the Philippines, and its operation is governed by the policies, standards and guidelines prescribed by the Commission on Higher Education (CHED) pursuant to law.

Regulatory measures include: (a) establishment, registration and ownership requirements, including a foreign equity ceiling of 40 per cent; (b) mandatory government authority to operate; (c) accreditation; (d) professional regulation; (e) civil-service requirements; and (f) tax regimes and foreign exchange regulations.

The above regulations of private and TNHE provision, coupled with the unregulated operations of public-sector providers, in effect, serve as inhibitors or barriers to TNHE provision. On the other hand, national development plans and policies on foreign investments such as the recognition of foreign licences issued by foreign countries that have similar standards as the Philippines and offer the same recognition and privileges to Philippine licenses, the various tax incentives and the liberalized foreign exchange regulations and profit/capital repatriation for foreign investment, would tend to favour the entry of TNHE into the country.

Imported transnational commercial education is perceived to have both positive and negative impacts. Positive impacts include: enhanced quality and relevance of TNHE-intruded programmes

through enhancement of local curricula, upgraded and updated faculty qualifications, technology transfer, and introduction of new kinds or innovative methods of learning delivery; increased opportunities for students to pursue and obtain degrees in prestigious institutions abroad; and improved employability of graduates.

In terms of access, TNHE delivered through branch/extension campus operations would not have an appreciable impact on enrolment as this attracts mostly students from high-income classes and the providers charge school fees that are higher than those of the most expensive local HEIs in Metro Manila. However, students who availed of these TNHE programmes may have gained greater access to higher education opportunities abroad. In comparison, TNHE provision through local HEI partners that have incorporated the TNHE courses/modules into their regular curricula has been more accessible to the average Filipino student.

On the negative side, foreign schools are seen as a threat, posing unfair competition to local private HEIs. TNHE providers could also lead to student- and teacher-drain, and influx of 'diploma mills' or 'fly-by-night' TNHE operations.

The positive and negative impacts of transnational commercial provision are acknowledged realities. What is incumbent upon higher education planners and policy-makers is to determine how the education sector could take advantage of the opportunities offered by TNHE and at the same time avoid, prevent or neutralize its adverse effects or implications. The present policy regime for TNHE provision draws strength from its constitutional and legal foundations; the complementarity of the roles and procedures of the various entities involved in registration/licensing, issuance of mandatory government authorization, voluntary accreditation, professional regulation and licensing, and issuance of civil-service eligibility; a strong voluntary accreditation system; and the presence of CHED regional offices that monitor HEIs.

Despite its strengths, the regulatory regime has certain loopholes, gaps or weaknesses that need looking into. These include unclear delineation of responsibility over ladderized programmes and lack of regulation of grey-area programmes; weak data collection and dissemination and lack of an information system on TNHE; inadequate resources for monitoring; a need for comparative studies of recognition and accreditation standards and procedures; and a need for closer linkaging and co-ordination with international/regional TNHE accrediting and monitoring bodies.

There are recommendations for the government to adopt a more liberal approach to regulating private and TNHE provision. A more desirable course, however, is for the country to: (a) decide on the fields where TNHE could contribute most to its human resource development; (b) identify the most suitable TNHE providers; then (c) work out how the identified providers could deliver the required TNHE in the country.

Introduction

This case study was commissioned to provide inputs to the IIEP project entitled 'The global higher education market', the main objective of which is to analyze the current status, existing mechanisms for the regulation and quality assurance and the impact of transnational commercial provision on higher education systems in selected developing countries.

Specifically, the Philippines case study was undertaken to:

- describe the development, various forms and distinctive features of transnational commercial higher education in the Philippines (within the context of the higher education system);
- analyze the country's approaches and practices in the regulation and quality assurance (i.e. regulations for opening and functioning as well as ongoing accreditation mechanisms) of transnational commercial provision;
- identify perceived impacts of the entry of transnational commercial providers on the entire higher education system.

The study focused on transnational education supplied with a commercial objective either through Mode 3 as defined in the General Agreement on Trade in Services (GATS). Under Mode 3 – commercial presence – the provision of education or a service by the foreign provider or exporter crosses the border and is delivered on-site or on-campus.

TNHE provision by Mode 1 or cross-border supply through distance or virtual education is available in the country, but information on this mode is too skimpy to allow any meaningful characterization or analysis. This mode of TNHE provision, however, is touched on in the discussion of policy regime for the regulation of TNHE provision. Furthermore, the study was confined to transnational higher education providers or those that grant degrees or diploma and certificates (for ladderized courses) leading to a degree.

There is as yet no centralized national database on transnational education in the country. CHED, the government agency in charge of overseeing higher education provision in the country, is still in the process of initiating systematic collection of information on the importation and exportation of transnational education.

Data that exist on TNE provision in the country are held separately by different entities and do not specify transnational education. Hence, all known potential sources or listings were searched, advertisements in newspapers and magazines were looked into, and TNHE agents/brokers/partners/franchisees had to be identified and contacted for information on their foreign principals or providers. The following sources were initially scanned for leads:

- CHED directory of higher education institutions;
- CHED list of international linkages and collaboration programmes of Philippine higher education institutions;
- CHED National Capital Region files of applications for permits to operate programmes from foreign higher education institutions;
- IAU World List of universities and other institutions of higher education;.
- list of approved projects of special economic zones such as the Subic Bay Freeport and Special Economic Zone, the Clark Special Economic Zone and the Fort Bonifacio Development Corporation;
- list of TESDA schools;
- Securities and Exchange Commission list of foreign companies licensed to do business in the Philippines;
- TESDA list of programmes/courses registered under the unified TAFE Delivered Vocational Education and Training (TVET) programme registration and accreditation system;
- Internet sources.

Once identified, local agents/brokers/representatives/partners were asked to provide published information and documents, and replies to pertinent queries via e-mail and phone interviews.

I.   Overview of the Philippine higher education system

The Philippine (basic, technical/vocational, and higher) education system works in a socio-political environment that puts primacy to education, recognizes the complementary roles of public and private institutions in its provision, and relies on a market-driven strategy to provide higher education while expecting responsive government intervention when and where warranted by certain social-welfare concerns.

The country's higher education is a mixed public/private system with the private having the larger, albeit declining, share of the market. The system has been observed to be uncommonly large, with a participation rate (29 per cent of total college age population) approaching that characteristic of a mass higher education system. The transition rate from high school graduation to tertiary education is also relatively high with 80-90 per cent of high school graduates going on to some form of tertiary education.

Philippine higher education institutions offer a wide variety of academic programmes, but only a small percentage of these may be considered as high quality. Moreover, a mismatch continues to be observed between the content and graduates of these programmes on the one hand and the expectations or needs of employers and society on the other.

1.   National higher education policy framework

The state is mandated by the Philippine Constitution to "protect and promote the right of all citizens to quality education at all levels and shall take appropriate steps to make such education accessible to all". Pursuant to this, basic education is compulsory and fully subsidized by the state. Tertiary education (higher and technical vocational) is, on the other hand, available only 'on the basis of merit' in keeping with Article 26.1 of the Universal Declaration of Human Rights. What the Constitutional 'right to education' assures is that there shall be no discrimination in granting access to higher education on the basis

of race, gender, language, religion, or economic, cultural or social distinctions or physical disabilities.

The government recognizes the necessity to invest in the development of the country's human capital. Such investment is guided by the following principles: self-reliance, equity, gender-responsiveness, fiscal prudence, decentralization and devolution, efficiency, privatization and partnership with civil society and the private sector. The last two principles – efficiency and privatization – capitalize on the capacity of markets to direct resources to the most valued uses. As far as possible, the government relies on markets and the private sector in the delivery, management, financing and monitoring of education services in order to give wide latitude for the exercise of individual freedom of choice. Partnership with civil society and the private sector is a means by which the government seeks to correct the limitations of the market through collective action (Medium-term Philippine Development Plan, 2001-2004).

Consistent with this, the Medium-term Higher Education Development and Investment Plan 2001-2004 encourages strong private-sector participation and public/private-sector complementation in the provision of higher education programmes and services. The plan recognizes that while a market-driven strategy may be relied upon to provide much of the higher education needs of households and enterprises, government intervention shall be pursued in areas where the desired level and growth of human resource investments, and thus, of social welfare, are aimed at.

A Congressional Commission on Education (EDCOM) (1992) studied the state of the Philippine education system and found that the higher education subsector was characterized by: (a) large enrolment; (b) imbalanced distribution; (c) underinvestment and poor quality; (d) a mismatch between programmes and graduates on one hand, and employment and society needs on the other; and (e) limited and underdeveloped graduate education. One of the EDCOM's major recommendations to address the problems afflicting the sector is the tri-focalization of the education and training system to ensure

for each subsector (i.e. higher education, technical/vocational and basic education), the full "undiluted and undivided attention" that it requires. This policy was effected through the creation in 1994 of the Commission on Higher Education through Republic Act (RA) 7722 and the Technical Education and Skills Authority through RA 7796, to assume responsibility over higher education, and post tertiary non-degree and technical/vocational education, respectively. The Department of Education, Culture and Sports (DECS) was subsequently reconstituted as the Department of Education with principal responsibility over the basic education subsector.

Thus, CHED has been entrusted with the external governance of the higher education system. It was empowered to set and enforce policies and standards for higher education, determine and recommend to the Department of Budget and Management and Congress the allocation of government budgetary support to the state universities and colleges, conduct and support research in/on higher education, and support the development of higher education institutions. In addition to this overall responsibility over the system, CHED assumed the chairmanship of the governing boards of all state colleges and universities in the country by virtue of another law, the Higher Education Modernization Act of 1997 (RA 8292).

Pursuant to its mandates, CHED has been pushing forward policies and programmes geared to the attainment of four goals, namely: quality and excellence, relevance and responsiveness, access and equity, and efficiency and effectiveness.

2. Trends in Philippine higher education

In the Philippines, the delivery of higher education is performed by higher education institutions, which are generally classified as either public- or private-based on governance and/or mode of funding. Public HEIs are created and governed by their own charters or enabling laws. On the other hand, private HEIs are organized under the Corporation Code and are governed by special laws and the general provisions of the code.

Public HEIs are further subdivided into chartered state universities and colleges, local universities and colleges, and other government schools including special HEIs under CHED, the military and other government agencies. The local universities and colleges (LUCs) are generally supported by local government units, while the state universities and colleges (SUCs) and other government schools are funded by the national government.

Private HEIs are classified into sectarian or non-sectarian. Sectarian schools are run by religious organizations. Non-sectarian institutions are either non-stock/foundation (not-for-profit, wherein all surplus is ploughed back to the institution and selling shares of ownership is not permitted) or stock/proprietary (for-profit).

Composition and distribution

As of May 2003, there are 1,476 HEIs in the country. Of these, 173 (or 12 per cent) are public HEIs comprising 111 state universities and colleges, 2 CHED supervised institutions, 44 local universities and colleges and 5 special HEIs. On the other hand, there are 979 non-sectarian and 324 sectarian for a total of 1,303 private HEIs representing 88 per cent of the higher education system as a whole (*Table 1.1*).

Table 1.1   Historical distribution of HEIs by sector and institution type, 1993/1994 to 2002/2003

Sector/ institutional type	1993/ 1994	1994/ 1995	1995/ 1996	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003
Total Philippines	973	1,185	1,287	1,316	1,374	1,382	1,404	1,380	1,428	1,476
PUBLIC	206	235	268	271	260	264	232	166	170	173
State universities and colleges	85	97	97	98	107	106	107	107	111	111
Satellite campus	55	100	99	98	112	113	159	223	237	239
CHED-supervised institutions	92	111	103	105	102	102	71	3	1	2
Local universities and colleges	29	27	33	34	38	39	37	40	42	44
Other government schools			35	34	13	12	12	11	12	11

Special higher education institutions						5	5	5	4	5
PRIVATE	767	950	1,019	1,045	1,114	1,118	1,172	1,214	1,258	1,303
Non-sectarian	522	701	738	764	828	818	866	902	938	979
Sectarian	245	249	281	281	286	300	306	312	320	324

Source: CHED-MIS.

During the last 10 years, the number of HEIs increased by 52 per cent from 973 in 1993/1994 to 1476 in 2002/2003. Enrolment likewise increased by about 60 per cent from 1.58 million in 1993/1994 to 2.54 million in 2002/2003.

Historically, the private sector has dominated higher education in the country. In terms of number of institutions, the private sector accounted for 79 per cent of the total number of HEIs in the country in 1993/1994 and 88 per cent by 2002/2003. In terms of enrolment, however, the private sector share, though still dominant, has considerably declined during the last decade, from 78 per cent in 1993/1994 to 66 per cent in 2002/2003 (*Table 1.2*).

Table 1.2   Higher education enrolment by sector and academic year

Academic year	Public	Private	Total	Private sector share (%)
1993/1994	342,377	1,241,443	1,583,820	78.38
1994/1995	399,623	1,472,024	1,871,647	78.65
1995/1996	487,489	1,530,483	2,017,972	75.84
1996/1997	550,470	1,510,830	2,061,300	73.30
1997/1998	542,950	1,525,015	2,067,965	73.74
1998/1999	655,629	1,623,685	2,279,314	71.24
1999/2000	717,445	1,656,041	2,373,486	69.77
2000/2001	771,162	1,659,680	2,430,842	68.28
2001/2002	808,321	1,657,735	2,466,056	67.22
2002/2003	*870,523	*1,671,395	*2,541,918	65.75

* Preliminary data.
Source: CHED-MIS.

In comparison, the number of public HEIs decreased from 206 in 1993/1994 to 173 in 2002/2003. This decrease may be attributable at least in part to the Integration Programme implemented by the government wherein all except two of the CHED-supervised institutions were integrated into host state universities and colleges or transferred to the Department of Education (DepEd) or the Technical Education and Skills Development Authority (TESDA), depending on their programme thrusts. It will be noted, however, that the decrease in the number of public HEIs was practically offset by the 184 additional SUC satellite campuses that were created during the 10-year period. Enrolment in the public sector increased from 342,377 in 1993/1994 to 870,523 in 2002/2003.

Table 1.3   Distribution of HEIs by region and sector

Region	Public total	Private total	Grand total
I	7	68	75
II	8	46	54
III	16	132	148
IVA (Calabarzon)	10	162	172
IVB (Mimaropa)	7	28	35
V	21	92	113
VI	17	74	91
VII	7	94	101
VIII	14	47	61
IX	7	41	48
X	7	62	69
XI	4	63	67
XII	5	64	69
NCR	21	239	260
CAR	7	28	35
ARMM	11	26	37
CARAGA	4	37	41
Grand total	173	1,303	1,476

Source: CHED-MIS.

Table 1.3 shows the distribution of HEIs by region. All provinces have HEIs including at least one state college per province (except

the northernmost province of Batanes). The 2002/2003 enrolment translates to an average of about 1,722 students per HEI. This could be interpreted to mean that quantity-wise, the country has enough HEIs to accommodate current enrolment levels.

Table 1.4   Number of unique programme titles by discipline group and programme level, 2001/2002

Discipline group	Pre-baccalaureate	Baccalaureate	Post-baccalaureate	Master's	Doctorate	Total
Agricultural, forestry and fisheries	32	37	4	55	21	149
Architectural and town planning	7	3	5	6		21
Business administration and related	64	94	8	80	14	260
Education science and teacher training	39	88	14	111	24	276
Engineering and technology	66	65	4	32	8	175
Fine and applied arts	14	14	1	8		37
General	3	82	2	5	1	93
Home economics	5	11	2	13	1	32
Humanities	4	31	3	16	12	66
IT-related discipline	25	28	1	10	1	65
Law and jurisprudence	1	3		1	2	7
Maritime education	4	2				6
Mass communication and documentation	3	29	1	12		45
Mathematics	4	9	1	8	3	25
Medical and allied	24	26	5	32	4	91
Natural science	4	29	5	26	10	74
Religion and theology	4	9		18	3	34
Service trades	7	15				22
Social and behavioural sciences	8	58	2	33	4	105
Trade, craft and industrial	6	3				9
Other disciplines	9	18	6	30	10	73
Total	333	654	64	496	118	1,665

Source: CHED-MIS.

Table 1.5   Distribution of programmes across HEIs by discipline group, programme level and sector

Discipline group		Agricultural, forestry and fisheries	Architectural and town planning	Business administration and related	Education science and teacher training	Engineering and technology	Fine and applied arts	General	Home economics	Humanities	IT-related disciplines
Pre-baccalaureate	Public	202	17	125	91	379	14	17	11	2	68
	Private	29	12	708	19	92	15	19			392
	Total	231	29	833	110	471	29	36	11	2	460
Baccalaureate	Public	609	66	416	1,734	766	37	46	44	90	182
	Private	76	44	2,432	3,108	868	81	197	6	416	790
	Total	685	110	2,848	4,842	1,634	118	243	50	506	972
Post-baccalaureate	Public	3	3	12	45	5	8	1		3	4
	Private				12	1					4
	Total	3	3	12	57	6	8	1		3	8
Master's	Public	166	5	191	607	58	16	9	10	38	5
	Private	9	2	384	712	53	7	12	5	69	32
	Total	175	7	575	1,319	111	23	21	15	107	37
Doctorate	Public	42	1	32	10	7		1	1	24	2
	Private			57	13	5		1		32	1
	Total	42	1	89	240	12		2	1	56	3
Total	Public	1,022	92	776	2,582	1,215	75	74	66	157	261
	Private	114	58	3,581	3,986	1,019	103	229	11	517	1,219
	Total	1,136	150	4,357	6,568	2,234	178	303	77	674	1,480

Law and jurisprudence	Maritime education	Mass communication and documentation	Mathematics	Medical and allied	Natural science	Religion and theology	Service trades	Social and behavioural sciences	Trade, craft and industrial	Other disci-plines*	Total
	12	1	2	53	10		3	4	25	6	1,042
	31	2		323		5	17		2	25	1,691
	43	3	2	376	10	5	20	4	27	31	2,733
10	33	61	76	62	139		14	185	38	81	4,689
86	152	190	103	575	153	63	83	620		257	10,300
96	185	251	179	637	292	63	97	805	38	338	14,989
		1	1	3	1			4		9	103
			1		1			1			20
	1	1	2	3	2			5		9	123
	1	11	26	40	46			40		43	1,312
2	1	14	14	88	35	91		81		49	1,660
	2	25	40	128	81	91		121		92	2,972
		1	4	4	19			9		14	266
1			1	3	6	5		11		7	265
1		1	5	7	25	5		20		21	531
10	46	75	109	162	215		17	242	63	153	7,412
89	184	206	119	989	195	164	100	713	2	338	13,936
99	230	281	228	1,151	410	164	117	955	65	491	21,348

Source: CHED-MIS.

* Other disciplines include criminology; social work; environmental science; etc.

The distribution of these HEIs, however, is uneven. The National Capital Region (NCR) and Regions III, IV, V and VII are relatively more endowed in terms of number of HEIs. This is understandable in the case of NCR considering the large concentration of students and college-age population in this region. In the case of Region IV A and B, the college-age population is large but the participation rate is low, so that the average number of students per HEI is less than 1,000. The low participation rate in the region could indicate the out-migration of students to NCR or other areas or factors that prevent the college-age population from going to college.

The participation rates in Regions III and V are on the low side and the average number of students per HEI in Region V is even lower than that in Region IV. The Administrative Region of Muslim Mindanao (ARMM) and CARAGA (region in the Philippines, also known as Region XIII) have the least number of HEIs but they also have the lowest participation rates at 4 per cent and 17 per cent, respectively. Unless participation rates are improved, these regions have more than enough for their current enrolment levels.

Programme offerings

In terms of variety of programme titles or course names offered by HEIs, the titles make quite an impressive array with a total of 1,665 from pre-baccalaureate to doctoral unique programme titles for 2001/2002 (*Table 1.4*). Across HEIs, this is translated into 2,733 pre-baccalaureate, 14,989 baccalaureate, 123 post-baccalaureate, 2,972 Master's and 531 doctoral programme offerings (*Table 1.5*).

The common pre-baccalaureate programmes include associate in computer technology, midwifery, associate in health science education, diploma in agricultural technology, diploma in technology, among others. Aside from midwifery, these programmes are ladderized and graduates may proceed to the next ladder to complete a degree.

The baccalaureate programmes offered by HEIs in the country total 654 different titles. Of this number, the business- and administration-related programmes account for 14 per cent. There are new

baccalaureate programmes offered by HEIs, e.g. Bachelor of Science (BS) in electronics and computer technology, BS in digital illustration and animation, Bachelor of graphics technology, and others. One exotic programme offered is BS in mechatronics. There are also double programmes such as a Bachelor of Arts (known as AB) major in behavioural science and BS in commerce with a major in advertising management, AB major in communication arts and BS in commerce with a major in legal management, AB major in development studies and BS in commerce with a major in business management, AB major in economics and BS in commerce with a major in management in financial institutions, AB in international studies with a major in Chinese studies and BS in commerce with a major in management in financial institutions, among others. These double programmes are offered by an HEI granted autonomy by CHED. One of the benefits enjoyed by private higher education institutions granted autonomy is the privilege of offering a new course/programme at the undergraduate/graduate level(s) without securing a permit/authority from the CHED.

The programmes sometimes come in a number of variants. For instance, under information and communication technology, HEIs offer a variety of 27 baccalaureate programmes including the BS in computer science, BS in information management, and BS in information technology for which CHED has developed policies, standards and guidelines.

In terms of total number of course offerings, the top five discipline clusters among the private HEIs are: (a) education science and teacher training; (b) business and related; (c) IT-related; (d) engineering and technology; and (e) medical and allied disciplines. Among the public HEIs, the top offerings are: (a) education science and teacher training; (b) engineering and technology; (c) agriculture, fishery and forestry; (d) business administration and related disciplines; and (e) IT-related (*Table 1.6*).

Table 1.6   Top five discipline clusters in terms of number of HEIs offering the programmes and enrolment, by sector, 2001/2002

Discipline cluster	No. of HEIs offering programmes			Enrolment		
	Total	Private	Public	Total	Private	Public
Education science and teacher training	6,568(1)	986(1)	2,582(1)	439,522(2)	227,756(2)	211,766(3)
Business administration and related	4,357(2)	3,581(2)	776(4)	640,315(1)	509,651(1)	130,664(3)
Engineering and technology	2,234(3)	1,019(4)	1,219(3)	355,829(3)	193,085(4)	162,744(2)
IT related	1,480(4)	1,219(3)	261(5)	249,937(4)	202,714(3)	47,223(5)
Medical & allied	1,151(5)	989(5)	162	167,428(5)	148,734(5)	18,694
Agriculture, forestry and fishery	1,136(5)	114	1,022(5)	94,689	6,727	87,962(4)

Note: ( ) Rank.
Source: CHED-MIS.

As far as enrolment is concerned, the most popular courses among students in private HEIs are: (a) business administration and related; (b) education science and teacher training; (c) IT-related; (d) engineering and technology; and (e) medical and allied disciplines. In comparison, for students in public HEIs, the top choices are: (a) education science and teacher training; (b) engineering and technology; (c) business administration and related; (d) agriculture, forestry and fishery; and (e) IT-related.

Of the more than 20,000 course offerings, how many are of high quality? Using as quality indicators performance of graduates in professional board examinations, programme accreditation, and presence of identified centres of excellence/development, only about 15 per cent of the course offerings would be considered 'high quality'.

The average passing percentage in national board examinations across all disciplines improved slightly from 42 per cent in 1994 to 48 per cent in 2001. However, this is still below the target of 50 per cent.

Programmes with highest passing percentages are geology (91 per cent), mining engineering (86 per cent), marine engineering (77 per cent), environmental planning (75 per cent), metallurgical engineering (70 per cent), marine transportation (69 per cent), medicine and pharmacy (62 per cent). Programmes with the lowest passing percentages are customs administration (9 per cent), accountancy (17.7 per cent), and physical therapy (23.6 per cent).

Accreditation in the Philippines is voluntary, private and programme-based. It has four levels, the highest of which is Level IV granted to an institution with 75 per cent of its programmes accredited at Level III for at least two five-year terms (see *Section 3*). Only 8 per cent of the total number of programmes has Level II and III accreditation from local accrediting agencies, and only 228 HEIs, representing 15 per cent of the total number, have Level II and III accredited programmes. So far, only one private HEI (De La Salle University – DLSU, Manila) has Level IV institutional accreditation.

A centre of excellence is defined as a unit within any HEI with a strong graduate programme, and an undergraduate programme that meets international standards of academic quality and excellence. In like manner, a centre of development (COD) is defined as a unit within any higher education institution with a strong undergraduate programme and a strong potential to develop its faculty and its capability in research.

The total number of COEs/CODs in terms of programmes/disciplines is 275. However, the number of HEIs having COE/COD programmes is only 106, i.e. 49 SUCs (including satellite campuses) and 57 private HEIs. These represent only 7 per cent of the total number of HEIs.

Furthermore, studies have shown (Daguay and Padua, 2001; Edralin, 2001) the persistent mismatch between the content of the programmes, and thus the products of the HEIs and the needs of industry.

The quality of instruction and hence of graduates reflects the level of competence and qualifications of faculty delivering the programmes. Faculty development remains a major thrust of the CHED as only 39 per cent of the HEIs' faculty have Master's and PhD degrees as of

2002/2003. This figure is way below the target of 70 per cent (PCER, 2000).

Conditions of access

The public HEIs are a mechanism through which the state aims to: (a) provide access to quality higher education among the poor and disadvantaged but deserving sectors of society; (b) extend higher education in geographic areas and disciplines that are not adequately covered by private-sector providers in view of their unattractive location and high cost of delivery; and (c) offer priority programmes that are needed for national development.

Hence, higher education provided by SUCs is almost free, but as state subsidy is affected by budgetary constraints, entry is limited and, in most cases, based on merit and is competitive.

According to a study conducted by Manasan (2001), only 28 per cent of public school higher education students are from poor families (families living on or below the poverty line defined by the National Economic and Development Authority). The dropout rate is also higher among poor students – 30.75 per cent, compared to 16.8 per cent among the non-poor. The finding on the small percentage of poor students in public HEIs was corroborated by another study conducted by Tan *et al.* (2001), showing that only 6.2 per cent of the total number of students in the sample SUCs are from poor families.

Private HEIs cater to both the rich and the poor. The more exclusive private HEIs, such as Ateneo and De La Salle University, are beyond the reach of the poor – except the few who manage to get in through scholarships. All private HEIs, including the exclusive ones, provide assistance to students in the form of scholarships, tuition-fee waivers and fee write-offs through work-study programmes. In fact, private HEIs are required by law to provide full or partial tuition waivers for 5 per cent of entering freshmen students. As implemented, however, and due to lack of targeting, this requirement has led to the scholarships benefiting more non-poor than poor students, with 76 per cent of the scholarship slots going to the non-poor (Manasan, 2001).

Scholarships are available from government and private sources such as the Department of Science and Technology, Commission on Higher Education, the colleges' and universities' own and the corporate foundations' scholarship programmes.

About 15 per cent of higher education students have availed of scholarships from various sources but, in most cases, the support covers only tuition. A majority of the scholars are given tuition scholarships in SUCs. Only a small number of scholarships cover books and living expenses (Tan, 2002).

There is also very little credit available for education. Government student loans are limited, and there is reluctance to expand loan availability because of the unsatisfactory experience with the main government student-loan programme – the 'study now, pay later' programme, wherein more than half of the borrowers failed to make a single repayment (Hauptman and Cao, 2001).

Hence, most students depend on family resources for financing their education. Some work and earn while studying. The pre-need (for education) insurance industry has developed recently and provided the school fees of some of the present generation of college students (Tan, 2002).

Modes of funding and fees

State universities and colleges are almost fully dependent on the national budget for their operational expenses. Local universities and colleges depend on their municipal or provincial governments, while special higher education institutions draw their budgets from their respective mother departments. The CHED supervised institutions get their budget from CHED.

Some of the sectarian schools get financial support from their mother institutions, while the non-sectarian colleges and universities depend more on school fees for running their institutions. Donated resources are very limited and benefit mainly the better-quality schools

in selected programmes. This is attributable partly to a weak incentives system for grants (Tan, 2002).

Fees in public higher education institutions are exceptionally low. One local university, the Pamantasan ng Lungsod ng Maynila, even provides free higher education. Some SUCs charge as little as ₱10/unit plus miscellaneous fees, or a total of ₱592/student per semester (CHED-MIS, 2002). A few SUCs (such as the University of the Philippines and the Philippine Normal College) are implementing a socialized tuition-fee scheme wherein fees are set according to the student's ability to pay. Under the scheme, students belonging to higher income classes are charged higher fees, while those from lower-income classes are charged low to no fees.

Private HEIs are free to set their own tuition and other fees, subject to "rules and regulations promulgated by DECS", or what is now CHED (Government of the Philippines, 1982). These conditions include that:

- a tuition-fee increase of more than 10 per cent over the previous year's rates should be subjected to consultation with concerned sectors (including students, teachers and alumni);
- the proceeds from tuition-fee increases must be allocated as follows: 70 per cent to teacher salaries, 20 per cent to facility improvements, and 10 per cent as return on investment. (CMO No. 13, s. 1998).

Tuition fees and other charges vary widely from school to school. The most recent tuition-fees survey conducted by Jose Rizal University (2003) among Metro Manila schools yielded a median total school fee of ₱12,780 per semester.

At the high end of the scale are 11 schools charging more than ₱31,000 per semester (*Table 1.7*). These include the University of Asia and the Pacific at ₱51,318/semester, Ateneo de Manila University at ₱41,310/semester, DLSU College of St Benilde at ₱38,531/semester, and St Scholastica's College at ₱34,940/semester. At the low end are five institutions charging below ₱6,000/semester. These include three religious institutions, one computer school, and one offering distance education.

Table 1.7   Distribution of private HEIs in Metro Manila by school fees*, 2003/2004

Total fees/semester	Number of HEIs
Above ₱50,000	1
41,000 – 50,000	1
31,000 – 40,000	9
21,000 – 30,000	16
11,000 – 20,000	71
6,000 – 10,000	40
Below 6,000	7
Total	147

*Total fees, full first semester load, least expensive Bachelor's course, entering freshmen.
Source: Jose Rizal University, 2003.

II.   Transnational commercial higher education in the Philippines

Of the more than 1,400 higher education institutions in the country, about 60 have active linkaging with foreign institutions. Most of the linkages, however, are for academic and cultural exchanges (faculty, student and information exchanges), joint or collaborative research and extension, funding or scholarships for students and faculty, on-the-job training for Philippine students, and mutual recognition, none of which do not fall within the definition of transnational education produced by UNESCO and the Council of Europe for the *Code of practice in the provision of transnational education.* As of 2003, there are five known Philippine HEIs that have arrangements with foreign providers approximating the importation of transnational education and two that are involved in the export of higher education.

The importing HEIs are: Thames International Business School (the Philippines), Holy Angel University, Misamis University, Ateneo de Manila University and AMA University. An exporting institution is Nueva Ecija University of Science and Technology.

The most ubiquitous originating sources of TNHE in the country are the United Kingdom, the United States, Australia and Singapore.

Transnational education through Mode 3 – commercial presence, per definition of the GATS – is delivered in the country (a) via branch campus operations with the help of representatives/brokers/agents, and (b) through partnerships with local HEIs.

In the former, the course is delivered in a large part and the certificate/diploma is granted by the TNHE provider or by the foreign university with which it articulates. In the latter, the larger part of the course is delivered by the local partner and the degree is granted either jointly by the local and foreign partner or solely by the local partner through intermediate certificates/diplomas maybe granted by the foreign provider.

With the exception of one joint programme, the TNE provided in the country is generally of the certificate/diploma type, not higher education as defined in the Philippine education management context, which refers to a post-secondary degree programme. However, these are ladderized and may lead to a degree in other institutions with which the provider articulates. Thus, TNHE is used in this report in a broader sense to mean tertiary education comprising post-secondary diploma/ certificate (one to three-year courses) and degree (baccalaureate and graduate) programmes.

1. TNHE provision via campus operations with the help of local representatives/agents

Known TNHE providers of this type and their local representatives/ agents are shown in *Table 2.1*.

Table 2.1   TNHE providers by local representative/agent

Local representative/agent	TNHE provider	Programmes
1. Southville Foreign Colleges	London City College	Diploma, Higher Diploma and Advanced Diploma in business-related courses, IT
	IHMES International Hotel School	Associate Diploma and Advanced Diploma in hotel and tourism management
	Insearch Institute of Commerce	Certificate and Diploma in IT, computer graphics and animation
2. Thames International Business School Philippines	Thames Business School	Higher and Advanced Diploma in business administration, IT
3. Esteban Enterprises	University of Western Australia, Graduate School of Management	Graduate Diploma in business administration

Sources: Brochures and other published materials provided by the local representatives/ agents; Internet sources.

Southville foreign colleges

Printed brochures as well as circulars (and advertisements) posted on the Internet announce that London City College (LCC), America City University (ACU), IHMES and the Insearch Institute of Commerce have campuses at Southville Foreign Colleges (SFC) in the Philippines.

SFC is registered with the Securities and Exchange Commission as a corporation with 10 per cent foreign equity. Chartered in 1998, it obtained a permit from TESDA to operate post-secondary certificate/ diploma programmes. Its programmes registered under the TESDA Unified TVET Programme Registration and Accreditation System (2002) are: hotel and restaurant management course, international marketing, international business, advertising and public-relations management, information technology, graphics and animation.

The SFC campus is a five-storey building located in the exclusive BF International in Las Piñas, Metro Manila.

Enrolment at SFC is kept low in order "to provide students ample room and time to do school work comfortably and efficiently and to enjoy the use of various school facilities like the library, gym and other resources such as laboratories and computers without the hassle of jostling for space and waiting in line for convenient schedules" (see the Southville Foreign Colleges' web site).

London City College

London City College (LCC) is a fully accredited British tertiary level institution, founded in 1982, with its main campus in central London and overseas campuses in Europe, South Africa, the Middle East and the Philippines. It is accredited by the British Accreditation Council for Independent Further and Higher Education.

The LCC branch offers four courses leading to a diploma, then if pursued further, to a baccalaureate degree. The courses offered are international business, international marketing, advertising and public relations management, and information technology.

Courses are conducted at SFC on a trimestral basis by the conventional delivery mode, using international textbooks with computer-aided training programmes. Faculty members include foreign and local industry practitioners as well as academicians. Courses may be started at the onset of any of the three terms.

After completing one year and 30 academic units, the student earns a one-year diploma from the LCC and qualifies to continue to the next level at SFC. After completing the second year and 60 academic credits, the student earns the Advanced Diploma from LCC and has the option to transfer to any of the Schiller International University campuses to earn a Bachelor's degree after completing 120 units or to continue at SFC for another term to earn a Bachelor's degree from American City University after completing 126 units.

LCC has programme articulation arrangements with Schiller International University (SIU) of which it is a 'section', and with American City University. LCC courses are automatically credit transferable into SIU and ACU.

Schiller International University, established in 1964, is an independent university with campuses in the United States, the United Kingdom, France, Germany, Spain and Switzerland. Its main campus is in Florida, United States. SIU is licensed by the Board of Education of the State of Delaware, United States to offer American degree programmes, which are accredited by the Accrediting Commission of the Association of Independent Colleges and Schools of the Career College Association. The accrediting commission is, in turn, recognized by the Council on Post-secondary Accreditation and by the United States Department of Education as a national institutional accrediting agency.

American City University is an independent American university licensed by the Department of Education of the state of Wyoming, United States, and authorized to confer Bachelor's, Master's and doctoral degrees. It offers instruction in the American curriculum in selected international locations. In addition to onsite Baccalaureate programmes, American City University (ACU) offers online MBA programmes, using SFC as a learning centre.

LCC fees include a US$30 application fee, a US$250 tuition-fee deposit, US$1,425 tuition fee per term for Diploma track or a US$1,975 tuition fee per term for a degree track. One year of schooling at SFC thus costs at least ₱237,000, which is much higher than the fees charged by the most expensive local school in Metro Manila.

IHMES International Hotel School

Established in 1984, IHMES offers a two-year programme leading to an Advanced Diploma in hotel and tourism management and the Business and Technology Education Council (BTEC) Higher National Diploma in hospitality management.

IHMES is recognized as 'efficient' by the British Accreditation Council for Independent Further and Higher Education.

The IHMES International Hotel School branch in SFC offers a hotel management programme. Students who complete a one-year programme at the SFC campus earn an Associate Diploma in hotel management awarded by IHMES Philippines and have the option to move on to IHMES in the United Kingdom to complete the second year of the programme and earn the IHMES Advanced Diploma in hotel and tourism management. Those who complete the second year may pursue the BA degree in hospitality management and may transfer directly into the final year to any of IHMES associate universities, namely: South Carolina-Beaufort University, Glasgow Caledonian University, Birmingham University, Glamorgan University and Oxford Brookes University. The BA degree can be completed in 27 weeks. Within this period, the students undertake a nine-month practical work experience/internship in some leading hotels in the United Kingdom for which they are well paid.

As of 2003/2004, school fees at IHMES consisted of a US$30 application fee, a US$25 SFC school activity fee, a US$250 tuition-fee deposit and a US$1,950 tuition per term.

Insearch Institute of Commerce

This provider is wholly owned by the University of Technology (UTS), Sydney, through Insearch Limited, the UTS commercial and consulting company.

In the Philippines, Insearch/UTS, in association with SFC, offers computing courses that are recognized by UTS and 14 other universities in Australia, using the same curriculum, qualifications, and academic facilities as in Sydney. It awards certificates and diplomas for information technology and computer graphics and animation. With the units earned, students may pursue further studies leading to Bachelor's degrees in computing at the University of Technology, Sydney, and other Australian universities.

Thames International Business School (the Philippines)

The Philippine branch of Thames International Business School (TIBS) opened in 1999. It applied for and obtained a CHED permit to offer a BS in entrepreneurship, a four-year trimestral degree programme comprising 50 subjects with three units each. The programme is conducted in the Philippines from start to completion of the degree, and is taught by faculty composed of local and foreign lecturers.

In addition, some TNHE certificate/diploma courses are being conducted at TIBS. These courses may be credited towards degrees in business administration, information technology, and a BA in marketing and mass communications in TIBS affiliate institutions abroad through articulation arrangements.

Thames Business School

Thames Business School was founded in 1987 in Singapore as a division of Informatics Holdings Ltd, an international provider of quality lifelong services. This spearheaded the development of the School of Business Education courses for the training and education centres of informatics holdings in more than 42 countries. Thames International is reported to have tertiary operations in 11 countries including the Philippines.

TIBS programmes are anchored on a British Education System curriculum validated by the University of Cambridge Local Examination Syndicate and the National Computing Centre of Education.

Thames students progress from a Thames-UCLES or Thames-NCC Higher Diploma after nine months to an Advanced Diploma after another nine months. Students attend the first years of college in the Philippines, after which they may proceed to complete their respective programmes in affiliate universities in the United Kingdom, the United States, Australia, Canada, or a British satellite college in Singapore.

Among the affiliate universities with which Thames has twinning arrangements are Oxford Brookes University (United Kingdom), the University of Portsmouth (United Kingdom), Hawaii Pacific University (United States), Queensland University of Technology (Australia), and the University of Winnipeg (Canada).

TIBS holds classes on the third floor of the Security Bank Building, Greenhills, Metro Manila. School fees total about ₱160,000 per full load year.

Esteban Enterprises

Esteban Enterprises is registered with the Department of Trade and Industry as a single proprietorship that provides educational services. It is currently operating basic education programmes and is in the process of applying for a permit from CHED to offer the MBA programme of University of Western Australia – Graduate School of Management.

University of Western Australia Graduate School of Management

The UWA-GSM has been ranked among the top five business schools in Australia by the Hobsons Group Australia and published in the *Good universities guide to business and management courses* (2002). It offers an on-site MBA in Singapore, Jakarta, Shanghai and the Philippines. GSM has ISO 9001 accreditation for its quality management system for the provision of teaching services in management and related fields at the postgraduate level.

The GSM, in conjunction with Esteban Enterprises/Esteban School is offering an 18-month, 12-unit classroom-based MBA programme in Manila.

The MBA programme consists of two stages. The first stage is composed of six core units aimed at bringing students to a common level of knowledge in key areas of management regardless of their background and experience. The second stage consists of two capstone units, plus four units designed to enhance the students' expertise.

Students who successfully complete eight units may apply for the Graduate Diploma in business administration or continue to complete the 12 units for the Master's degree, both of which are to be awarded by the UWA-GSM.

A first batch of students (about 20) are already taking courses towards the Graduate Diploma in business administration. Of the professors, 75 per cent are flown in from UWA to conduct the lectures in Manila. Classes are held on the 26th floor of the Insular Institute of Asia-Pacific, Ayala Life-FGU Center, Makati City.

Fees include a US$100 application fee, an amenities and book fee set by Esteban School and US$1,000 per unit. The total course fee is US$8,000 for the Graduate Diploma or US$12,000 for the MBA.

2. TNHE provision through partnership with local HEIs

The second type of TNHE provision is through partnerships with local higher education institutions. There are four local HEIs that have entered into strategic partnerships with foreign TNHE providers (*Table 2.2*).

Holy Angel University, Misamis University – CISCO Systems

Holy Angel University and Misamis University have partnership arrangements with CISCO Systems for the implementation of the CISCO Networking Academy Programme. Holy Angel University is a private non-sectarian, non-stock HEI in Central Luzon offering baccalaureate, masteral and Ph.D, as well as associate and technical vocational

**Table 2.2   Local HEI partners, TNHE providers and
TNE-related programmes**

Local HEI	TNE provider	TNE programme	TNE-related or TNE-intruded programme
1. Holy Angel University	CISCO Systems	CISCO Networking Academy	– BS in computer science – BS in information technology – BS in computer engineering
2. Misamis University		Programme (CNAP) (4 modules)	
3. AMA University/ AMAES			– BS in information technology – BS in computer science as major elective in all AMA programmes
	Microsoft	Microsoft Certified Professional	– BS in computer science – BS in computer engineering – BS in information technology
	Network Computing Centre-United Kingdom	– International Diploma in computing – International Diploma in computer studies	–BS in computer science
	Avaya Communications	Structured cabling system	– BS in electronic and communication engineering – BS in information technology – BS in computer science
	Smart Force	Campus-based training modules	IT subjects
	MYOB	MYOB Premier 5	Subjects: – fundamental accounting theory and practice – manual accounting – cost accounting
	Alpha Innovations	Alpha Innovations software &courseware 2003/2004	– BS in computer engineering – BS in computer science – BS in information technology – BS in management information system
	Fluke Network	Certified cabling test technician course	Certificate course
	FESTO	Mechatronics engineering	– BS in computer engineering
	iCarnegie	– Certificate in computer programming – Certificate in software systems development	– BS in computer science – BS in information technology – BS in information management
4. Ateneo de Manila University	University of San Francisco	Master of environmental management	

Sources: Materials provided by local agents/representatives; Internet.

programmes. Its degree programmes are mostly in business-related, engineering and computer science, with a few courses in teacher education and arts.

Misamis University is also a private non-sectarian, non-stock HEI located in Ozamis City in Mindanao, offering some 47 programmes at certificate/diploma, baccalaureate, masteral and doctoral levels in various disciplines – teacher education, agriculture/business-related, engineering, maritime, law, criminology, medicine, humanities, social sciences, communications.

CISCO System is an international leader in networking for the Internet. It created a programme called CISCO Networking Academy Programme (CNAP), a comprehensive global e-learning programme that provides students with an opportunity to learn the curriculum through online instructor-led training and hands-on laboratory exercises.

The CNAP consists of four modules that prepare students to take an examination towards a certification such as the CISCO Certified Network Associate (CCNA), an international certification that recognizes the student's theoretical and practical capacity in networking.

CISCO also offers the CISCO Certified Network Professional Programme for advance technology in networking. Other CISCO offerings are several sponsored curricula like Unix, Java, Web Page Design, and IT essentials leading to an A+ Certification (http://cisco.netacad.net).

The four CNAP modules are:

Cisco 1 – Data communications/networking fundamentals
            Data communications and networking 1
Cisco 2 – Computer networks/router theory and routing tech
            Data communications and networking 2
Cisco 3 – Advance routing and switching
            Local area networks
Cisco 4 – Wide area network design
            Wide area net and Internet design

These modules are integrated into the appropriate curricula of the partner schools, particularly a BS in computer science, BS in information technology and BS in computer engineering. Upon completion of the modules, students, at their own expense, may take the CISCO Certified Network Associate examination at any of the Prometric and VUE testing centres. After passing the examination, CISCO Systems awards CCNA recognition to the successful students.

The faculty of the partner institutions are trained by CISCO to deliver the modules.

AMA University – CISCO System

AMA University is a private non-sectarian, non-stock institution based in Quezon City. It started as the first computer school in the country in 1980 with only 13 students. It expanded and applied for programmes university status in 1992 at which time it was offering Bachelor's degrees: BS in computer science, computer engineering, information technology and business administration. It took AMA nine years of further development and repeated applications before it obtained university status (for the AMA College-Quezon City branch only) in 2001. By then it had:

- achieved recognition for at least three Master's programmes – a MS in computer science, a MBA, and a MA in computer education;
- obtained Level II accreditation in April 2001 for its BS in computer science, and reaccreditation for Level II for its BS in business administration and BS in computer engineering leading Level III accreditation; obtained ISO 9001 accreditation by the Societé de General Survelan Internationale;
- substantially complied with the faculty, research, facilities and other requirements for university status.

Academic staff

AMA University has a complement of 167 faculty, 46 per cent of whom have a Master's and 27 per cent have a PhD degree. Most of its faculty in arts and sciences and its entire faculty in computer science

are full-time. Many of the faculty for engineering, Bachelor's of Arts and graduate school are on a part-time basis.

Research-related activities

In terms of research and extension, the institution has good potential, with some research outputs (though few in number) considered of "good quality and printable in refereed journals" (Padua, 2000). Most of the research is done by graduate faculty. One assessor observed that its research work and projects are "covered by clear institutional research protocol and adequately funded". Exhibited research titles are done with information technology and software development. Researched areas include object-oriented text utility software, reinventing instruction in data structures, crypto security tools, encryption tools, and design and analysis of algorithms. Extension and outreach programmes include computer literacy classes and training for high school students of identified communities (Punzal, 2000).

Facilities wise, the university has five medium-rise buildings on an area of 2.56 hectares with adequate instructional, library, and administrative facilities and good computing facilities that are "at par with international standards and other international universities" (Padua, 2000).

AMA also reportedly recently installed a ₱33 million investment in networking capabilities (AMA Online, 2003). This consists of state-of-the-art servers and high bandwidth connectivity through telco partners. The newly installed seamless network will enable the institution to offer students blended learning services at present with a view towards eventually offering distance-learning services in the future. Blended learning means the use of traditional classroom teaching methods hand-in-hand with online learning tools.

The network likewise enables state-of-the-art school administrative methods such as online registration.

From a student population of 13 in 1980, the enrolment at AMA University at the time it was granted university status was 6,560 (2001/2002). If the enrolment at the AMA Computer Colleges

is included, the total AMA higher education enrolment was 30,035 in 1999/2000. This increased to 40,042 by 2002/2003.

Fees at AMA University and Colleges are slightly lower than the high-end and fee level (>₱31,000/semester) charged by the most expensive schools in Metro Manila. Total fees at AMA averaged ₱26,000/semester as of July 2003 (Jose Rizal University, 2003).

AMA University in Quezon City was nominated in 1998 as one of the CISCO regional academies in the Philippines. This allows the university to implement the CNAP and appoint local academies to reach more students across the country. As of 2003, there were 14 AMA Computer College campuses and one AMA Computer Learning Centre appointed as local academies. The aim for the following year was that all AMA Computer College (AMACC) campuses be appointed as such.

At AMA University, the four CISCO modules are integrated in the Bachelor of Science in Information Technology (BSIT) curriculum while CISCO Modules 1 and 2 are integrated in the BS computer science programme with CISCO 3 and 4 as major elective subjects. The four modules are also offered as major elective subjects to the rest of AMA courses.

AMAES and other TNE partners

AMA University is part of a group called AMAES, a network of computer-based education institutions committed to provide a competitive edge in IT-based education. It comprises, AMA University, 41 Computer Colleges (AMACC), ABE International College of Business and Accounting, AMA International Institute of Technology and AMA Computer Learning Centres.

The Computer Colleges and ABE are offering IT-based Bachelor's programmes while the AMA-IIT (International Institute of technology) and Computer Learning Centres are offering certificate-level programmes. With the system, some of the units earned from the diploma programmes are given unit credits towards the Bachelor's degree programme should a student wish to continue at the AMA

University, AMACC or ABE (College of Business and Accounting). (www.ama.edu.ph)

The office principally responsible for managing the partnerships of AMAES with TNE providers is the AMA Global Services Unit. AMA has global affiliations or strategic partnership with industry giants in ICT.

In addition to CISCO Systems, AMAES has partnerships with Microsoft, NCC-UK, AVAYA Communications, Smart Force, MYOB, Alpha Innovations, Fluke Networks, FESTO, and iCarnegie. An article in *The Observatory on Borderless Higher Education* (OBHE, 2002) "Breaking news article (21 June 2002)" refers to AMAES partnerships with NCC Education, London Guildhall University, Microsoft, CISCO Systems and Smart Force as franchise agreements.

Microsoft

The world's largest software company, Microsoft, offers a wide range of products and services suited for both personal and business use.

Microsoft appointed AMAES as the only Microsoft premier education partner in the Philippines. The partnership covers: (a) Microsoft Software Licensing Programme; and (b) Microsoft Official Curriculum. The Microsoft Software Licensing Programme ensures that all the PC hardware installed and used by AMAES are licensed to use the 11 Microsoft software covered in the agreement. Since each of the AMAES PCs are licensed, AMAES may install any of the listed software regardless of the source.

The Microsoft official curriculum covers the following certification programmes:

- Microsoft Certified Professional
- Microsoft Certified Application Developer
- Microsoft Certified System Administrator
- Microsoft Certified Database Administrator
- Microsoft Certified System Engineer
- Microsoft Certified Solution Developer
- Microsoft Certified Trainer – for Instructors

Microsoft Certified Professional is the current certification programme adopted by AMAES. The Microsoft Certified Application Developer and Microsoft Certified System Administrator are planned for future adoption. However, if any AMAES students want to prepare for these examinations, the institution gives them access to review materials using the computer-based training of Smart Force.

The certification programme is integrated into the curriculum for relevant courses, particularly a BS in computer science, BS in computer engineering and BS in information technology.

For 2002/2003, instructors teaching the affected subjects were encouraged to attend the Trainer's Training conducted by certified trainers. The Microsoft Certified Professional examination cost of US$88 may be shouldered by AMAES for its instructors through a return service agreement. As an incentive, instructors and school administrators with the said certification get a 10 per cent increase in their basic salary if they are teaching the affected subjects.

Network Computing Centre – United Kingdom

NCC-UK is reportedly the world's largest independent IT training institution. Globally, it produces more than 300,000 graduates a year by partnering with academic institutions to implement the NCC International Diploma in computing, the International Advance Diploma in computer studies, and the Bachelor's degree in computing and information system. The International Diploma and the International Advance Diploma are granted by the NCC Education Ltd, while the Bachelor's degree is granted by the London Guildhall University or any other NCC partner university.

The International Diploma in computing consists of eight academic subjects while the International Advance Diploma has six subjects plus one practical project. The Bachelor's degree in computing and information system requires the completion of six subjects plus one project and one thesis paper (http://nccedu.com).

NCC Education recognized AMAES as the exclusive accredited centre of its diploma programmes in 1997. The purpose of the partnership is to

allow AMA students to acquire the International Diploma in Computing and the International Advance Diploma in Computer Studies issued by NCC Education.

The integration of the NCC diploma programmes in the AMAES curricula involved: (a) identification of NCC-UK equivalent subjects in each of the degree programmes offered by AMAES; (b) validation of the AMAES subjects by NCC-UK to ensure that their course content and syllabus are the same as those of the International Diploma in computing; (c) moderation and approval of final examinations in the said subjects by NCC-UK; and (d) awarding of the diploma to be released locally.

AVAYA communications

AVAYA (former Enterprise Network Group of Lucent Technology) is known as a worldwide leader in unified messaging, messaging systems, call centres and structured cabling systems.

AVAYA designs, builds and manages communication networks for more than a million businesses around the world and is known for its secure and reliable Internet protocol telephony systems, communications software applications and services. AVAYA is now pushing the convergence of voice and data applications (http://www.avaya.com).

AVAYA appointed AMAES as its authorized training provider of SYSTIMAX® Structured Connectivity Solution Technology in the Philippines, Malaysia, Thailand and Singapore.

SYSTIMAX® SCS (Structured Connectivity Solution) is the transmission network inside a building or campus. AMAES' main responsibility is to train and certify all the system integrators, value-added resellers, and other partners of AVAYA in the region. Professional certification covers the following courses:

- SYSTIMAX® SCS design and engineering;
- SYSTIMAX® SCS installation and maintenance copper;
- SYSTIMAX® SCS installation and maintenance fibre.

Since AMAES is not a system integrator or value-added reseller of AVAYA, SYSTIMAX® cannot be implemented in the AMAES curriculum. Hence, a miniature version of AVAYA, or Structured Cabling System, was developed and is now integrated in the curriculum of the learning centres and offered as one of the electives of the component colleges.

Smart Force

Smart Force is the world's largest e-learning company and widely recognized in the field of technology-based education. It offers the most comprehensive combination of technology, content and services integrated into e-learning solutions. The company is involved in developing training content for the training and certifying of employees in their field of expertise. Smart Force courses are accredited by Microsoft, IBM, Oracle, A+, Network+, CIW and others (www.smartforce.com).

The partnership of AMAES with Smart Force provides the students with a more comprehensive IT curriculum and gives them a licence to access the entire Smart Force courses/modules library.

The Smart Force programme is currently implemented at all AMAES component colleges nationwide. Computer-based modules were integrated into the various subjects.

MYOB

The MYOB Group, founded in 1991, is a provider of business management software for small- and medium-sized enterprises. It has existing operations in Australia, New Zealand, the United States, Canada, the United Kingdom, Malaysia, Hong Kong and the Philippines. The MYOB Group is owned by MYOB Ltd, an Australian public company listed on the Australian Stock Exchange.

AMAES entered into partnership with MYOB Malaysia in 2001 to acquire the MYOB Premier Version 5 software (accounting software) and the upgrade until the year 2003 for its integration into accounting subjects of AMAES.

The MYOB Premier 5 is currently used by all AMAES units nationwide and integrated in accounting subjects.

Alpha Innovations

Alpha Innovations is a leading developer and supplier of educational technology and Robotic Learning Systems for secondary and tertiary students and techno-hobbyists. It is known for its creation, Micromouse, a mini-mobile robot capable of solving maze problems. Using C-language, the robot can perform the various activities that the programmer can imagine.

AMAES entered into partnership with Alpha Innovations in the area of Robotics Learning Systems. The partnership covers: (a) education-related programmes; and (b) exclusive distributorship of Alpha Innovations' selected products and services in the Philippines, including Micromouse.

Alpha Innovations' courseware and content shall be integrated in selected four-year degree and two-year programmes and stand-alone short course offerings of AMAES.

FESTO

FESTO is a German company specializing in control engineering and automation technology and training services. It manufactures the complete turnkey Mechatronics Engineering Laboratory system. FESTO Inc. has appointed AMAES as the exclusive Premier Education Training Partner in the Philippines. This appointment covers the installation of the complete Mechatronics Engineering Laboratory and transfer of the technology.

With future plans of introducing a degree in mechatronics engineering, AMAES entered into a Memorandum of Agreement with the National University of Singapore for the training of a group of faculty in mechatronics. The course that will be introduced in the Philippines will use the Singapore curriculum. In order to support its pioneering efforts in the mechatronics discipline, a ₱500-million laboratory facility has been prepared for the hands-on use of AMA students.

Since AMAES still has to get a permit to offer the mechatronics degree, part of the mechatronics curriculum has been integrated into the BS of computer science major in mechatronics programme.

iCarnegie

iCarnegie, Inc. is a for-profit subsidiary of Carnegie Mellon University, a leading centre of research and education in computer science, especially in the area of software design and implementation. iCarnegie, Inc. (originally founded as Carnegie Technology Education) was formed by Carnegie Mellon University to extend the benefits of its computer science expertise beyond its campus. Through the Internet, iCarnegie delivers a series of courses designed to prepare students for programmes in software system development, an area of great demand and short supply.

iCarnegie courses are integrated into the BS in computer science, BSIT and BS in information-management programmes of AMAES. Students who pass a particular iCarnegie course receive a Certificate of Completion for that course bearing the logo of iCarnegie and AMA. After completing the first five iCarnegie courses, a student qualifies to take the certification examination leading to the iCarnegie-issued Certificate in computer programming. By passing the next five iCarnegie courses, the student qualifies to take the certification examination leading to the Certificate in software systems development.

An iCarnegie certificate's courses may be credited toward equivalent course requirements of the graduate programme in computer science at Carnegie Mellon University.

Through the iCarnegie courses offered by AMAES, students gain strong experience in Java programming, database and e-commerce application development and software development.

In order to support the teaching of the iCarnegie curriculum and ensure that the highest standards are maintained, 25 AMA master trainers were trained by iCarnegie. These master trainers in turn trained 120 instructors to support the student demand for iCarnegie courses.

Ateneo de Manila University and University of San Francisco

Ateneo de Manila University and the University of San Francisco (USF) started offering a joint Master's programme on environmental management (MEM) in 2002/2003, through a co-operation agreement. (See *Appendix)*

Ateneo de Manila University is a top-ranking private sectarian non-stock institution of higher learning in the Philippines, and was among the first batch of HEIs granted autonomous status by the CHED in 2001 (CMO No. 32, s. 2001). The attributes of an HEI with autonomous status and the benefits/privileges that go with the status are discussed in *Chapter 3* of this volume.

Ateneo de Manila University (ADMU) established its Environmental Science Programme in 1992 with the objective of providing a well-rounded liberal arts and science education with a focus on the environment. It currently offers a BS Environmental Science degree and has graduated about 40 students who are working as environmental professionals in industry and government or are pursuing further studies in the discipline.

USF is a private, Jesuit-run national comprehensive university in San Francisco, California. It is accredited by the Western Association of Schools and Colleges and also holds accreditation from the following special agencies: American Assembly of Collegiate Schools of Business; American Bar Association; American Chemical Society; American Psychological Association; Association of American Law Schools; California Commission on Teacher Credentialing; National League for Nursing; California Board of Registered Nursing; State Bar of California; United States Department of Justice.

USF has almost 20 years of experience in running a Master's programme in environmental management and has produced over 500 graduates from the programme.

The joint ADMU-USF MEM programme is a non-thesis programme of 36 units designed for environmental professionals in industry, government and non-governmental organizations. It aims to equip

students with the basic concepts in environmental science and engineering needed to undertake environmental management as well as the basic background in economics, ethics, law and policy.

The MEM curriculum thus integrates various principles derived from the natural sciences, social sciences, law and management. A key feature of the programme is its emphasis on a hands-on approach to the study of the environment.

The courses are grouped into tracks, which will enable the student to pursue a topic of interest and relevance to his/her line of work. Instead of a thesis, the student has to complete a Master's project as a culminating activity. The course's 36 units (one unit course = 18 hours of instruction) are organized into modules, each consisting of either a single course or a group of courses that fall under the same theme.

The design, content and delivery of courses are the joint responsibility of ADMU and USF. The courses are delivered either once a week (three-hour-meeting) or bi-weekly (ninety-minute-meetings). Most of these are taught by a team composed of USF and ADMU faculty. This mode involves a two-week intensive instruction with the USF faculty, followed by regular meetings with the local counterpart faculty. Web-based instructional modules support instruction.

The faculty involved in the programme come from diverse disciplines such as biology, chemistry, law, environmental management, meteorology and engineering.

The programme fee is about ₱2,370/unit tuition plus miscellaneous. There are 28 students currently enrolled in the programme. They are expected to graduate in 2005/2006.

A student who successfully completes the course receives two diplomas – one from USF and another from ADMU.

3. Local TNHE exporters

AMAES

AMAES is the most publicized Philippine HEI that is actively engaged in the export of education. It is reported to have international branches is Bahrain, China, Hong Kong, Viet Nam, Bangladesh, Laos and Saudi Arabia (AMA OnLine, 2003).

AMAES recently inaugurated the AMA School of Medicine Bahrain on 24 September 2003. This is located in the AMA International University Bahrain. The School of Medicine started offering courses in nursing, medicine and allied health sciences on 4 October 2003. The aim is for the school to integrate information technology into nursing and medicine curricula, and to pioneer e-learning in medical and nursing education.

In line with its plan to expand its involvement in medical and allied disciplines, AMAES entered into partnership with Harvard International. This partnership includes intensive training of medical doctors by Harvard Medical International. A second batch of faculty and executives from AMA School of Medicine and Nursing left in October 2003 for Boston, Massachusetts, United States, to attend an intensive training course. They were trained in terms of curriculum design, academic standards, facilities and operations management, latest trends in medical and nursing technology, as well as in clinical instruction.

Nueva Ecija University of Science and Technology (NEUST)
– Chinese Academy of Science International Exchange Centre
(CASIEC)

NEUST is a state university offering Bachelor's programmes in education, engineering, IT and management, Master's programmes in education, arts and management and a Doctor of Education programme. It is also offering technical vocational programmes.

NEUST and CASIEC entered into an agreement in 2002 to address the need of education for Chinese mid-career leaders. The terms of the

agreement are given below. Both parties are to agree on the teaching standards to be used.

NEUST will offer its curricula for undergraduate and graduate levels in education, humanities, and management/administration; approve the faculty line-up that will handle the courses; send faculty to China or Hong Kong to deliver the courses that will be conducted there; send at least one panel member in all thesis and dissertation defence; and confer appropriate degrees to qualified candidates recommended by the faculty of CASIEC as accredited by the International Council for Academic and Technological Assessments, Canada.

On the other hand, CASIEC will:

- handle student enrolment, fees collection and disbursement;
- organize an education structure to ensure quality education;
- ensure that all teaching and certification will be managed according to Chinese law;
- handle the general administration of academic programmes conducted in China or Hong Kong;
- prepare programmes and procedures for undergraduate and graduate programmes;
- arrange visits by NEUST administrators in locations where academic programmes are to be conducted, if necessary. CASIEC will handle the visitors' board, lodging and local transportation in China while NEUST will take care of the party's airfare;
- be responsible for complying with all government rules and regulations in China relative to the implementation of the programme.

On average, fees are: MA degree, US$3,000 (RMB 26,000); PhD degree, US$5000 (RMB 40,000). Collections are to be distributed as follows: 22 per cent for NEUST; 41 per cent for professors and facilities; 10 per cent for student recruitment; 15 per cent for contingencies and other incidental expenses. The programme is still in its inception stage.

4.   Trends in TNHE provision in the Philippines

It is difficult to pinpoint exactly when TNHE providers started coming into the country. However, acknowledgement of the reality of TNHE provision in the Philippines (by the CHED, in particular) appears for the first time in CMO No. 26 of 1995, which lays down the policies and guidelines for the establishment and operation of extension classes by local HEIs as well as by foreign educational institutions.

The TNHE providers traced by this case study started making their presence known towards the end of the 1990s.

As mentioned earlier, there are several TNHE providers reported to have campus operations with the help of local representatives or agents that are not necessarily higher education institutions. Known examples of this type of TNHE foreign providers – LCC, ACU, IHMES, Insearch, Thames Business School and UWA-GSM – are of British, American, Australian and Singaporean origin. Of the three local representatives, one (TIBS) has programmes registered with both TESDA and CHED, one (SFC) has programmes with TESDA and one (Esteban) has a programme registered with the Department of Education.

There were earlier announcements of programme offerings from Edinburgh Business School, Excelsior College and Murdoch University, but, upon verification, these providers did not push through with their plans to operate in the Philippines.

The other type of TNHE foreign providers operating in partnership with local HEIs are mostly industrial entities with only two HEIs. The local partners are all HEIs offering programmes that are registered with CHED.

With the exception of the MEM programme offered jointly by ADMU and USF, all the TNHE provided in the country at present is of the certificate/diploma type, which does not fall under the higher education category as defined in the Philippine education management context. The post-secondary certificate/diploma programmes fall under the jurisdiction of TESDA while the post-baccalaureate diploma

programme offered by Esteban Enterprises is also not within the jurisdiction of CHED as it is not a graduate degree programme entailing more than 12 months of study. The MBA programme of Esteban still has to be submitted and processed for permit and recognition by CHED.

The TNHE programmes are predominantly in business/commerce-related and IT-related disciplines, again with the exception of the ADMU-USF Master's programme in environmental management and the IHMES hotel management course.

The TNHE programmes or TNHE-intruded programmes are delivered mostly in the conventional face-to-face classroom mode supplemented by web-based instructional modules/computer-aided instruction.

The local representatives/agents have faculty line-ups composed of local and foreign teachers. The degree of participation of local faculty in the delivery of courses in SFC and TIBS could not be ascertained, but in the case of Esteban Enterprises, the courses are taught mostly by foreign professors flown in from UWA-GSM.

TNHE provided through local partners is generally taught by local faculty trained by the foreign providers. Again, an exception is the case of the joint ADMU-USF programme, wherein the courses are delivered by teams of ADMU and USF faculty.

The TNHE programmes, certificates and diplomas extended by foreign providers are much more expensive compared to the TNHE programmes/degree delivered through local HEI partners. Total charges for one year of schooling to earn the said TNHE certificates/diplomas from TNHE campuses range from ₱160,000 (TIBS) to ₱445,000 (Esteban). In comparison, the most expensive TNHE delivered through a local partner (ADMU) costs only half as much as the cheapest TNHE campus course.

Understandably, enrolments in the TNHE campuses and even in the ADMU-USF programme are quite low, as these programmes are too expensive and way beyond the reach of the average Filipino student.

III. Policy regime for the regulation of transnational commercial education

The Philippines' approach to transnational commercial education may fit the so-called 'interventionist approach'. The operation of international providers in the country is accepted as a reality, while at the same time policies and mechanisms are being put in place to ensure that the TNE provided is of acceptable quality and to protect Filipino consumers from 'diploma mills' and fly-by-night operators.

1. Rules and regulations related to the opening of transnational commercial provision

Establishment, registration and ownership requirements

The establishment of a foreign school is governed by applicable laws of the Philippines.

All business establishments – for-profit or not-for-profit – are required to register with appropriate government entities. Corporations (stock and non-stock) and partnerships should register with the Securities and Exchange Commission, single proprietorships with the Bureau of Trade Regulation and Consumer Protection of the Department of Trade and Industry, and co-operatives with the Co-operative Development Authority.

The new Constitution of the Philippines (1987) provides that:

"No alien and no firm, association, partnership, corporation or any other form of business organization, formed, organized and chartered, or which is not a Philippine national or more than forty percent (40 per cent) of the outstanding capital of which is owned and controlled by aliens shall do business or engage in any economic activity in the Philippines". (Article 4)

Further, the Constitution stipulates that educational institutions, other than those established by religious groups and mission boards, shall be owned solely by citizens of the Philippines or corporations

or associations at least 60 per cent of whose capital is owned by such citizens. The Congress may, however, require increased Filipino equity partnership in all education institutions (Article 14, Section 4). Hence, under a joint venture arrangement, the foreign education institution may own up to 40 per cent only of the capital stock and in no instance can a foreign national sit on the Board of Directors or have any participation in the management or administration of the school.

Agents, brokers, facilitators or third parties that act as intermediaries between awarding institutions and clients or recipients of TNE arrangements/services are not usually involved in the provision of educational services. Still, they have to be duly registered/licensed to operate.

With the passage of the Foreign Investment Act in 1991, foreign equity participation of up to 100 per cent is permitted in all areas except those designated by the Constitution or special laws (including education) as reserved to Filipino citizens, in which case foreign equity participation cannot exceed 40 per cent. Education is in the Foreign Investment Negative List containing investment activities/areas where foreign equity participation is limited by mandate of the Constitution and specific laws, which in the case of education is limited to 40 per cent.

The Constitution also states that no educational institution shall be established exclusively for aliens and no group of aliens shall comprise more than one third of the enrolment in any school, except in case of schools established for foreign diplomatic personnel and their dependents and, unless otherwise provided by law, for other temporary residents.

Public HEIs, in contrast, are created via Acts of Congress and, hence, do not go through the establishment process for private HEIs.

Licensing

The process of obtaining a business licence or permit to do business is tedious, especially if the approval of two or more government agencies is required. For HEIs, the endorsement of CHED is required. In

many cases, services of a law firm are needed to facilitate and get things done correctly. It has been observed that the initial cost of registering a business in the Philippines as a fraction of GDP is much higher than in Thailand, Singapore, Taiwan and the Republic of Korea, but lower than in Malaysia, China, Indonesia and Viet Nam. The initial cost of registering a business includes the cost of procedures, legal and notary charges, and the monetized value of the entrepreneur's time.

The said registration or licence is only for establishment and does not constitute authority to offer and run academic programmes. This is another requirement altogether.

Establishment as a 'university'

As mentioned earlier, the application for Securities and Exchange Commission (SEC) registration and licence has to be endorsed by CHED. For an HEI wanting to register as a 'university', there are certain criteria that must be met, including: (a) offering of four-year course programmes in liberal arts, basic sciences/mathematics and social sciences, three professional courses and two graduate level courses leading to doctoral degrees; (b) Level III accreditation for at least four of its undergraduate programmes of which one is in the arts, and one is in the sciences, and for two of its graduate programmes; (c) adequate budgetary allotment for research; (d) provisions for community/extension programmes along areas of expertise; (e) faculty/personnel requirements – at least 50 per cent of faculty must be full-time, at least 35 per cent of faculty must be Master's degree holders in their respective areas of specialization, at least 70 per cent of whom are on full-time basis, at least 20 per cent must be doctoral degree holders in their respective areas of specialization, 50 per cent of whom must be on a full-time basis; and (f) adequate library facilities and others.

2. Rules and regulations on the operation and functioning of TNE provision

Mandatory government authority to operate

The operation of foreign HEIs is governed by the policies, rules and standards prescribed by CHED pursuant to law.

All private HEIs must be authorized by the government before they can operate in the Philippines. In order to be authorized to operate, a private institution's education programmes and operations should be recognized.

There are three agencies issuing such authority: DepEd for basic education programmes, TESDA for post-secondary technical vocational programmes, and CHED for degree programmes.

The same terms and conditions or requirements governing the grant of government authority to operate higher education programmes in the country as provided in the Manual of Regulations for Private Schools (DECS, 1992) likewise invariably and equally apply to any foreign school that may operate in the country, except on specific areas or aspects of school management and operation as may be expressly provided through legislation.

This mandatory government authorization for higher education applies to programmes that extend beyond 12 months and lead to a degree. In the case of courses of less than 12 months' duration and not leading to a degree course, the requirement is for the school to notify CHED of its intention to operate the programme at least three months before the proposed inception of the programme, indicating: (a) the proposed programme of study; (b) the duration of the programme; and (c) the school official directly in charge of the programme.

This government authorization requirement consists of two levels, namely: (a) the permit phase; and (b) the recognition phase (DECS, 1992).

Permit phase

This follows the school's application to open, and should be applied for no later than the beginning of the school year prior to the desired school year when the proposed course is to be operated. The permit provides the school with approval to operate a particular course or study courses for a specified period. This is valid only for a specific programme issued on a school year basis and may be cancelled for

cause. Students who are enrolled are, nonetheless, given the same rights and privileges as those enrolled in recognized programmes.

Recognition phase

This follows the permit phase application which should be filed for no later than the end of January of the school year prior to the year when the first batch of students enrolled in the programme are expected to graduate (third school year for four-year programmes; fourth school year for five-year programmes). The Certificate of Recognition shall be issued at the beginning of the last curriculum year of the course. The Certificate of Recognition has the following effects:

- Transforms the permit to permanent authority for the school to operate the course.
- Entitles the school to give the students who have completed the course a certificate, title, diploma or degree.
- Entitles the graduates of recognized courses to all the benefits and privileges enjoyed by the graduates of similar programmes in all schools.

The Certificate of Recognition continues to be valid unless revoked for cause and after due process. Hence, once recognized, the programme may be offered by the institution unless a slippage is discovered through monitoring and evaluation.

Policies, standards and guidelines (PSGs)

Permit and recognition are granted to programmes that meet the minimum requirements and standards set by CHED in its policies, standards and guidelines for academic programmes. These PSGs prescribe the minimum content (curriculum), inputs and processes/methods required for each programme.

CHED has issued PSGs for more than 40 programmes. These were formulated (and updated) by 10 technical panels (TP) composed of experts and academicians in the disciplines, plus representatives of the Professional Regulations Commission in the case of TPs in charge of programmes covered by licensure examinations.

The PSGs (CMO No. 30, s. 2001) usually contain the following:

- authorization to operate the programme;
- mission statement;
- administration requirements – qualifications and tuitions of a dean;
- faculty – qualifications, conditions of employment, academic rank, teaching load;
- curriculum – description, list of courses with specifications and total number of units for each;
- instructional standards;
- library – qualification of librarian, library holdings, space requirements;
- research;
- laboratory facilities;
- admission, retention, residency;
- research and extension.

A call has recently been issued by CHED for the TPs to review and revise the PSGs to include standards of competency (knowledge, attitudes, values and skills) to be achieved – in the discipline and expected of a graduate of the programme (CSO No. 42, s. 2003).

Offering of graduate programmes

This calls for Level III accreditation of undergraduate programmes prior to the establishment of graduate programmes in the Philippines. This requirement may, however, be waived if the graduate programmes "contribute significantly to the development of high-level manpower in undersubscribed and critical disciplines" (CMO No. 36, s. 1998).

Opening/operation of extension classes

Only HEIs with programmes accredited at Level III by any of the recognized accrediting bodies in the Philippines or its equivalent as recognized by CHED may offer extension classes for such programmes.

Foreign HEIs with accredited programmes in their home country (at the same or equivalent level as Level III in the Philippines) may offer extension classes for such programmes in the Philippines provided

that the foreign HEI shall arrange through CHED for a Philippine HEI to administer the programme in the Philippines. To apply for a permit to open extension classes in the Philippines, the foreign HEI must present: (a) accreditation papers in the university's home country; (b) accreditation status of the Philippine HEI who will administer the programme in the Philippines (at least Level II for the programme in question); and (c) a MOA between the foreign university and the Philippine HEI (CMO No. 26, s. 1995).

Establishment of international linkages and twinning programmes

This type of initiative may be entered into with foreign institutions of higher learning by Philippine HEIs that are recognized by CHED and accredited (at least Level II). The foreign HEI with which linkaging is sought by the local HEI must be recognized by its government and accredited by the mother country's accrediting bodies as quality institutions.

International linkages and twinning may take the form of: inter-university partnerships, networking, consortium and twinning programmes. Twinning programmes may involve: faculty-student exchange; collaborative research; scholarship grants; short and long-term training (diploma, MA, PhD); curriculum development and enhancement; library and laboratory enrichment; and cultural exchange.

The procedure for initiating and executing international linkages and twinning is described in CMO No. 1, s. 2000. The CMO requires that CHED be consulted in the finalization of an MOA to safeguard the systematic and efficient granting of Philippine diplomas, certificates or degrees to foreign students and the granting of the same privilege to Filipino students. CHED has prepared a common MOA format, but contracting parties usually prefer to bring their own drafts and negotiate accordingly.

Offering of foreign educational programmes by conventional (face-to-face classroom-based) mode

This is in part covered by CMO No.1, s. 2000 which provides that foreign universities and colleges intending to offer a diploma or certificate leading to an undergraduate, graduate or postgraduate degree for Filipino students, which may be represented by their authorized representatives in the country, should possess the highest level of recognition from their respective governments duly authenticated by their respective embassies and consulates in the country.

In addition, CMO No.6, s. 2003 sets the following requirements:

- TNHE providers of conventional programmes through a local branch or satellite campus must seek appropriate government authority to operate in the country, and authority to offer higher education programmes considering the following: (a) compliance with constitutional requirements on the ownership of business operations; and (b) compliance with policies, standards and guidelines of CHED as applied to Philippine HEIs.
- Those intending to offer conventional programmes through a local partner must work with local partners that have: (a) appropriate SEC registration; and (b) CHED authority on the academic programme to be offered following appropriate PSGs.
- Those intending to offer programmes through local HEIs under franchising arrangements must ensure that the said programme meets the PSGs of CHED for curricular offerings.

Offering of open-learning and distance education

Local HEIs wanting to offer open-learning and distance-education programmes are also required to go through the procedure of securing a permit, and later, the authority to operate the said programme.

Only CHED-identified centres of excellence/development and/or recognized HEIs with Level III accreditation or CHED equivalent in the programme applied for are allowed to offer open learning (OL) or distance education (DE) programmes (CMO No. 35, s. 2000).

CMO No.35, s. 2000 further requires that the curriculum for the proposed open and distance-learning programme, together with the self-instructional materials to be used, be evaluated and approved by the concerned TP and/or technical committee. The CMO also provides guidelines for student assessment, student support services, programme management and administration.

These requirements are obviously not applicable to TNHE providers offering programmes online and directly with no local representative or partner. The commission, however, intends to monitor these operations in order to give information to the public on their programme offerings and accreditation status in their country of origin (CMO No. 6, s. 2003). In case a local representative or partner is involved, the said representative or partner is required to seek appropriate registration upon recommendation of the CHED Central office. The operations of the provider and its partner shall be monitored and the public shall be informed on their programme offerings and accreditation status. In the case of distance-education programmes offered jointly by a foreign provider and a Philippine HEI, or by a Philippine HEI under a franchise agreement, the said foreign providers and local partners shall comply with CMO No. 35, s. 2000.

Export of higher education

The export of higher education by local HEIs is covered by the pertinent provisions of the CHED policies on the opening of extension classes (CMO No. 26, s. 1995), on international linkaging and twinning (CMO No.1, s. 2000), on transnational higher education provision (CMO No.6, s. 2003) and on open-learning and distance education (CMO No.35, s. 2000).

Exemptions

The permit and recognition requirements are waived in the case of HEIs granted autonomy by CHED, of which there are now 40, and Level IV accredited institutions (of which there is only one). Autonomous and Level IV accredited HEIs can offer a new course/programme at the undergraduate/graduate level without securing permit/authority from

CHED (CMO No.32, s. 2001; CMO No.21, s. 2003). In addition, HEIs with Level III accreditation may offer new courses allied to existing Level III accredited programmes, without the need for prior CHED approval. CHED has just to be informed of the plan to offer the said programme (CMO No. 31, s. 1995).

Hence, a TNE provider intending to deliver in the conventional mode either through a branch/campus or through a local partner/franchisee must comply with the country's laws on the registration and incorporation of educational corporations and equity percentage requirements. It must also obtain the mandatory government authority to operate a higher education programme and/or enter into partnership with a local HEI, which means that it not only has to meet the minimum requirements set in the PSG for the proposed programmes, but must have the equivalent of Level III accreditation from accreditors of its country or region of origin, plus the recognition of its own government duly authenticated by its respective embassy or consulate in the country. If it partners with a local HEI, the said partner must have at least Level II accreditation in the programme to be offered. It should also enter into such collaborations and arrangements with a local HEI partner with the blessing of CHED.

Monitoring and evaluation

CHED monitors compliance to PSGs through its regional offices with the help of the technical panels and their regional counterparts called regional quality assessment teams. CHED may revoke the programme's recognition after due process or revert this to a permit to operate for a period of one school year for the following causes: (a) fraud or deceit committed by school in connection with the application for permit or recognition; and (b) unauthorized operation of a new school or branch, or a new programme or course of study, or major components thereof (DECS, 1992).

"The operation of any school or educational programme or course of study, the operation of a school branch or extension, whether locally – or foreign-based ... or the issuance of any certificate, degree

or other title by a school without prior permit or authorization issued by the Department (CHED in the case of higher education) … are punishable acts subject to civil and criminal penalties and administrative sanctions as provided by law" (DECS 1992: Sec. 26).

For institutions reported and found operating programmes without prior permit or authority, the following actions are taken: (a) a fact-finding team is formed and tasked to verify reports; (b) if a report is confirmed, a cease and desist letter is sent to the head of the institution who is then asked and given time to explain; and (c) if the 'cease and desist' is justified and not heeded, the matter is referred to law-enforcement agencies for appropriate action.

The 'cease and desist' order accompanied by publication and dissemination of the same is usually sufficient.

Permits and recognition may also be revoked if monitoring and evaluation show slippage in the provider's performance and standards.

Voluntary accreditation

In addition to the mandatory government authorization, HEIs are expected/encouraged to go through a private voluntary accreditation process for the recognition of programmes that achieve standards of quality over and above the minimum requirements/standards set by CHED.

As practised in the Philippines, accreditation is programme-based, voluntary and done by private organizations.

There are four bodies performing accreditation, namely: the Philippine Accrediting Association of Schools, Colleges and Universities (or PAASCU) established in 1957; the Philippine Association of Colleges and Universities' (PACU) Commission on Accreditation (COA) founded in 1973; the Association of Christian Schools and Colleges' Accrediting Agency or ACSCAA formally established in 1976; and the Accrediting Agency of Chartered Colleges and Universities in the Philippines or AACUP which started in 1987 but officially registered in 1989. The first three agencies united to form the Federation of Accrediting Agencies

of the Philippines (FAAP) in 1977. This was joined by AACUP in 1995. Each of the four formulates its own accreditation criteria, designs its own processes and instruments, selects and trains its own accreditors and conducts accreditation survey visits employing its own accreditors. The four use similar processes and basically cover the same indicators/review areas, but judgement levels vary.

Once accredited by one organization, the accreditation is certified by the FAAP and, by extension, by the CHED.

Accreditation is used as an indirect indicator of quality, which may be used for differentiating programmes and institutions in terms of quality. At the same time, it is a means for promoting quality improvement as each accreditation level carries certain benefits or incentives such as progressive deregulation, grants and subsidies. Accreditation is one of the major criteria in the selection of centres of excellence that are granted development assistance from the Higher Education Development Fund.

The CHED policy on accreditation (CMO No. 31, s.1995) sets four levels of accreditation, defines the general criteria for each and provides the corresponding benefits for each level, as follows:

- Level I. Applicant status, for programmes certified by FAAP as capable of acquiring accredited status within two years. An institution with a Level I programme is given partial administrative deregulation.
- Level II. Essentially accredited status. Benefits include full administrative deregulation, partial curricular autonomy, financial deregulation in terms of setting of tuition and other school fees and charges, authority to graduate students from accredited courses or programmes without prior approval of CHED, priority for funding assistance for scholarships, library materials, laboratory equipment and other development activities, limited visitation, inspection and/or supervision by CHED.
- Level III. Programmes that have at least been re-accredited and that meet a reasonably high standard of instruction as evidenced by the qualification of the faculty and a highly visible community extension

programme, plus any two of the following: visible research tradition, strong staff development tradition, highly creditable performance of graduates in licensure examinations, or strong linkage with other schools and/or agencies. Benefits include all those for Level II plus full curricular deregulation, including the authority to offer new courses allied to existing Level III courses, without prior approval of CHED.

• Level IV. Institutional accreditation. Requires recognized distinction in a number of academic disciplines and prestige comparable to international universities. Benefits include all given to Level III plus grants/subsidies for the Higher Education Development Fund (HEDF) and grant of a charter for full autonomy from government supervision.

It will be noted that part of the national quality assurance process – the CHED permit and recognition or mandatory government authorization phase and the professional licensing phase (specifically, the foreign licence recognition and registration process of the Professional Regulations Commission (PRC)), are being utilized in monitoring and to a certain extent, regulating the operation of TNHE providers. However, efforts to monitor and regulate TNHE provision would not be effective unless and until an information system on TNHE is established and operational.

As mentioned earlier, accreditation is a requirement for the opening of extension classes by a TNHE provider in the Philippines: for the foreign provider, accreditation from his home country or from a recognized authority (e.g. a regional accrediting body); while for the local HEI partner, Level II accreditation for the programme in question from the local accreditors, duly certified by FAAP.

In processing applications for permits filed by foreign providers to offer TNHE programmes in the country, CHED has to verify cited accreditations by communicating with the accrediting bodies directly or through Philippine embassies/consulates in the applicant's country. The local partner applies with any of the local private accrediting bodies.

This accreditation requirement does not usually apply to TNHE modules that are integrated into the regular programmes of local HEI partners. As CMO No. 6, s. 2003 states: Philippine HEIs may use educational programmes, courses, or instructional materials developed and owned by a foreign provider, as long as they have the required permit or licence from the foreign provider and "provided they comply with the policies, standards and guidelines of CHED for curricular offerings", meaning that the host local programme received a permit and recognition from CHED. Thus, national voluntary accreditation affects the TNHE only if the local partner seeks accreditation/recognition for the TNHE-intruded programme.

The benefits and incentives of accreditation are meaningful to some local private TNHE partners who wish to seek additional recognition for the programmes into which the TNHE curricula are integrated for added prestige and in order to avail of the accompanying incentives.

Professional licensure examinations

In order to ensure the quality and competence of higher education graduates entering the practice of the professions, the Professional Regulations Commission was created in 1973 and mandated to license graduates of professional degree programmes of recognized schools in the practice of their respective professions. PRC developed and is now administering Professional Licensure Examinations covering 42 professions that graduates have to pass to obtain a license.

The 42 professions under the regulation and licensing jurisdiction of the PRC are:

Accounting	Architecture
Aeronautical engineering	Chemical engineering
Agricultural engineering	Chemistry
Agriculture	Civil engineering
Criminology	Medical technology
Customs brokers	Medicine
Dentistry	Metallurgical engineering
Electrical engineering	Midwifery

Electronics and communications engineering	Mining engineering
Environmental engineering	Naval architecture and marine engineering
Fishery technology	Nursing
Forestry	Nutrition and dietetics
Geodetic engineering	Occupational therapy
Geology	Optometry
Interior design	Pharmacy
Landscape architecture	Physical therapy
Librarians	Professional teachers
Marine desk officers	Radiological and x-ray technology
Marine engineer officers	Sanitary engineering
Master plumbers	Social workers
Mechanical engineering	Veterinary medicine

These tests are made by professional regulatory boards each of which is composed of from three to eight registered professionals and respected experts in their fields, appointed by the President of the Republic for a term of three years. The examinations are based on curricula in higher education that are prescribed by CHED.

The PRC is also tasked to supervise foreign nationals practicing in the country.

Nationality requirements in matters of examination and practice of profession

Each profession is covered by a separate law specifying the requirement for testing and licensing. Of the 42, only 11 contain provisions pertaining to foreign citizens wishing to take the licensure examinations, 28 are open only to Filipino citizens and the rest are silent on the citizenship requirement.

Of the 11 that are open to foreign citizens, two – aeronautical engineering and nutrition and dietetics – may be taken by foreign citizens provided they meet all the other qualification requirements;

nine are open to foreign citizens provided the country of which the applicant is a subject or citizen has a reciprocity agreement with the Philippines, meaning the said country permits Filipino professionals to practise within its territory on the same basis as the subject or citizen of such a country. These nine professions are landscape architecture, metallurgical engineering, mining engineering, teachers' education, veterinary medicine, nursing, physical therapy, occupational therapy and medicine.

One profession – agriculture – specifies that a Filipino citizen who graduated from a foreign higher education institution desiring to take the licensure examination must present an endorsement from CHED showing that the curriculum content of the degree programme taken abroad is substantially the same as the curriculum content of the degree in the Philippines.

A foreigner who wishes to practise his profession in the country must obtain a certificate of registration licence and professional identification card from the Professional Regulations Commission (PRC Modernization Act, 2000). The foreigner can obtain these with or without examination if: (a) he has a valid certificate of registration from his/her state or country; and (b) the requirements for registration or licensing in the said foreign state or country are substantially the same as those required and contemplated by the laws of the Philippines and that the laws of such a foreign state or country allow the citizens of the Philippines to practise their profession on the same basis and grant the same privileges as those enjoyed by its subjects or citizens. The PRC may authorize the issuance of a certificate of registration, licence or a special temporary permit to foreign professionals who desire to practise their profession in the country under reciprocity and other international agreements, consultants in foreign-funded, joint venture or foreign-assisted projects of the government, employees of Philippine or foreign private firms or institutions pursuant to law or health professionals engaged in a humanitarian mission for a limited period of time.

Thus, TNHE providers can bring in foreign faculty provided they comply with the PRC requirements.

Civil-service requirements

Appointments to career positions in government require either the appropriate professional license and/or certificate for positions involving the practice of a profession covered by Philippine Bar or Board laws, or civil-service eligibility. In addition, appointees to career positions must meet the education and training requirements prescribed in the Qualification Standards Manual, unless otherwise determined by the PRC (CSC, 2003). For meeting the education requirements, the candidate must have earned his/her degree or academic units leading to a degree from a CHED-recognized institution.

A degree obtained from foreign schools or via non-formal modes of delivery (or non-traditional) must be certified by CHED as equivalent to the degree required for the position, and obtained from a CHED-recognized institution.

Tax regimes and foreign-exchange regulations

All income and assets of non-stock, non-profit educational institutions that are used "actually, directly and exclusively for educational purposes" are exempt from property and income taxes. They are also exempt from customs duties. Grants and donations used "actually, directly and exclusively for educational purposes" are likewise exempt.

For-profit institutions may also avail of exemptions from taxes and duties, subject to certain limitations. Profits are subject to tax as with any other profit-making organization.

The 1987 Omnibus Investment Code provides incentives including income-tax holidays, tax credits, income-tax deductions and non-fiscal incentives for exporters. These incentives can also be availed of by non-exporters if their activities are included in the list of priority investment areas. In addition, a set of incentives, streamlined government procedures and good physical facilities are offered to establishments that are located in export processing zones and special economic zones.

Foreign-exchange regulations have been essentially relaxed since the early 1990s. Foreign exchange can be freely bought and sold outside the banking system. The purchase of foreign currency from the banking system, however, is subject to certain restrictions and documentation if it exceeds US$5,000. Exporters of goods and services and overseas Filipino workers are given complete freedom in disposing of their foreign-exchange earnings.

Foreign investments have to be registered with the Bangko Sentral ng Pilipinas if the foreign exchange needed to service the repatriation of capital or the remittance of dividends, profits and any earnings that accrue are to be purchased from the banking system. Repatriation of capital may be made any time upon presentation of valid documents. Any proceeds from an investment can be immediately repatriated in full.

3. Policy regime vis-à-vis objectives of national higher education policy

The higher education policy as enunciated in the Medium-term National Development Plan 2001-2004 and the Medium-term Higher Education Development and Investment Plan 2001-2004, promotes private-sector provision. Yet, as observed/cited by La Roque (2001), the private education sector is one of the most regulated sectors in the Philippine economy and *the regulatory regime is very much a 'heavy-handed' one.*

The observed 'over regulation' of certain aspects of private-sector operations is inconsistent with the declared policy of encouraging/promoting private-sector participation in the delivery of higher education. Regulations that limit the ownership structure of newly established private institutions, the tedious process of obtaining a business licence or permit, the rigorous mandatory government authorization requirements and process, and others, have not exactly been conducive to the development/maintenance of robust private-sector participation.

The effects of private-sector regulation are compounded by the lack of regulation of public-sector provision. SUCs can open new programmes and extension classes without getting authority from CHED, as this is

the prerogative of their respective governing boards. The only possible influence that may be exerted by CHED over the SUCs programmes and operations is through the commissioners' chairmanship of the SUCs boards, but the Chairman has only one vote and could only influence decisions through moral suasion. Consequently, SUCs programmes and extension classes have been proliferating and 'crowding out' private-sector provision.

Relative to TNHE provision, the regulation is even more pronounced. The terms and requirements for the private sector to obtain a government authority to operate higher education programmes are even more demanding for TNHE providers – foreign and local – as TNHE providers are required to provide evidence of Level III and Level II accreditation for the foreign and local partner respectively. In addition, these requirements are on top of the foreign equity ceiling for foreign investment and the rigours of getting a registration or licence. These regulations, coupled with the unregulated expansion/operation of public-sector providers, in effect serve as barriers or inhibitors to TNHE provision. Yet the government objectives of broadening access to quality education, upgrading the quality of programmes to make the country's graduates competitive in the global market, and making higher education responsive to the labour market, all favour TNHE provision, as well as the declared development objectives, pronouncements and measures towards building the country's capability to "become a knowledge centre, achieve its selected market niche in software development and data management, and become the e-service hub in Asia". Steps have been taken to set up the necessary infrastructure to achieve high-speed interconnectivity at a low cost.

The incentives for foreign investors/investments provided under the 1987 Omnibus Investment Code, the accompanying liberalization and development of the telecommunications sector, the policy of universal access or enabling user access to telecommunication, and the liberalization of foreign exchange regulations and profit/capital repatriation for foreign investment tend to support TNHE provision in the country – including distance-education programmes.

On the other hand, the constitutional provision restricting foreign participation in education imparts a clear message – the Filipino citizen's education should be controlled by Filipinos, albeit with some degree of openness to foreign involvement. How this degree of openness could be translated into more TNHE-friendly regulation remains to be worked out.

It is hard to say how much TNE development in the country has been affected by either of these two different (or opposite) sets of factors. The fact remains that TNE provision is still marginal but growing.

Given the current policy environment relative to TNHE provision, delivery through integration of TNHE courses into locally recognized programmes and through joint degree programmes, appear to be the more acceptable mechanism for easing TNHE into the country at present.

IV. Perceived impacts of transnational commercial provision on the higher education system

Imported transnational commercial education is perceived to have both positive and negative impacts.

1. Positive effects

The TNHE and foreign certificates and diplomas extended by foreign providers operating through branch campuses may offer globally competitive qualifications and internationally marketable credentials. These are, however, very expensive and beyond the reach of the average Filipino students. Hence, these could only benefit a small group – among the rich local and foreign students and executives/businessmen.

On the other hand, the partnership arrangements between TNHE providers and local partner institutions are perceived to benefit both partners: the students and industry.

On quality and relevance

TNHE provision through partnerships has improved the quality and relevance of the TNHE-intruded programmes and products in the following ways:

1. *Enhancement of curriculum*. The integration of the TNHE modules and courses into the regular curricula of the local HEI partners aligned the said curricula to industry standards, introduced IT-enabled courses and updated contents, making the curricula internationally comparable.
2. *Upgraded and updated faculty qualifications*. Faculty of the local HEI partners were trained in the use of the new technologies, and in teaching the enriched curricula, under the auspices of the foreign providers.
3. *Technology transfer*. The installation of new technology and equipment and the training of faculty and students in the use and application of the same facilitate the transfer of knowledge and technology to local recipients.

4. *Introduction of new types or innovative methods of learning delivery*. The TNHE provision positioned one local partner HEI to offer two modes of learning delivery – the Instructor Led Training, and the Campus Based Training using a comprehensive IT curriculum, depending on the needs of the students.

5. *Opportunities to pursue and obtain degrees in prestigious institutions abroad*. The programme articulation arrangements of the TNHE providers with universities in developed countries such as the United States, the United Kingdom, Australia and Singapore enable the students to transfer their credit units to and earn their degrees from the affiliate foreign universities.

6. *Improved employability of graduates*. Exposed to industry-responsive curricula and IT-enabled training and education, equipped with knowledge and skills that are in demand, and armed with internationally recognized certificates and diplomas, graduates of TNHE-enriched programmes have improved opportunities for career advancement and high-paying employment.

However, as the type of TNHE that has entered the higher education system are the lower levels in the ladderized programmes (except in the ADMU-USF case), the knowledge and technology transferred to the students, faculty and partner schools are not of the cutting-edge type, or the kind that would put our graduates on high-end or strategic positions in the global market. The middle-level skilled labour sector stands to gain the most from the certificate/diploma type of TNHE that the country has, to date, been receiving.

On access

TNHE delivered through branch/extension campus operations would not have an appreciable impact on enrolment as this attracts mostly students from high-income classes. The providers charge school fees that are higher than those of the most expensive local HEIs in Metro Manila. Students who have availed themselves of these TNHE programmes, may, however, be more likely to gain access to higher education opportunities abroad.

TNHE provision through local HEI partners that incorporated the TNHE courses/modules into their regular curricula may have indirectly improved access to relevant education and training. Students taking the integrated curriculum can obtain the TNHE certificates/diplomas while pursuing their baccalaureate degrees. In the process, they save time and training costs that they would otherwise expend if they enrolled in the same modules as separate courses after graduation. The reduced cost makes the programme more accessible to financially disadvantaged students.

Increases in enrolment have been reported by one of the local HEI partners. The combined higher education enrolment of AMA University and the AMA Computer Colleges exhibited more than a 30 per cent increase between 1999/2000 and 2002/2003. It is difficult to determine how much of the improvement in enrolment figures could be attributed to the TNE enriched programmes, trained faculty, and international diplomas available at reasonable cost (the said HEI charges fees that are above the median but below the high-end fees category) and how much can be attributed to aggressive marketing, the expansion of campuses, and other non-TNE-related factors.

TNHE provision is likewise seen as beneficial on the part of the foreign partner. For the TNHE provider, the partnerships are an opportunity to: (a) expand its businesses in the Philippines and in any other country where the local partner exports education (in the case of AMAES); (b) get the very best graduates for its manpower needs; (c) gain institutional recognition and marketing edge for its products and services, as the graduates taking their courses will soon be the next generation managers and decision-makers; and (d) gain some financial reward – per head enrolled, for the equipment installed, the use of their modules, and other services.

2. Negative effects

From another vantage point, the unrestricted entry of foreign schools is seen as a threat, posing unfair competition to local HEIs. In an article that featured in one major daily newspaper, the Philippine

Association of Colleges and Universities (PACU, 2002) opined that such encroachment of foreign schools, if unchecked, would adversely affect Philippine private education.

Armed with resources and prestigious foreign names and affiliates, these foreign schools offer higher salary rates and pirate teachers, and lure students with prospects of foreign travel and degrees from local HEIs.

Some of these schools, according to the article, rent rooms or floors in buildings, put in some equipment and need only two rooms for conducting classes. Thus, they do not have to invest much capital.

The article further claims that the said schools are not subjected to the same regulations and restrictions to which the traditional private schools (except those with autonomous and deregulated status) are being subjected.

The resource and prestige advantage of these foreign institutions, together with the perceived absence of regulation from the DepEd and CHED, is supposedly favouring the foreign schools at the expense of local private HEIs. It is feared that, to use the author's colourful language, "like a big hungry shark, the foreign schools entering our market will eat up little by little small Philippine private schools" (PACU, 2002). The report underscores the following as potential adverse impacts of TNHE provision:

Unfair competition that threatens local private HEIs to extinction. This apprehension is based on a perceived "absence of regulation by CHED and DepEd" and awesome advantage of foreign institutions in terms of resources and prestige. The perceived "absence of regulation" should probably not be taken literally as actual lack of regulations applicable to TNHE. As pointed out in the preceding chapter, TNHEs are in fact subject to more regulations compared to private local HEIs. The perception may, however, be founded on the weak – or lack of – monitoring and enforcement of policies among TNHE providers. This shortcoming is evident but could be addressed.

The resource and prestige advantage of the TNHEs is real, but until the foreign providers decide to channel their resources to subsidize and hence lower student tuition, or the affordability of the country's masses of students is improved, the TNHE providers will not be able to attract the majority of students away from the low-cost quality local providers.

However, it would be worthwhile for local private HEIs to look into the TNHE provision via the AMAES and ADMU way.

The competition will most likely come from the local HEIs who manage to adapt to the TNHE reality, meeting the country's need for internationalization and at the same time keeping the TNHE affordable and accessible to the Filipino students.

- *Teacher drain*. It is feared that with their considerable resources, the TNHE providers will lure the teachers from the local HEIs with higher salary rates and travel abroad. This is highly possible and must be addressed.
- *Brain drain*. Some graduates of TNHE-related programmes have been flaunting how their international certificates/diplomas have given them access to lucrative jobs abroad. This is understandable considering the shortage of high-paying job opportunities locally. Further, as mentioned in the preceding chapter, for TNHE providers – especially the industrial establishments – the partnership gives them the opportunity to recruit the best students into their firms. The country will just have to find ways of luring those professionals back to the country or continue to train more people to take their place.

What the PACU report does not mention is the possible entry or intrusion of 'diploma mills' or 'fly-by-night' operators who could con the trusting or naïve students into giving up their hard-earned savings for low quality education or unmarketable diplomas. As pointed out earlier, for purposes of employment in the public service or for applying for professional licensure examination, CHED is called upon to evaluate diplomas earned through non-traditional modes or obtained

in foreign institutions, and certify whether or not the degrees earned are equivalent to the local traditional programmes. For employment in private establishments where a similar procedure may not be in place, the said diplomas may serve as a ticket to job placement. CHED, however, has received requests to verify the recognition status of the HEIs that awarded the diplomas of their applicants.

A few such unscrupulous TNHE providers have been found out (through their advertisements) and warned off by CHED through a mild form of 'cease and desist' communication.

V.   Concluding observations

Transnational education has been observed to develop particularly where national systems are not able to respond to the demand for access: (a) in countries or regions where there are major gaps between the supply and demand for higher education; (b) in systems where the supply of higher education is weak, where the selection process is highly restrictive; (c) where there are noticeable gaps between programme content and student and/or employer expectations; and (d) in rigid systems lacking diversification of programmes with no opportunities for learning and working at the same time, and no option for the students to learn in the language of their choice (International Association of Universities, n.d.).

Of these conditions believed to be conducive to the development of TNE, the third one is the most likely clue to the growth of TNE in the Philippines.

Quality-wise and content-wise, there is indeed a gap between what the local HEIs offer and what the employers want. This might explain the attraction of Filipino students to the business administration and IT courses offered by TNHE providers in spite of the fact that these programmes are offered in most higher education institutions in the country.

Quantity-wise, there is an oversupply of higher education institutions and programmes in certain fields. Access may not be the problem per se, as there are enough HEIs and a variety of programmes to meet demand. Tuition fees are low, especially in public institutions – much lower than the fees charged by the TNHE providers. Equity is more the concern – access to higher education among the poor but deserving.

TNHE is a reality that the nation has acknowledged. However, a unified and less ambivalent policy specifically directed at TNHE remains to be developed. What are in place are development plans and policy pronouncements that call for internationalization and open-door policy towards foreign investment, liberalization, and development of

ICT and strong private-sector partnerships on the one hand, and on the other the constitutional limitation on foreign equity in education, and specific policies and guidelines on private higher education provision and TNHE that are very regulatory and effectively serve as barriers to TNHE provision.

The present position of CHED on GATS is 'wait and see'. The government has received negotiating proposals for education services from the governments of Australia, China, Japan, Korea, New Zealand, Norway and the United States. In view of the need to make a thorough review of these requests and offers, CHED's stand is for "deferment of specific commitments" relative to these negotiating proposals, or "unbound commitment for both market access national treatment in all the four modes of supply of services".

With this position, the Philippines are under no obligation to open up market access to TNE pursuant to GATS. Hence, TNHE providers in the Philippines will continue to be governed by CHED policies and guidelines and by prevailing laws on registration, incorporation, etc.

Assuming that the protectionist/regulatory tendency is indeed the dominant standpoint of the current (and next) administration, then the present policy regime for TNHE provision draws strength from the following:

• The legal and constitutional bases for regulation that are in place: Although some of the CMOs obviously need to be reviewed and updated to make them responsive to global challenges, these are available to guide decisions and actions of higher education managers.

True to the mandate of the Constitution, existing policy instruments governing the establishment and operation of TNHEs in the country have undoubtedly deterred/inhibited some prospective TNHE providers. Of 10 or so foreign applications filed with CHED, none has been approved to date, although several are under evaluation/verification. The applicants who have been turned down were advised to comply with the requirements stipulated in the various policy instruments and guidelines.

Guided by the said policies, CHED officials have prevented the operation of a few unscrupulous providers.

• The complementarity of the roles and procedures of various entities involved in registration/licensing, the issuance of a permit and recognition to operate academic programmes, voluntary accreditation, professional regulation and licensing, and issuance of civil-service eligibility. Should one undeserving provider succeed in slipping through one hurdle, there are several other hurdles ahead where it would not be as lucky.

• The national voluntary accreditation system that complements the permit and recognition system in promoting quality and excellence in higher education. Though some TNHE foreign providers do not usually bother to subject themselves to the national accreditation system, the present system and standards for accreditation serve as yardsticks for determining the suitability of foreign TNHE providers. Prospective TNHE foreign providers are required to have recognition from their own governments and accreditation equivalent to Level III (in the Philippine system) from their country's or international accrediting bodies. Local TNHE partners are required to have at least Level II accreditation for the programme being offered.

• The presence of CHED regional offices covering all regions of the country that collect information on HEI provision in their respective regions, enforce the PSGs and other CHED policies, and watch out for institutions operating without a permit.

Despite its strengths, however, the regulatory regime has certain 'loopholes', gaps or weaknesses that need looking into:

• Unclear delineation of responsibilities among the education agencies in relation to ladderized programmes and lack of regulation of grey-area programmes. The tri-focalization approach to the management of education has left certain types of provision uncovered by the regulation net. Basic education is clearly under the DepEd, and technical-vocational education is clearly under TESDA. Baccalaureate, Master's and doctoral programmes are clearly under CHED supervision.

It is not clear, however, who should have responsibility over post-secondary ladderized non-degree programmes. TESDA officials opine that these should be under their jurisdiction and, so far, CHED has let them oversee such programmes. The issue, however, crops up in relation to SUCs offering two- or three-year ladderized courses. The so-called 'pure and pure' approach proposes to confine CHED's and SUCs' responsibility to degree programmes and leave the ladderized courses to TESDA.

Another grey area is the post-baccalaureate diploma programme of less than 12-months' duration. According to the *Manual of Regulation of Private HEIs*, this type of programme does not need mandatory government authorization. Similarly, short-term non-degree, post-baccalaureate and postgraduate courses are not covered by the permit and recognition requirements. These are therefore areas that TNHE providers could explore – considering the increasing demand for continuing or lifelong learning. These could be viewed as room for flexibility and hence a source of strength, provided some mechanisms are put in place to monitor the provision of such programmes and protect consumers.

- Weak data collection and dissemination and lack of information systems on transnational education. The education oversight agencies are still planning or at best starting to develop a database on TNHE provision. This is essential to the agencies' mandate to keep the public informed and safeguarded from unscrupulous TNHE providers and programmes of dubious quality. There are in circulation information materials on 'diploma mills' with TNE programmes as well as on accredited TNE programmes. These remain to be scanned/reviewed and disseminated to the interested public.
- Inadequate resources, labour and a poor system for monitoring the enforcement of policies and the performance of an ever-growing system, especially with the advent of TNHE provision. As pointed out earlier, recognition of programmes, and the autonomous and deregulated status of HEIs, may be revoked if the results of evaluation

and monitoring show slippage in performance or unsustained compliance to standards. However, due to resource constraints, monitoring is not done regularly, which means that programme recognition is in effect long term or even for the entire existence of the programme. Monitoring of performance in professional licensure examinations can be monitored with relative ease and hence is being used as a basis for some phase out or closure of poor performing programmes. Until TNHE providers go into professional courses, however, this indicator could not be used for monitoring the quality of TNHE provision.

- The need to conduct a comparative study of recognition and accreditation standards and procedures used by various accrediting bodies in potential countries of TNHE origin, and to determine equivalencies. This need is underscored by the accreditation requirement for the TNHE providers.

- The need for closer linkaging/co-ordination with international/ regional TNHE accrediting and monitoring bodies and organizations. The evaluation of TNHE applications and provision of information to concerned publics would be facilitated by such linkages. At the country's end, education authorities could participate in concerted/ co-ordinated monitoring, promotion of good TNHE programmes/ providers, and blacklisting of the undesirables.

There are recommendations for the government to adopt a more 'light-handed' liberal approach to regulating private education in the country (La Roque, 2001). This approach would focus on providing information that enables parents and students to make informed choices, promoting competition among public and private schools, and transferring more of the responsibility for quality assurance to the private sector. This recommendation could be extended to TNHE as well, and may be worth considering in face of the increasing number of providers that are not as visible and tractable as the traditional providers.

A more desirable course, though, is for the country to: (a) decide on the fields where TNHE could contribute most to its human resource

development – the cutting edge disciplines that its own HEIs could not provide, such as biotechnology, materials, science and ICT; (b) identify which among the TNHE providers would be in the best position to provide education in these fields; then (c) work out how the said providers could deliver the needed TNHE in the country.

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Appendix.   MEMORANDUM OF UNDERSTANDING

Between the

SCHOOL OF SCIENCE AND ENGINEERING
ATENEO DE MANILA UNIVERSITY
Quezon City, Philippines

and the

COLLEGE OF ARTS AND SCIENCES
UNIVERSITY OF SAN FRANCISCO
San Francisco, California, USA.

This Memorandum of Understanding is subscribed by the Dean of the School of Science and Engineering of the Ateneo de Manila University and the Dean of the College of Arts and Sciences at the University of San Francisco in order to plan and implement an academic programme in the Philippines that will offer the degree of:

Master in Environmental Management

Both institutions affirm hereby their intent to plan and implement the above-mentioned academic programme subject to the necessary approvals internally at each institution as well as by the respective governments and accrediting agencies.

The planning and implementation process will be carried out with the necessary expediency and the process will be co-ordinated at each institution by an individual duly appointed by each dean. The planning and implementation process will be carried out with the support of both institutions.

Specific details of the implementation of this programme may be the object of additional Memoranda of Understanding to be signed by the deans or by their designees.

This Memorandum of Understanding is subject to revision or cancellation by mutual consent and becomes effective upon completion of signatures.

San Francisco, 10 May 2000

Sgd. Fabian M. Dayrit, Ph.D.   **Sgd. Stanley D. Nel, Ph.D.**
Dean, School of Science   Dean, College of Arts and Sciences
and Engineering   University of San Francisco
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National regulation of transnational higher education: a South African case study

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List of abbreviations

AMBA	Association of MBAs
ANC	African National Congress
AUQA	Australian Universities Quality Agency
CHE	Council on Higher Education
DOE	Department of Education
GATS	General Agreement on Trade in Services
HEQC	Higher Education Quality Committee
MBA	Master's in Business Administration
NCHE	National Commission on Higher Education
NQF	National Qualifications Framework
QA	Quality assurance
SA	South Africa
SAQA	South African Qualifications Authority
UK	United Kingdom
WTO	World Trade Organization

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Introduction

The rise of transnational higher education provision in South Africa and the development of a regulatory framework[1] to govern its operations must be seen against the background of three factors:

- The social, political and economic opening up of South Africa after the first democratic elections in 1994, giving internationalization a new impetus and heightening the impact of globalization on many key aspects of South African society and the economy.
- The restructuring of South African higher education, following the democratic transition in 1994, in order to produce a single system that is more co-ordinated, equitable and responsive to the needs of a post-apartheid South Africa.
- The rapid growth in South Africa of private provision, especially in the last decade, in a context where the large majority of private providers are local for-profit institutions.

The entry of transnational providers and the nature and scope of their operations can best be understood in terms of intersecting imperatives relating, on the one hand, to South Africa's own post-1994 policy and legislative goals for the creation of a new democratic order and, on the other hand, to the search for new markets by entrepreneurial universities from countries like Australia and the United Kingdom. Such countries have signalled the important role that educational exports have in the growth of their economies. The discourse of the 'knowledge society' and the claim to facilitate greater access to higher education in a globalizing world where borders have become much more permeable are also part of the rationale for the phenomenal expansion of higher education across borders.

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1. This regulatory framework includes the registration requirements of the Department of Education, the registration of qualifications requirements of the South African Qualifications Authority, and the quality assurance requirements of the Higher Education Qualifications Committee of the Council on Higher Education (a statutory non-governmental organization).

In this case study, we examine the regulatory framework for transnational provision in relation to its underpinning policy premises and objectives, the details of its implementation, and the impact of its operation in South Africa. The key policy goals and objectives of the restructuring of South African higher education after 1994 are first articulated. The place of and conditions for private higher education (including transnational provision) are then indicated through an analysis of a range of policy and legislative documents. The quality assurance system of the Higher Education Quality Committee (HEQC) is outlined, followed by some information about the landscape of transnational provision in South Africa, including the performance of transnational providers in HEQC evaluations. The case study ends with a reflection on the impact of transnational provision in South Africa, and an indication of some useful elements for developing countries to consider when constructing a regulatory framework for transnational provision.

I.   Setting the scene

The South African higher education system, before the current restructuring, consisted of 21 universities, 15 technikons (offering mainly vocational programmes) and over 100 private providers. A series of investigations and consultations by the Ministry of Education on the appropriate size and shape of a restructured public higher education system has ended in a decision to reduce the number of institutions from 36 to 21 through mergers and incorporations. From January 2005, there will be 21 public higher education institutions in South Africa – 15 universities and six universities of technology (the new designation for the former technikons). Of the 15 universities, five will be comprehensive institutions offering both university and technikon-type programmes. In addition to the above, three institutes of higher education are planned in regions where no universities or universities of technology are located. These institutes will offer programmes of the other public higher education institutions in the country. The current student enrolment in public higher education is approximately 700,000.

According to the Department of Education (DOE) and the Higher Education Quality Committee (HEQC) databases, there are at present 99 private institutions offering programmes and qualifications in higher education. Of these, only four are transnational providers. The current student population is approximately 30,000 in the private higher education sector, and less than 2,000 in the four transnational providers. The holding companies of some of the private institutions have also embarked on a series of mergers and rationalizations in an attempt to focus their offerings and put them on a clearer quality foundation, especially as the implementation of the HEQC's quality assurance systems gains momentum. The new DOE requirement for every site of delivery to be evaluated has constrained the previous tendency to offer programmes at a proliferating number of sites based on the accreditation of the main site of delivery. The process of rationalization in private higher education has also included a clearer delineation

between programmes in further education and those offered at higher education levels at the same sites of delivery.

The current regulatory and quality assurance system for public and private higher education in South Africa has its foundations in a range of restructuring initiatives by the government to create a new policy platform for social provision in a number of areas including education (ANC, 1992; Badat, 2004). There was no attempt to construct a special or different regulatory system for transnational providers operating in South Africa. The development of a new policy and legislative framework for higher education is linked to the initiatives of the new government to create a new higher education landscape that is more appropriate to the social justice and economic development goals of an emerging democratic society. In this landscape, a clear place for private higher education and, by implication, for foreign higher education institutions has been signalled in a number of policy and legislative documents as indicated below.

1.   The Constitution of the Republic of South Africa

The Constitution of the Republic of South Africa of 1996, as well as a raft of other legislative instruments, has enshrined the rights and freedoms of South African citizens in a number of areas. Various new statutory bodies have been established to give effect to those rights. The growth in private provision, including the entry of transnational providers, must be seen as part of the gradual process of expanding the rights and opportunities of citizens.

The Bill of Rights in Chapter 2 of the Constitution specifies the following right in respect of private provision:

"... Education
29 (3) Everyone has the right to establish and maintain, at their own expense, independent educational institutions that –

(a)   do not discriminate on the basis of race;

(b) are registered with the state;

(c) maintain standards that are not inferior to standards at comparable public educational institutions".[2]

As is evident from the above, the basis for the constitutionally protected existence of private provision has been clearly specified but so, too, is the basis for regulation, quality assurance and the maintenance of standards. The Constitution recognizes the right of private education providers to coexist (even to compete) with public education institutions, but on conditions requiring regulatory oversight to ensure that transformation objectives regarding equity are achieved, and that standards are not unduly compromised. For the citizens of the country and others who live within its borders, freedom of choice with respect to higher education opportunities is enlarged, but again with a measure of protection against poor education, enshrined in the requirement for equivalent standards at comparable public institutions. The latter requirement lays the basis for the development of a common quality assurance system within which comparability between public and private higher education could be credibly established. This point will be revisited later in this case study.

2. The National Commission on Higher Education (NCHE)

The recognition of a role for private providers in higher education accompanied by a concern about quality is a theme that is continued in various policy recommendations and legislative frameworks. The National Commission on Higher Education, which was set up by the new government in 1995 to advise it on policies for the restructuring and transformation of higher education in South Africa, recommended the achievement of a participation rate in higher education of 30 per cent in the decade to follow (NCHE, 1996: 100). This figure included enrolments in private higher education institutions and is premised on an increasing contribution by private providers "given the limitations on the increases in public expenditure on higher education that are anticipated" (NCHE, 1996: 100). The Commission also asserted the

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2. *Government Gazette*, No. 17678, Vol. 378, No. 108, 1996: Constitution of the Republic of South Africa, 1996: 13, Section 29 (3).

centrality of a quality assurance system to a "single co-ordinated higher education system", stating that "this mechanism is essential to tackle differences in quality across institutional programmes, is an important element of the new form of governance proposed for higher education, and should be one of the ways of drawing private higher education into the new system" (NCHE, 1996: 108).

3. Education White Paper 3 – A programme for the transformation of higher education

The acknowledgement of a role for private higher education juxtaposed with the need for regulation to safeguard quality is reiterated in the White Paper on Higher Education (1997).

The Ministry recognizes that private provision plays an important role in expanding access to higher education, in particular in niche areas, through responding to labour-market opportunities and student demand. The key challenge in expanding the role of private institutions is to create an environment which neither suffocates educationally sound and sustainable private institutions with state over-regulation, nor allows a plethora of poor quality, unsustainable 'fly-by-night' operators into the higher education market (DOE, 1997*a*: 2.55).

4. The Higher Education Act

The Higher Education Act of 1997, as amended in 2000 and 2001, provides a framework for the regulation of public and private higher education institutions. In relation to the latter, it provides for registration by the registrar of private higher education institutions (who is the Director-General of the DOE). The Act also provides for the application of quality assurance requirements to private higher education institutions. The Act stipulates that registration by the Ministry of Education depends on a demonstration that the applicant:

"(a) is financially capable of satisfying its obligations to prospective students;

(b) with regard to all of its higher education programmes –

(i) will maintain acceptable standards that are not inferior to standards at a comparable public higher education institution;

(ii) will comply with the requirements of the appropriate quality assurance body accredited by SAQA in terms of the South African Qualifications Authority Act, 1995 (Act 58 of 1995); and

(c) complies with any other reasonable requirement prescribed by the Minister" (Higher Education Act as amended, 2001: 52).

5. CHE policy report: Towards a new higher education landscape: meeting the equity, quality and social development imperatives of South Africa in the 21st century

In 2000, the Council on Higher Education (CHE) produced a report with recommendations on the 'shape' and 'size' of a reconfigured higher education system. This report also acknowledges the role of private higher education institutions, indicating that they could "contribute to providing access to higher education of quality and to meet development needs, on their own or in responsible partnerships with South African public institutions" (CHE, 2000*b*: 45). The CHE report acknowledges that the "accreditation and registration of providers will enhance quality provision and protect students" (CHE, 2000*b*: 45). It also stipulates that private providers seeking to function as multi-purpose institutions should be required to meet the same criteria and requirements as public multi-purpose institutions and "also fulfil their social purposes, roles and goals. It is important that any measures applied to public institutions to ensure achievement of overall social and educational goals do not disadvantage public institutions vis-à-vis private institutions" (CHE, 2000*b*: 46).

The CHE report makes the same connection between a clearly recognized role for private higher education with the need for regulation and quality assurance. "Private institutions that contribute to the diversification of the higher education system could be sources of innovation" (CHE, 2000*b*: 2). However, inadequate regulation "raises concerns around quality, the effective protection of learners ..." (CHE, 2000*b*: 21).

6. The National Plan for Higher Education

The National Plan for Higher Education released by the Ministry of Education in February 2001 as the implementation framework to give effect to the restructuring and transformation goals of the White Paper, and the Higher Education Act reiterates the view articulated in a range of preceding policy documents that "private higher education has a role to play in complementing public provision. The Ministry also agrees that private higher education institutions are presently inadequately regulated and that, where appropriate, they should be subject to the same requirements as public higher education institutions" (DOE, 2001*b*: 64). The plan takes its cue from the Higher Education Act as amended which lays the basis for the regulation of private higher education. The plan provides a framework for the registration of private higher education institutions linked to three factors:

- the financial viability of institutions;
- the quality of programme offerings; and
- whether the provision is in the public interest (DOE, 2001*b*: 64)

The promulgation of regulations for registration complemented by "regulations relating to accreditation and quality assurance of private providers and the qualifications they offer ..." (DOE, 2001*b*: 65) is proposed as the mechanism to give effect to the regulatory framework indicated in the Higher Education Act. The HEQC is at present preparing draft regulations for institutional audits and programme accreditation, which it will forward to the Department of Education for finalization, public comment and promulgation.

The National Plan also indicates the intention of the Ministry of Education to

"carefully monitor enrolments to ensure that there is a balanced provision of programmes in private institutions. The Ministry will not hesitate in capping enrolments should the current concentration of programmes within a narrow range have a detrimental effect on the sustainability of the higher education system as a whole" (DOE, 2001*b*: 65).

The premise in this position is the need for the regulation of private provision within the context of the Ministry's goals and objectives for the higher education system as a whole. The same premise is at work in relation to the presence and operations of foreign private higher education institutions.

> "In the main, the foreign institutions, like the local private providers, are focused on the offering of a relatively narrow range of programmes that are economically lucrative. The Ministry is concerned that the rapid expansion of foreign institutions, especially in fields of study that are already well provided for by public and local private institutions, may adversely have impact on the public higher education system at a time when the latter is undergoing fundamental restructuring. The Ministry will continue to monitor the impact of overseas institutions on the sustainability of the higher education system as a whole, and, if necessary, make appropriate policy adjustments" (DOE, 2001*b*: 65).

The National Plan also indicates the intention of the Ministry to regulate partnerships between public and private institutions, given the proliferation of such partnerships mainly in the field of distance education programmes. This includes partnerships with transnational providers. The plan outlines some of the main problems in public-private partnerships that are of concern to the Ministry:

- Although the public institution registers the students and provides the course materials, the private providers provide the tuition and administrative support with little or no quality control by the public institution.
- The rights and claims of the students on the public institution are often limited despite the fact that the public institution receives a state subsidy for the enrolled students. Thus, for example, in some cases, the students do not have access to the facilities, including libraries and laboratories, of the public institution.
- The public institution is often absolved of any financial obligations for the students it registers. Thus in some instances, the private

provider determines the fee structure for the students and also provides loans through subsidiary financial institutions.

- There appears to be very little protection afforded to students in the event that the partnership agreement is terminated or revoked.
- The staff of the public institutions often have personal financial interests in the private provider, or act as advisors or even work for the private provider.
- The state subsidy is either shared with the private provider or, in some cases, accrues to the public institution, with additional royalties payable by the private provider based on turnover. In such cases, therefore, it would appear that the public institution claims a subsidy when essentially all it does is register students and issue certificates (DOE, 2001*b*: 66).

As is clear from the above, the two issues of financial accountability and quality responsibility loom large for the Ministry in relation to higher education provision, both public and private.

The plan outlines the strategy for regulating public-private partnerships through the use of the three steering instruments of funding, planning and quality assurance in a measure that has a more direct impact on public providers, insofar as state subsidies are provided to them.

"The Ministry will not fund student places from 2002 in existing and new contact or distance programmes that are offered as part of public-private partnerships unless the programmes have been approved as part of the institution's three-year rolling plans" (DOE, 2001*a*: 66).

However, the Ministry also invokes the requirements of national needs, planning and quality assurance.

"Institutions will also have to seek approval for the introduction of programmes for which state subsidies are not required. The approval of programmes will depend on the fit between the programme and the institution's mission, including institutional capacity, whether it addresses regional and/or national needs, whether it meets the quality

assurance criteria of the HEQC, and whether the public institution concerned takes full academic responsibility for the programme and students enjoy all the benefits that come with registration at the public higher education institution" (DOE, 2001*b*: 66).

The above account, from a range of post-1994 policy documents and legislation in higher education, indicates, on the part of the higher education authorities, a consistent view and set of expectations of private higher education institutions, including those of foreign origin. Faced with the massive and resource intensive task of restructuring and transforming all areas of social provision, the state, in all its key policy pronouncements, has signalled very clearly its requirements and expectations of higher education. Private higher education, including foreign providers, have to take their place within the overall higher education system that is under construction, informed as it is by a set of goals about increased access and higher participation rates, responsiveness, and innovation, equity and redress, financial sustainability and social accountability. Not least among these goals are non-negotiable requirements in the area of quality, without which the foundations of the new higher education system would be hollow and vulnerable to cynicism. These goals, linked as they are to national needs and priorities, apply to all higher education institutions operating within the borders of South Africa – public and private, local and foreign.

The role of private higher education – the opportunities facing it and the regulatory requirements applicable to it – is, however, only part of a system-wide set of restructuring initiatives, a major part of which is the creation of a new landscape in public higher education. Post 1994, the new government was faced with the task of creating a single co-ordinated higher education system that would be responsive to the legacies of past inequalities and discrimination as well as to the needs of a new democratic society taking its place in a rapidly globalizing world. Again, a raft of policy documents and legislation prepared the way for the fairly detailed implementation framework set out in the National Plan of 2001. For the White Paper, the 'key challenges' in the restructuring of higher education in South Africa are to "redress past

inequalities and to transform the higher education system to serve a new social order, to meet pressing national needs and to respond to new realities and opportunities" (DOE, 1997*a*: 1.1). This vision is itself based on the arguments proposed in the 1996 report of the NCHE, which envisaged a "new system of higher education characterized by increased participation by all sectors of society, by greater institutional responsiveness to policy imperatives, and by a new set of co-operative relations and partnerships between higher education and the broader society" (NCHE, 1996: 1). The NCHE traces the need for transformation in higher education to the following: "firstly, the profound deficiencies of the present system which inhibit its ability to meet the moral, social and economic demands of the new South Africa; and, secondly, a context of unprecedented national and global opportunities and challenges. Together, these factors require reorientation and innovation" (NCHE, 1996: 1). Among the principles identified as fundamental to guide the process of transformation is that of quality. "All the services and products of higher education should pursue and maintain the highest levels of quality" (NCHE, 1996: 4).

As already indicated, the National Plan is the DOE's implementation framework for the achievement of a coherent and co-ordinated higher education system that is more responsive to the social and economic needs of the country. It "established indicative targets for the size and shape of the higher education system, including overall growth and participation rates, institutional and programme mixes, and equity and efficiency goals. It also provides a framework and outlines the processes and mechanisms for the restructuring of the institutional landscape of the higher education system, as well as for the development of institutional three-year 'rolling' plans" (DOE, 2001*a*: 1). The National Plan also stipulates the 'strategies and levers' through which the above targets and goals will be achieved. "The planning process in conjunction with funding and an appropriate regulatory framework will be the main levers through which the Ministry will ensure that targets and goals of the National Plan are realized" (DOE, 2001*b*: 1). In addition, the quality assurance system developed by the HEQC is also seen as 'crucial' to the transformation of the higher education system.

What is clear from the above is the unfolding of a comprehensive process for the reconfiguration, transformation and regulation of higher education in South Africa. The new system is intended to serve better the social, educational and economic needs of an emerging democracy in South Africa. The planning process encompasses the requirements for the system of higher education as a whole as well as for quite specific sectors of it, e.g. public providers, private providers or transnational providers. There are certain core values, principles and objectives applicable to all institutions and others that are more sector specific. The regulatory framework attempts to take this into account through the implementation details of the three steering instruments of planning, funding and quality assurance.

In addition to the policy and implementation of the framework outlined above, which has an impact on transnational providers, the Ministry of Education in South Africa has also sought to address the issue of the General Agreement on Trade and Services (GATS) of the World Trade Organization (WTO) and its possible impact on higher education. The entry of an increased number of foreign providers into South Africa under the auspices of a trade liberalization regime was signalled as a matter of concern by the previous Minister of Education. He cautioned that "external pressure on the system, in particular the impact of GATS could have a negative impact on [the] transformation agenda, especially if its influence on education is not carefully regulated" (Minister Asmal's presentation to the Parliamentary Portfolio Committee on Trade and Industry, 4 March 2003). The former Minister expressed concern about the commodification of education under a GATS regime and argued for "genuine international collaborations and partnerships in education, which is critically important to the health of any higher education system" (Portfolio Committee presentation). The former Minister's preference was to advance such partnerships outside of a GATS regime. He also requested advice from the Council on Higher Education on possible options for South Africa in relation to the inclusion of higher education as a service within the WTO deliberations on trade liberalization. The CHE was due to provide this advice to the new Minister of Education in early 2005.

What the Minister makes clear in relation to transnational providers is that South Africa does not need GATS to provide certainty in the regulatory environment, which was one of the arguments put forward by pro-GATS analysts. This is because South Africa already has a policy and legislative framework for the registration of local and foreign private providers. What he did not address was the possibility that some of the existing regulatory frameworks (both of the DOE and of the HEQC) may have to be dismantled under a GATS regime which calls for increasing liberalization and decreasing levels of regulation, even regulation judged to be in the interests of local stakeholders and national priorities.

As outlined above, the policy and legislative framework governing the operations of transnational providers are, at a macro level, those put in place by the South African Government for the restructuring of the higher education system *as a whole*. The Higher Education Act as amended and the National Plan outline the key regulatory requirements for all higher education institutions, including the quality requirements. The policy frameworks of the HEQC spell out in greater detail the quality requirements for all higher education institutions – public and private, local and foreign. Before the establishment of the HEQC, universities and technikons had different and separate arrangements for external quality assurance, some of which were voluntary and others obligatory. In the case of private providers, the SAQA granted provisional accreditation based on a 'developmental' approach, which allowed providers into higher education with a minimal amount of verified information on the quality of their programmes. The decision of the HEQC was to create a common integrated quality assurance system for all higher education offerings in the country. Although the HEQC takes account of relevant institutional and sectoral specificities, its criteria for quality and standards are applicable to all programmes offered at higher education level. Clearly, this applies as much to transnational providers as to local higher education institutions.

7. The quality assurance system of the HEQC

The following section outlines the main elements of the quality assurance system developed by the HEQC. The Higher Education Act of 1997 indicates the mandate of the HEQC with respect to quality assurance as follows: (a) promote quality assurance; (b) audit the quality assurance mechanisms of higher education institutions; and (c) accredit programmes of higher education.

The HEQC was established in May 2001 as a permanent subcommittee of the CHE, an independent statutory body that advises the Minister of Education on all aspects of higher education. Where necessary, this includes advice on quality promotion and quality assurance. The requirements of institutional audit and programme accreditation form the foundation of the regulatory system for safeguarding quality, applicable as much to transnational providers as to local providers. The HEQC has commenced with the implementation of its quality assurance system in 2004.

In order to facilitate a co-ordinated approach between the QA system and the other two steering instruments of funding and planning, the HEQC used the following definitions of quality:

- Fitness for purpose in relation to a specified mission within a national framework that encompasses differentiation and diversity;
- Value for money as judged in relation to the full range of higher education purposes set out in the White Paper. Judgments about the effectiveness and efficiency of provision will include but not be confined to labour-market responsiveness and cost recovery;
- Transformation in the sense of developing the capabilities of individual learners for personal enrichment, as well as the requirements of social development and economic and employment growth (Council on Higher Education, 2001*a*: 14)

The three dimensions of quality indicated above are located within a 'fitness of purpose' framework based on national goals, priorities and targets. On the basis of these definitions, and with due regard to the objectives of the other steering instruments, the HEQC developed a

quality assurance framework and systems to give effect to its chosen goals and objectives. The HEQC's work is arranged within five sub-systems, which include institutional audit, programme accreditation, national reviews, self-accreditation, and quality promotion and capacity development (see *Figure 1.1*).

Figure 1.1   The HEQC system

| Institutional audits | Programme accreditation | National reviews | Quality promotion and capacity development |

Self-accreditation
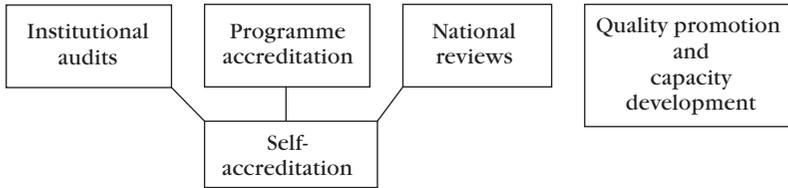
All five subsystems are applicable to all higher education institutions operating in South Africa. The rationale for applying the requirements of all subsystems consistently across all institutions was to facilitate the development of a single co-ordinated good quality higher education system that allowed for greater portability of qualifications and articulation between institutions. Most importantly, students have a wider choice of higher education programmes and the possibility to transfer and gain credits from different institutions within South Africa.

Institutional audits

The institutional audit system works on a six-year cycle during which period all higher education institutions are to be audited at least once. The focus of the audit is on the effectiveness of internal quality management systems for the three core functions of teaching, research and community engagement. The audit follows a standard methodology where institutions prepare a self-evaluation portfolio in relation to the 19 criterion areas specified by the HEQC. A site visit by a panel of peers and experts is set up to validate the self-evaluation report by the institution. Close attention is paid to the evidence relating to quality issues. Based on the assessment of the review panel, the HEQC issues a report to the institution, consisting of commendations in areas

of good practice and innovations, and recommendations in areas in need of improvement. A summary of the report is publicly available. The institution is required to submit an improvement plan in respect of the recommendations and a mid-cycle progress report on the implementation of the improvement plan. The audit does not produce a ranking of institutions, has no funding or other legal consequences, and is essentially about quality development and enhancement.

In the case of foreign institutions, subject to the institutional audit or other quality requirements of their home country, the HEQC makes arrangements with the quality assurance agency in the home country to conduct a joint audit visit (where possible). In such a case, South African auditors and senior members of the HEQC staff would form part of the audit panel set up by the quality assurance agency in the home country. The audit self-evaluation portfolio prepared by the foreign institution would have to address the criterion requirements of the HEQC in addition to any other requirements. This arrangement is intended to relieve the foreign institution in South Africa of the burden of two separate institutional audit visits. The HEQC has a memorandum of co-operation with the Australian Universities Quality Agency (AUQA) to address this issue in relation to Australian universities offering higher education programmes in South Africa. It is presently preparing a similar memorandum of co-operation with the Quality Assurance Agency in the United Kingdom in respect of United Kingdom universities operating in South Africa. The above agreements also cover broader areas of co-operation between the HEQC and its counterpart agencies in other countries, in order to increase the sharing of good practices, undertake joint research and development projects, and exchange relevant information in ways that could contribute to the more effective international regulation of transnational provision. To date, no audits of any transnational providers have taken place and it remains to be seen how such co-operation agreements can be made as effective as possible.

Programme accreditation

In a context of higher education provision that is of vastly uneven quality and where student awareness of quality issues is not uniformly high, the HEQC has prioritized the protection of students against poor quality programmes and maintaining the credibility of qualifications as non-negotiable. In its new programme accreditation framework, which came into operation in 2005, the HEQC plans to use a rigorous two-step process that will give accreditation status only to those programmes that can meet the minimum standards as specified in its 18 accreditation criteria. Accreditation will be granted to a programme for a stipulated period after an HEQC evaluation indicates that it meets or exceeds such minimum thresholds of educational quality. The focus will be on new programmes, which will go through a candidacy phase until full accreditation is finalized. Given the large volume of existing higher education programmes in the system and the limited resources and capacity available to re-accredit all of them, the HEQC plans to address existing programmes through a combination of national reviews and granting self-accreditation status to institutions, both of which are explained later.

South African higher education institutions that offer programmes outside the country are subject to the HEQC's programme accreditation requirements for all of their local as well as their cross-border academic programmes. In addition, the quality requirements of the importing country have to be complied with. The HEQC plans to co-operate with national quality assurance agencies in countries where South African higher education institutions have an operational presence and to share relevant quality-related information with them in order to ensure that South African institutions pay appropriate attention to quality issues when they go cross-border.

Foreign institutions that offer higher education programmes in South Africa, including those institutions subject to the accreditation requirements of other national, regional or international agencies, are subject to the HEQC's programme accreditation requirements. In addition, these institutions have to satisfy the registration requirements

of the DOE and the qualification registration requirements of the South African Qualifications Authority (SAQA).

National reviews

National reviews constitute a particular form of accreditation that focuses on the re-accreditation of existing programmes in a specific discipline or programme area. Such reviews are conducted within the context of the general HEQC accreditation criteria, but they also include criteria specific to the programme or disciplinary area focused on. They take into account the views of experts and practitioners as well as stakeholders' concerns and interests in the education and training of students and the production of professionals in a particular area, including the articulation between the learning programme and the skills required from graduates in the actual work situation, where appropriate.

National reviews have three main components: the re-accreditation of programmes, the follow-up processes on the re-accreditation outcomes, and the production of a report on the state of educational provision in a particular programme or disciplinary area, based on an analysis of the accreditation findings.

The re-accreditation of all programmes in a particular field has as its main objective the assessment of the quality of provision in that field viewed from the standpoint of provision in all sectors, i.e. public and private, local and transnational. The objectives of the follow-up on the re-accreditation outcomes are to ensure that programmes, which were conditionally accredited during the review, meet the conditions to become fully accredited, and to guarantee that the quality of provision for pipeline students in de-accredited programmes is given due consideration. The report on the state of educational provision in a particular discipline or programme area is intended to: (a) identify areas of strengths and weakness in the provision of a particular programme or discipline area, highlighting good practice; (b) investigate areas of concern which became apparent during the re-accreditation process

as well as possible strategies to address those concerns; and (c) identify trends in local provision within the context of international trends.

In the case of transnational providers, the criteria for evaluation both in relation to programme accreditation and the re-accreditation processes involved in national reviews, are those stipulated by the HEQC. In the development of these criteria, the HEQC seeks to incorporate good practices and common understandings from international contexts and practices, but it also includes criteria based on national goals and priorities. In addition, there are strong requirements for teaching and learning that are viewed as critical to student access and success in the context of past legacies of discrimination and exclusion. Hence, programmes accredited in other countries may not necessarily obtain accreditation in South Africa, especially if the quality of teaching and academic support arrangements in the South African variant of the programme are not demonstrably adequate.

Self-accreditation

There are approximately 25,000 existing programmes in the different higher education sectors in the country. These have some form of accreditation obtained in the period before the implementation of the new programme accreditation system granted either by the HEQC or by a range of regulatory bodies that preceded the establishment of the HEQC. The HEQC has made it clear that it does not have the capacity or the resources to re-accredit all of these existing programmes except for the ones chosen for a national review, or if there are other specific reasons for re-accrediting some existing programmes. In addition to the resourcing constraints, the HEQC has also indicated that it would like to see higher education institutions assume an increasing measure of responsibility for the peer-driven external evaluation of programmes. It has therefore signalled its intention to grant self-accreditation status to higher education institutions that demonstrate the effectiveness of their internal quality management systems. Self-accreditation is a status that enables an institution to re-accredit its existing programmes where no statutory council besides the HEQC has jurisdiction. Institutions have to apply to the HEQC for self-accreditation status, which will be

granted for a period of six years. Information that will be considered by the HEQC in order to grant self-accreditation status will include the audit findings for the institution, as well as programme quality information from HEQC accreditation sources, and other relevant information from the DOE and SAQA. The institution also has to present a quality management plan for the execution of its re-accreditation responsibilities during the period of self-accreditation.

Quality promotion and capacity building

In the light of the legacy of uneven quality promotion in the country and given the requirements of a new national quality assurance system in South African higher education, the quality promotion and capacity-building subsystem of the HEQC was established to:

• develop and implement initiatives to build and strengthen the capacity for high quality provision and its effective quality assurance at institutional, learning programme and individual levels;

• develop a programme of activities to institutionalize a quality culture in higher education and a commitment to continuous quality improvement.

There are many different initiatives in this subsystem. Some examples include the following:

• the project for the improvement of teaching and learning which aims to strengthen institutional capacity for planning and monitoring teaching and learning, and individual capacity in relation to the design, delivery, assessment and evaluation of programmes;

• the Student Quality Literacy Project for increasing student knowledge and awareness of and involvement in quality-related issues at institutions;

• the project with librarians, student support structures, etc., which aims to strengthen capacity in relation to quality issues in support services;

• the HEQC Board has identified the improvement of the quality of distance education programmes as a priority over the next three to five years. The project will involve the development of good

practice guides for improvement in self-assessment abilities of distance-education practitioners;

- the project on vocational/career-focused higher education qualification deals with the development of high-quality vocational qualifications that articulate with the world of work and formative education qualifications;
- the project on entry-level higher education qualifications aims to improve the quality and design of entry-level qualifications (Level 5) of higher education. New standards for these qualifications will be proposed.

This subsystem also includes all the activities relating to the training of institutional auditors and programme evaluators, which is intended to produce a growing cohort of knowledgeable evaluators for the HEQC's peer review system.

The many workshops and discussions arranged by the HEQC, as well as the use of all resources produced in this sub-system are open to all who work in higher education, irrespective of whether they are from public or private, local or foreign institutions. All providers are also able to comment on HEQC consultative documents, including the audit and accreditation criteria. This means that HEQC quality-related requirements and processes should not be a sudden surprise for transnational providers who have been included in many HEQC activities.

Representatives from transnational providers are invited to participate and have participated in the auditor training workshops and a variety of other national and regional workshops that have been used to disseminate information on HEQC system requirements.

II. Private higher education within the new regulatory and quality assurance framework for higher education

The White Paper identified planning, funding, and quality assurance as three steering instruments for the transformation of South African higher education into a qualitatively improved, and a more equitable and responsive system. In addition, the requirements of the national qualifications framework are also stipulated for higher education. The expectations were that the new system and its key instruments would deal comprehensively with the country's historical legacies of exclusion and inequitable development, while also addressing its social and economic needs in an era of globalization and the internationalization of higher education.

The new regulatory and quality assurance framework encourages greater planning within institutions, mission differentiation, increased output (graduate and research output), target setting and attainment, cost efficiency and effectiveness, and the planned use of earmarked funding for student equity and redress. The following are aspects of the framework:

- Private and transnational providers have to: (a) operate as a trading company that is registered under the Companies Act of South Africa; (b) sign a declaration of non-discrimination in relation to students and staff with a commitment to advance the agenda of redress and equity; and (c) be financially viable, with regular monitoring and reporting.
- All qualification standards have to be assessed by SAQA and registered on the National Qualifications Framework (NQF). SAQA is responsible for evaluating and recognizing qualifications, whereas individual institutions have the right to recognize qualifications for entrance and further study purposes.
- The CHE/HEQC has to assure the quality of all institutions and programmes.
- Franchising of programmes is not permitted.

- Foreign providers need quality assurance clearance from their country of origin and the qualifications have to be recognized by the parent institution and the country's quality assurance system. Students should be able to transfer from South Africa to the parent institution without losing credits. On application for registration, foreign institutions have to submit proof of the equivalence of qualifications, recognition and accreditation in their home country.

This new regulatory framework for private providers was criticized by some researchers like Bitzer (2002); Kruss (2002) and Mabizela (2004) as it was seen to be protectionist in relation to public higher education institutions and as constraining the growth and functioning of private providers. Although there are some variations in regulations for private and public providers, by and large, all institutions are subject to similar regulations. In the case of quality issues, both private and public institutions are subject to the same regulatory demands.

III. Provision and quality of private higher education in South Africa

To understand the nature of current transnational provision, one has to examine the genesis and nature of private higher education provision in South Africa. The relationship between private and international providers goes back to the nineteenth century, while the increase in private providers in the pre-1990 phase was a result of partnerships with international/foreign providers (Mabizela, 2004).

1. The origin of private higher education in South Africa

The origins of private higher education in South Africa can be traced back to the early nineteenth century. The South African College, for example, which started off as a private initiative in 1829, gave rise to the establishment of the University of Cape Town in 1918 (Mabizela, Subotzky and Thaver, 2000).

Since 1829, private higher education has evolved to play different roles in South Africa's development. Kruss (2004) and Mabizela (2004) distinguish the following stages:

- In the nineteenth century, private post-secondary education responded to the demands of the colonial economy and society and provided access for the elite only. It had strong links with churches and public higher education institutions in colonial countries, particularly England, and laid the basis for public higher education.
- In the 1940s-1950s, private higher education institutions were established by South Africans to offer vocational programmes to blacks (mainly Africans), largely through correspondence, whereas public universities catered mainly for whites. Private providers were seen as being of inferior quality, and were negligible in terms of size and number of students compared to the public institutions.
- Since the 1990s, there has been a resurgence of private higher education with the key goal of entrepreneurial profit making, but the number of students is still negligible. During this period, franchising of qualifications from developed countries emerged,

particularly between United Kingdom institutions and local private providers.

In 1994, the new constitution enshrined non-discrimination between public and private higher education, as pointed out above. With the adoption of a more market-friendly economic policy in 1996, the South African Government was under increasing pressure to liberalize the public higher education system. The Higher Education Act has a clear recognition of the place and role of private higher education. Before 1997, private higher education was seen by the public higher education institutions and the Department of National Education as peripheral, unimportant and of low quality (Mabizela, 2004).

2.   The current provision and quality of private higher education

Since 1997, there has been a growth in the number of private providers of higher education in South Africa. Private providers offer mainly vocational education in the fields of IT, management studies, secretarial studies, public relations, marketing, communications, religion, beauty and skincare, and fashion design (Lange and Naidoo, 2003). Institutions typically catering for a niche programme area had an average of not more than 200 students, and were located in city centres and economic hubs of South Africa. They ranged from operations that were run by one person to those run by more than 100 persons, and were located in venues that ranged from single rooms to large campuses.

In the years 1997 to 2000, before the establishment of the national quality assurance (QA) agency, there was an enormous growth in the number of dubious ('fly-by-night') private providers who cheated students by charging unfair fees and provided education of unacceptable quality. Prior to the establishment of the DOE's private provider registration requirement, there was also enormous growth in the franchising of qualifications by foreign providers to locally established private institutions. Most of the private providers started through franchise agreements with such foreign providers.

According to Steyn (2003: 1),

"Private higher education institutions in South Africa established themselves as pure business oriented institutions originally, but realized that, in order to be competitive, some sort of 'accreditation' or 'recognition' from external institutions was necessary. They had to buy accreditation or recognition through association and/or partnerships with international institutions".

Between 1996 and 1999, the DOE received several complaints about the quality of provision from students who were studying at institutions that had franchise arrangements with foreign providers. The franchiser institution executed poor oversight of quality arrangements at the local private franchisee. Moreover, national quality assurance agencies from the franchiser's country of origin did not assure the quality of the franchiser's ability to assure the quality of their franchised qualifications. In addition, many franchise arrangements were concluded with foreign institutions (franchisers) that were perceived as being of poor quality within their home countries.

Because of the above quality-related problems, the new regulations of the DOE outlawed franchising. This forced foreign providers to establish a physical presence as transnational private providers in South Africa and to take quality responsibility for the delivery of their own programmes offered in South Africa. Currently, there are only four transnational providers registered with the DOE, whereas in 1996-1999, over 50 foreign providers operated in South Africa through franchise and other partnership arrangements. The termination of the franchising arrangements between the foreign and local private providers provided the impetus for the establishment of local private providers in their own right and the growth of the awareness of the need to strengthen the quality of their provision.

The DOE also regulated the naming, certification arrangements and enrolment capping of private institutions in 1999. No private institution was allowed to call itself a university or technikon, despite the desire of many of them to use such designations. Increasingly, private higher

education institutions were seeking to offer undergraduate degree programmes, as well as postgraduate programmes up to the level of the doctoral degree.

Concerns were expressed by the DOE about the need to protect and regulate the use of designations for higher education institutions as well as to ensure that private providers have the requisite capabilities and capacities to offer undergraduate degree programmes and postgraduate degree, diploma and certificate programmes that "are not inferior to standards at a comparable public higher education institution" (Higher Education Act, No. 101, 1997).

On 26 September 2002, the Minister of Education wrote to the CHE requesting advice on: (a) the nomenclature of higher education institutions; and (b) the criteria to be used to assess the ability of a higher education institution to offer degrees and postgraduate qualifications.

The CHE initiated an investigation to consider these issues and produced a report that was intended to:

- advise the DOE on the conditions and criteria under which public and private higher education institutions may be recognized as: (a) universities, technikons, or institutes of technology, etc.; and/or (b) undergraduate and postgraduate degree-offering and/or awarding institutions;
- assist the HEQC to formulate processes and procedures for the recognition of the designated institutions;
- assist the HEQC to formulate policy and practice on the specific accreditation requirements that institutions need to meet in order to be permitted to offer and/or award undergraduate and postgraduate degree programmes.

The Ministry is busy processing this advice and was to pronounce on this issue by mid-2005.

In relation to certification arrangements, all private providers were granted the right to issue their own certificates for diplomas and degrees that were successfully completed by their students. Transnational

providers were required to certify students in the name that they were trading in South Africa and not in the name of the parent institution.

The DOE reserved the right to cap the number of students enrolling at private institutions. Before the establishment of the HEQC, because there were no national quality assessments to draw on, the DOE initially capped the enrolments at local and transnational providers. Once the HEQC was established to assess the quality of provision, the DOE now only caps enrolments if the institution does not satisfy the minimum quality requirements. This regulation on the capping of student numbers is used to protect a large number of students from being exposed to poor quality higher education.

According to Subotzky (2003) and the CHE (2003), the current 'size and shape' features of private higher education are as follows:

• Approximately 30,000 students, which represents less than 5 per cent of all higher education students, are enrolled in private higher education institutions.
• Of these, approximately 27,000 students (90 per cent) are enrolled in South African owned private institutions, and 3,000 (10 per cent) with the four transnational providers.
• The major fields of study are as follows: business management (36 per cent); IT (30 per cent); social and cultural studies (20 per cent); and services and applied humanities (14 per cent).
• Approximately 90 per cent of the students are enrolled for undergraduate certificates and diplomas.

As far as the quality of private higher education provision is concerned, in 2003 the HEQC evaluated the quality of 57 private institutions (out of 117 private providers registered at the time), offering 217 higher education programmes. The CHE report (2003) on the evaluation came to the following conclusions:

• Notwithstanding the fact that some institutions are offering programmes in relevant niche areas with appropriate tuition, at most of the private providers there is an uncertain correlation between programme offerings and labour-market requirements.

Many of the programmes offered are at Level 4 of the NQF, and there is a predominance of a 'spoon-feeding' and rote learning approach, i.e. independent learning was hardly encouraged.

- There exists an uneven quality of teaching and learning due to a lack of sufficient members of staff with adequate qualifications. Most academic staff are under-qualified, underpaid and are kept on short-term renewable contracts. These working conditions lead to low morale, poor teaching, and zero or poor research performance of academic staff.
- There are poor or insufficient arrangements for experiential learning. Most private providers have poor relations with industry and business.
- The infrastructure is insufficient to support teaching and learning, particularly the glaring absence of libraries.
- There is an absence of internal mechanisms and structures to assure the quality of programme offerings. Many private providers have some quality assurance arrangements, but with very little evidence of implementation and monitoring.
- There is a lack of knowledge and implementation of a series of national policies and regulations, especially in terms of human resource development and labour relations.

The above findings indicate that private providers of higher education are not playing the role of providing more, better and different education as claimed by Kruss (2004). They account for only 5 per cent of the higher education student enrolments in South Africa. They have increased access only marginally, and the quality of their provision has been poor and often inferior compared to public institutions. They do offer different education to a limited extent, namely qualifications (under- or pre-graduate certificates and diplomas) at the lower end of higher education, predominantly in business and management studies. However, many such qualifications are offered by technikons as well.

3.   The future of private higher education in South Africa

Although the public higher education system can at present accommodate all school leavers qualifying for higher education, there is likely to be an increasing demand for private higher education in the future. This will be due to the shrinking of state funding for public higher education, with the concomitant capping of the enrolment of students. The government plans, nevertheless, to increase the overall participation of high school leavers in higher education from 15 per cent to 20 per cent. There is also likely to be an increasing demand for qualifications at the lower levels of higher education.

Lastly, there is an increasing demand to make education more affordable. Private providers tend to be cheaper than public institutions because of the tendency to provide only the bare essentials – for example, limited library resources, poorly equipped teaching venues and no sport facilities. If private providers focus on offering affordable, good-quality vocational programmes at the lower end of the qualification spectrum, they could grow in the next 10 years and could potentially account for 10 per cent to 15 per cent of the higher education student enrolment. Graduates with such qualifications will play a crucial role in alleviating the current acute shortage of intermediate human resource skills in the South African economy. However, although they may provide access to affordable higher education, these institutions may be dominated by black working-class students, who can ill-afford to receive poor quality higher education as it represents their most important life chance for acquiring economic and social mobility. This may, in the long term, undermine the social justice goals of the South African Government in seeking to provide more race, class and gender balance in access to higher education.

IV. Transnational provision of higher education in South Africa

1. The origin of transnational provision of higher education in South Africa

As indicated earlier, in the late 1990s, transnational providers recognized South Africa as a major growth area for higher education and entered into various collaborative arrangements with local public and private institutions, or offered the programmes themselves. These arrangements took on a variety of permutations, which are categorized in *Table 4.1.*

Besides the professional institutes and associations, the DOE has estimated that about 50 transnational providers operated in South Africa in some form or another. For example, in the late 1990s, technikons entered into collaborative agreements with transnational institutions to offer MBA degrees, which had traditionally been the preserve of the public university sector. The nature of this particular collaborative agreement was determined by the following factors:

- The foreign institution was the certifying institution.
- The curriculum and learning programme belonged to the foreign institution.
- The local technikon registered and administered the programme.
- Local academics were used to some extent to teach on the programme.
- Assessment was controlled by the foreign institution.
- Amounts of money paid to the foreign institution were linked to module registration and course packs.

Many local private providers entered into similar relationships with foreign providers, but with a stronger emphasis on franchising.

Table 4.1 Categorization of arrangements with registered and unregistered transnational providers in South Africa

Distance and electronic education	Transnational providers use e-learning or distance education approaches and operate as cross-border providers with no real physical presence. The regulatory framework does not cover this type of cross-border provision. Some institutions have post-box and administrative offices to recruit and provide basic services for students. The main form of recruitment is through the internet or advertising in the South African mass media. It is impossible to estimate the number of South African students who are enrolled at such institutions.
Satellite campuses	Transnational providers open a satellite campus in South Africa with a physical presence and deliver education programmes mainly through contact from the satellite. The regulatory framework allows them to operate in South Africa, provided that they apply for and are successful in satisfying registration and accreditation requirements for foreign private providers. Curricula are imported from the parent institutions.
Recognition and accreditation agreements[*]	The local partner is accredited by the HEQC and registered with the Department of Education (DOE). The learning programme originally belonged to the foreign institution, but in line with the regulatory requirements of the DOE, the franchising arrangement changed to recognition by the foreign partner. This feature is utilized by local private institutions as a major and unique selling point and is actively marketed as such.
Partnership programmes between foreign and local public provider	Local public providers offer programmes in partnership with foreign providers, but the programmes belong to the public provider. The public providers assume quality oversight.
Professional institutes and associations	Largely unregulated. Transnational institutions set the examinations, provide the curricula and licence various local institutions to offer the programmes. Certification is provided by the professional body with some emphasis placed on membership, professional status and credentials.

Source: Materials provided by local agents/representatives; Internet.
* Recognition and accreditation agreements are signed between the franchisee and the franchisor. The franchisor guarantees 'recognition or accreditation' of the franchised qualification from the franchisee institution. Essentially, this means that the student from the franchisee institution can transfer to the franchisor institution without losing credits accumulated in the franchisee institution. However, the student from the franchisee institution cannot transfer to any other institution within the franchisor institution's country. Neither does the student get any recognition for completing the franchisor qualification in the labour market of the franchisor's country. Besides the quality problem related to franchising, the above-described section illustrates the bigger problem of transferring to the franchisor country's higher education or labour-market systems. Hence, in South Africa franchising is outlawed but the operation of a foreign provider is encouraged, but with approval of their national system that guarantees the accreditation of the foreign provider in the foreign provider's country.

In 2000, in terms of the new regulatory framework, technikons were required to review the agreements with foreign institutions regarding the MBA programmes. They were informed that they either had to cease offering the programmes or apply to the HEQC to offer the programmes in their own right. At the time, there were two foreign institutions (Wales and Curtin) that had forged relationships with eight technikons with regard to MBA provisioning. Both institutions applied to the DOE to be registered as private institutions, but failed to meet the requirements. Consequently, the eight technikons applied to the HEQC for accreditation. Five of these technikons were accredited in 2001, based on an evaluation of the application and with no site visit. The three technikons that were not accredited were required to phase out the MBA. The five accredited technikon programmes were required to run parallel programmes, i.e. phase out the foreign provider programme, while introducing their own programme.

2. The four transnational providers in South Africa

In January 1999, the DOE initiated the process of registration of private higher education institutions, including foreign/transnational providers. In 2000, 14 transnational institutions (11 universities and 3 colleges) from the United Kingdom, the United States, Australia and the Netherlands applied for registration. The HEQC was not in operation at the time and SAQA conducted a paper-based evaluation of the proposed programmes. In 2001, the DOE registered four foreign institutions. SAQA granted accreditation to the programmes listed in *Table 4.2*.

Table 4.2 Transnational providers and accredited offerings in South Africa

Name of institution	Country of origin	Name of programme accredited by SAQA
De Montfort University	United Kingdom	Master's in Business Administration (MBA)
Business School of the Netherlands	Netherlands	MBA
Bond University	Australia	Bachelor of Arts (BA); BA (Business Communications); Bachelor of Commerce (B.Com. in Accounting; Finance; Management; Marketing; Information Systems; Information Technology) and MBA
Monash University	Australia	BA; Bachelor of Business and Commerce; Bachelor of Business Science and Bachelor of Computing

Source: Materials provided by local agents/representatives; Internet.

In 2000, the enrolments at these four transnational institutions totalled 3,165, accounting for 0.5 per cent of the total number of students enrolled in both private and public higher education and 10 per cent of all private higher education students. The following were some of the features that attracted students to foreign institutions:

- An international qualification was viewed as something of a 'passport' for students who wanted to emigrate or find work internationally.
- A high value was attached to foreign qualifications by some local employers and students.
- Students would have the possibility of transferring credits to the parent institution and continuing their studies in the home country of the foreign institution.
- Access to postgraduate programmes was easier in comparison with similar programmes at local public institutions.
- Credit accumulation allowed for flexibility in terms of degree completion times.

It is clear from the above statistics that transnational provision is relatively small in South Africa and has the following demographic and provisioning patterns:

- Of the 3,165 students that were enrolled in transnational provision in 2000, 88 per cent were in the field of business, commerce and

management studies, 5 per cent in the field of culture and arts, 6 per cent in human and social studies, and 1 per cent in health sciences and social services.

- Of the enrolments in transnational programmes, 50 per cent were at the Master's level (MBA only) and the rest at the undergraduate level.

- Of the students enrolled, black Africans (mainly from other Southern African countries) constituted only 24 per cent in transnational institutions, as opposed to 44 per cent in local private institutions and 63 per cent in public institutions. Whites constituted the majority (54 per cent). The reasons advanced for this trend related to fee structures, admission requirements and institutional culture as barriers to access. Kruss (2004) validates these findings and notes that 82 per cent of white students at one transnational institution came from the elite private school sector.

- The fee structure was, on average, twice that of local public providers and four times that of local private providers. Most black African students could not afford these fees and those that enrolled were from the middle and upper classes. Moreover, limited opportunities for bursaries were available from these institutions or other funding sources. In the case of the MBA, however, companies or local government structures such as municipalities funded students who were employed by them. In one case, 30 students were recruited from and funded by a local municipality. As a result, more black South African students were enrolled in the MBA programmes.

- For reasons that are not clear, headcount enrolments in transnational institutions declined in 2001 to 1,242.

- In 2003, the two institutions from Australia employed approximately 60 full-time academics and 70 non-academic staff, many of whom are South Africans who worked previously in public higher education institutions in South Africa. The two institutions from the United Kingdom and the Netherlands rely heavily on part-time staff. Although they employ mainly South African academics, most of the academics in transnational providers are not highly regarded among South African academics as leading scholars, and are not

employed in such vast numbers that they affect the supply for public institutions.

- The two institutions from Australia have invested in infrastructure. This has included the purchase of land and the construction of reasonably adequate infrastructure. The other two institutions operate from rented space with minimal infrastructure provisioning.

- All four institutions have poor research profiles in relation to their South African offerings, although one of them has attempted to develop a stronger research profile. Such a profile is dependent on having postgraduate students and senior academics, which the institutions lack even though half of the enrolments are in MBAs that require reasonable research focus and capacity.

- Community engagement projects are limited or non-existent. There are a few partnerships with local institutions. All four institutions have poor teaching and research linkages with local public institutions, while some have forged reasonable linkages with some of the bigger local private providers. On the other hand, they draw academic staff from the public institutions to teach part time on their programmes.

- One institution entered South Africa with the purpose of launching itself into the subregion of Southern Africa, using South Africa's infrastructure as its base. It has actively recruited students from neighbouring countries and has started establishing offices in those countries.

- Three of the four institutions are owned in partnership with South African businesses and their establishment was co-funded by South African capital. In one case, the institution is wholly funded by South African capital, while the foreign institution provided academic capital and oversight. Two institutions have entered into partnerships with black economic empowerment companies.

- Three of the four institutions (those from Australia and the United Kingdom) have strong academic oversight from their home countries because of the national quality assurance requirements of those countries. The institution from the Netherlands does not have

such a requirement and the host institution does not provide any academic oversight.

In summary, transnational providers in South Africa:

- do not significantly contribute to access, either for the middle class or for the poor, given the small percentage of enrolments;
- offer programmes, mainly in business and management, and do not contribute significantly to the more comprehensive human resource needs of South Africa, leading to a concern about the 'cherry picking' of programmes;
- lack any form of social engagement with South African society;
- have limited partnerships with local institutions;
- conduct little or no research, not unlike transnational companies whose research and development is done in the home country while cheap production takes place in foreign countries;
- rely heavily on a few academic full-time staff and large numbers of part-time academic staff;
- have some academic oversight from the parent institution and their national quality assurance agency but not enough to safeguard quality in cross-border sites;
- are mainly public institutions that have broader 'public good' missions in their home countries but are profit-driven abroad.

3. The quality of MBAs offered by transnational institutions in South Africa

The four transnational providers offer higher education mainly in the fields of commerce and management. Three of the four offer MBAs, while a new transnational institution (Henley School of Management from the United Kingdom) has applied to offer an MBA. During interviews with HEQC peer review panels, the reasons offered by students for choosing foreign institutions were that they were 'international' institutions of good quality and reputation, and provided students with the possibility of international mobility upon completion of their qualifications.

As far as international portability is concerned, the MBAs offered by Australian institutions in South Africa are recognized in Australia.

Students can transfer to the parent institution without losing credits or recognition and can enter doctoral programmes in management after finishing the MBA. However, MBAs offered by United Kingdom institutions abroad are not 'fully' recognized in the United Kingdom. Employers have requested that such institutions specify on the certificate that the student graduated in a foreign country and not at the host institution in the United Kingdom.

White South African students constitute the majority in programmes offered by transnational providers, followed by black Africans from other African countries, particularly from Southern Africa. One can only speculate about the reasons. One possibility is that many young white South Africans feel vulnerable, given the recent social and political reform in South Africa, which has been accompanied by an increased focus on black economic empowerment and affirmative action requirements for the employment of previously excluded groups. Transnational institutions hold the promise of international portability and emigration possibilities. Black students from Southern Africa sometimes feel unwelcome at public institutions in South Africa because of the perceived xenophobic behaviour of black South Africans, which could partly explain their choices.

As far as quality is concerned, between 2002 and 2003, the HEQC conducted a national review of all MBA programmes offered in South Africa. The first part of the review entailed an accreditation exercise. All MBA programmes were evaluated by panels of peers and experts against a set of minimum standards. Programmes that met the minimum standards were accredited, and those that did not were de-accredited and had to discontinue offering the programme.

Each programme was assessed against 13 criteria, clustered into three categories:

1. Governance criteria focused on:
   • the nature and level of the insertion of providers within the national higher education system in terms of its legislative framework and regulations, as well as its broad social and developmental objectives;

- the relationship between the unit offering the MBA and the higher education institution within which it is located, whether this is local or transnational.

2. Learning programme criteria focused on:
   - the processes that guarantee the integrity and intellectual coherence of a programme and the mechanisms to monitor and review it;
   - the actual intellectual coherence and appropriateness of the programme content in relation to its purposes;
   - the structure and articulation of the teaching and learning processes, including assessment, and research education;
   - the availability of adequate human resources (academic, support and administrative) to fulfil the objectives of a programme according to its specific mode of delivery. This included the translation of the national goals of equity and redress to institutional and programme level policies for appointments;
   - the manner in which programmes guarantee students access to sufficient and adequate physical and educational infrastructure according to the specific mode of delivery of programmes.

3. Contextual criteria focused on:
   - the programmes' relationships with employers and the world of business;
   - the ways in which the programmes articulate with broader societal needs and goals that fall within its sphere;
   - the contribution of the programmes to the world of business and management in general.

The second part of the national review consisted of a report on the state of educational provision of MBA programmes in South Africa (CHE, 2004). The report provides a systematic view of the state of the field, focusing on specific areas of concern such as the coherence of curriculum, the nature and impact of knowledge production and research education, the relationship between the programme structure and outputs and broader societal concerns, and the capacity to produce innovation in professional practice.

Thirty-seven MBA programmes from 13 public universities, 5 public technikons, 4 transnational providers, and 5 local private providers were assessed in 2003. The following accreditation outcomes were made public in May 2004.

Table 4.3 **Accreditation outcomes of the MBA review in South Africa, by institutional type**

Institutional provider types	Number of MBA programmes assessed	Number with full accreditation	Number with conditional accreditation	Number with withdrawal of accreditation
Public universities	18 (100%)	7 (35%)	8 (48%)	3 (17%)
Public technikons	5 (100%)	0 (0%)	2 (40%)	3 (60%)
Local private providers	10 (100%)	0 (0%)	4 (40%)	6 (60%)
Foreign or transnational providers	4 (100%)	0 (0%)	1 (25%)	3 (75%)

Source: Materials provided by local agents/representatives; Internet.

Since May 2004, three programmes (one from a public university and two from public technikons), which had been conditionally accredited, have now met the outstanding conditions and received full accreditation after a site evaluation by HEQC peer review panels.

Transnational providers fared the worst among all the institutional provider types. Three of their four MBA programmes did not satisfy the minimum requirements and had the recognition of their accreditation withdrawn. The reasons for withdrawal of accreditation were the following:

- lack of competent and adequate academic staff to deliver the programme;
- heavy reliance on part-time staff from industry. Many of the staff had industry experience, but very few of them had teaching or research experience;
- dual certification by the local partner and the foreign institution in two cases. In one case, employers in the host country required the certificate to specify that the qualification was obtained in a foreign country. This suggested that employers did not see as equivalent the

qualifications obtained in the foreign country in contrast to the ones obtained in the home country of the institution;

- curricula, which were not contextualized to reflect South African needs with regard to management training. Teaching and learning material rights were controlled by the parent institution, with very little room for those academics delivering the programmes in South Africa to change and adapt to local conditions;
- high student-supervisor ratios. Most academics had limited research supervision capacity or experience. No supervision training opportunities existed for supervisors;
- academics with a poor or no research track record;
- limited and under-resourced library facilities;
- bock teaching methods not conducive to the promotion of effective learning and mentoring;
- uneven quality assurance implementation, which was mainly dependent on the parent institution. Policies for quality assurance were developed by the parent institution that also had oversight responsibility for them, but there was very little evidence of the implementation of such policies;
- external evaluation systems not implemented rigorously. No improvement and follow-up plans were in operation.

Upon the release of the accreditation results to institutions and the general public, two transnational providers issued press statements to the effect that the re-accreditation process had been biased in favour of local MBAs. Claims were also made that they lost accreditation because they did not offer a South African MBA and that the South African authorities did not understand an MBA that was internationally recognized. These declarations glossed over serious problems relating to teaching and learning and quality assurance oversight in the programmes in question. One transnational provider immediately withdrew from South Africa, leaving students in the lurch without any possibility of completing the degree, compensation or transfer to other accredited MBA programmes.

The MBA re-accreditation results indicated that transnational providers in South Africa were not necessarily providing education of a higher quality than other local institutions, as perceived by some students and employers, and as claimed by analysts such as Kruss (2002 and 2004). This is the case in spite of the fact that these institutions may very well be offering MBA programmes of good quality at home, which is testified to by the fact that many have accreditation from the Association of MBAs (AMBA). The MBA review showed clearly that the quality of delivery was site dependent and that justified reputations in other countries were no guarantee of good quality when programmes travel cross-border and are offered under a completely different set of resourcing conditions.

The review also showed the importance and need for external validation of the quality of transnational programmes, which could be carried out by local national quality assurance agencies, or by those local agencies working in partnership with the agencies from the home countries of the transnational providers. International agencies could also be used, although with some caution. In the case of the MBA review, one transnational provider had accreditation for its South African programme from such an international agency, but was de-accredited by the HEQC. The reason for this was that the international agency focused mainly on the quality of provision in the country of origin of the transnational provider rather than on South Africa as a site of delivery.

V.   Conclusions

The expansion of private and transnational higher education worldwide has been generated to a large extent by the social demand for 'more', 'different' and 'better' higher education (Kruss, 2002; 2004; Levy, 1993; Altbach, 1999). South Africa is no exception. The *White Paper 3: A Programme for the Transformation of Higher Education Transformation* has recognized the complementary role of the private and transnational higher education sector in contributing to human resource development in South Africa.

However, this study has shown that transnational education in South Africa (a) provides access which is not particularly significant, given the size and nature of their enrolments in comparison with the rest of the higher education system; (b) offer 'cherry-picked' programmes, mainly in business and management, and do not contribute significantly to the comprehensive human resource development needs of the country; (c) lack a social engagement with South African society; (d) have limited local partnerships with local institutions; (e) conduct hardly any research; (f) rely heavily on a few academic full-time staff and many part-time academic staff; (g) are mainly institutions with public good missions in their home countries, but profit-driven in foreign countries; and (h) do not focus on the development imperatives or the goals of the White Paper on higher education in South Africa.

On a small scale, transnational providers in South Africa have become part of processes that select and socialize elites. In the contemporary South African context, this means that they function to facilitate international mobility possibly for emigration purposes, and respond to a demand by some historically privileged white South Africans for education that is perceived to be better than that offered by the public sector. Based on the evidence in the preceding sections, it can be concluded that transnational institutions in South Africa do not necessarily provide 'more', 'better' and 'different' higher education. Unlike local private providers, they do not play a complementary role to the public higher education system in the country.

Transnational provision does have the potential to play an important complementary role to public higher education in developing countries, particularly in contexts where there is increasing pressure to increase the participation rates of students to ensure viable and sustainable socioeconomic development, but where public funds are becoming increasingly scarce. Developing countries need, however, to develop policy and regulatory frameworks in which transnational education is integrated into the local system in a coherent and efficient manner. Regulations for the provision of transnational education should include the following:

- Transnational providers should be recognized and legalized both academically and financially, i.e. the national higher education system needs to legally recognize transnational providers as part of the national system. Students from transnational providers must be able to transfer from these institutions to public institutions without losing credits. In terms of financial recognition, transnational providers need to be regulated by the importing country's financial legal requirements, hence giving the host country some legal recourse in the event of financial impropriety by the transnational provider.

- Transnational providers have to sign a declaration to act in accordance with the national policy goals of the importing country. This will encourage them to offer programmes in fields that are not only lucrative but also of value to the development agenda of the importing country. In this way, they could play an important role in complementing and strengthening public higher education provision.

- Transnational providers have to be financially viable, with arrangements for regular monitoring and reporting to national authorities. Consideration should be given to the creation of a fidelity fund to enable students at least to recover their fees in the event of programmes being de-accredited.

- All qualifications offered by transnational providers have to be recognized in their home country, should have quality assurance clearance for export from their home country, and should ideally

be registered on the national qualifications framework of the home country, if it has one. Foreign institutions should submit proof of equivalence of qualifications, proof of recognition and accreditation in their home country, and proof of registration in the national qualifications framework of the home country. In this way, mobility and portability of qualifications would be facilitated for students in transnational programmes.

• Franchising of programmes by transnational providers to local providers is often fraught with quality-related problems. Where possible, franchising should be avoided, or at least scrutinized carefully. Transnational providers should be urged to offer their own programmes and should be held accountable for the quality of provision.

• All providers, including transnational providers, should be subject to the same national quality requirements of a robust national quality agency, which implements its systems consistently across public, private and transnational providers of higher education.

The above framework is appropriate for a country that has a well-developed public higher education system where demand for higher education does not outstrip supply. Given such a situation in South Africa, the regulatory framework could afford to outlaw franchising of higher education while encouraging traditional partnerships such as exchange of staff and joint offerings of academic programmes. Such partnerships have the potential to enhance the capacity of local providers to offer good-quality academic programmes. In fact, there are many existing examples of such partnerships.

On the other hand, when there is a greater demand for than supply of higher education, the national systems need to develop a regulatory framework that stimulates the growth of different forms of quality higher education provision. In such a case, the regulatory framework could encourage the offering of quality higher education through franchising relationships that are monitored in some way. Only institutions from foreign countries, which meet all the quality requirements in their country of origin, should be allowed to franchise

education. Such institutions should obtain clearance from their national quality assurance agencies, signalling that they have the capacity to offer good quality franchised education. Such a requirement will assist importing countries with new or poorly developed national quality assurance agencies to have some safeguards from poor quality higher education provision.

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Centre for Higher Education Transformation (CHET): www.chet.org.za/

Committee of Technikon Principals (CTP): www.technikons.co.za/

Council on Higher Education (CHE): www.che.ac.za

Department of Education (DoE): education.pwv.gov.za/

Education Policy Unit (EPU, UWC): www.epu.uwc.ac.za

South African Association for Research and Development in Higher Education (SAARDHE): www.saardhe.ac.za/

South African Institute for Distance Education (SAIDE): www.saide.org.za/

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