

Chapter 4

Developing Capacity in Tertiary Education through Trade Liberalisation and the GATS

Massimo Geloso-Grosso *

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

4.1. Introduction

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

* Massimo Geloso-Grosso is a Trade Analyst at the OECD.

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

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

4.2. Developing capacity through enhanced trade and investment

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

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

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

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

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

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

Box 4.1. The gains from liberalising trade in services

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

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

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

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

Figure 4.1. Gains from liberalisation in goods and services (USD)

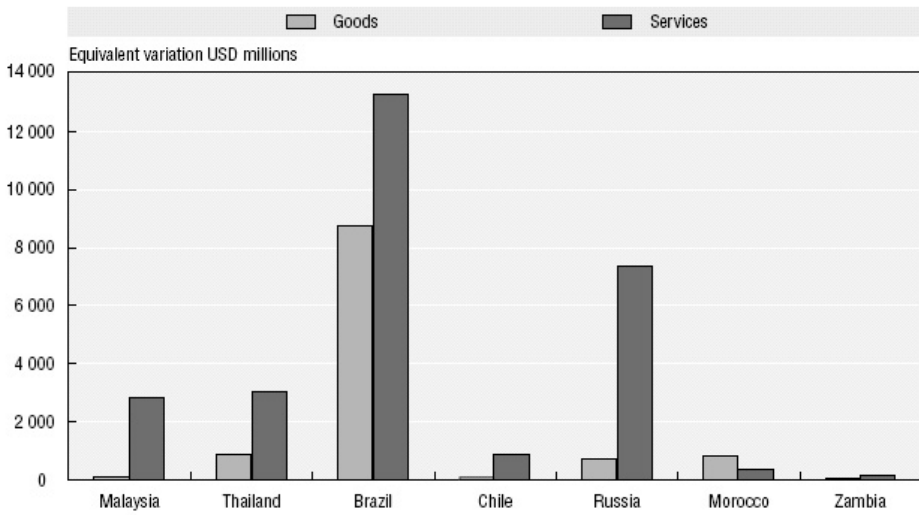
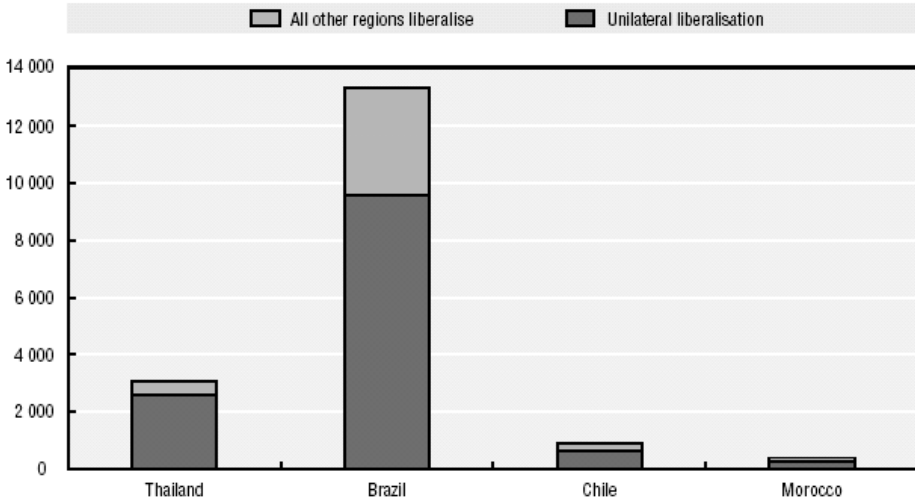


Figure 4.2. Gains from services liberalisation (USD)



Source: OECD (2005a); PPIAF and WSP (2001); and ITU (2003).

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

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

4.3. Regulation and remedial policies

Pursuing equity

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

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

Box 4.2. Mechanisms for achieving equity

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

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

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

Source: World Bank (2002).

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

Ensuring quality

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

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

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

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

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

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

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

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

Source: OECD (2004b).

Fostering recognition of qualifications

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

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

Box 4.4. Harmonisation and recognition of academic qualifications in MERCOSUR

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

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

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

Source: Zarrilli (2005).

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

Minimising brain drain

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

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

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

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

Box 4.5. Diaspora networks: the case of South Africa

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

Once professionals join SANSA, they can:

- offer to train their South African counterparts;
- assist them to initiate and conduct research;
- transmit information and research results not available in South Africa;
- facilitate business contacts;
- disseminate cultural and artistic creation;
- facilitate discussion fora;
- transfer technology to South African institutions (*e.g.* through provision of software collected in industrialised countries).

Source: Mutume (2003); and SANSA website.

Enhancing transparency

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

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

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

- **Principle One:** Ensure that Australia's quality assurance framework is well understood and well-regarded within Australia and internationally.
- **Principle Two:** Make clear to providers and consumers the accountabilities in offshore education and training.
- **Principle Three:** Ensure that accreditation and audit functions are undertaken transparently.

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

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

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

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

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

4.4. Higher education services and the GATS

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

These concerns can partly explain the limited progress achieved so far on bound liberalisation of higher education services under the GATS. The education sector is one of the least committed sectors. Only 28 Members (counting the then 12 EU Members as one) have made commitments on education services during the Uruguay Round¹ and, of these, 20 schedules contain commitments in higher education services.² The notable exception

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

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

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

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

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

Overview of the GATS

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

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

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

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

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

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

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

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

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

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

In practice, since there is no single model of governmental provision of higher education services within WTO membership, as the concept varies according to different segments, national traditions and legal conditions, the coverage of the carve-out will vary depending on the country and service concerned. However, uncertainties remain about its exact scope (see Krawjeski, 2003⁵). This general definition does not allow to clearly determine whether and under what circumstances higher education services provided by public institutions would fall outside the scope of the GATS. Questions remain on the exact meaning of the definition of services supplied on a non-commercial basis, for instance. While services provided for free would fulfil this condition, the same cannot be said with certainty in the case of cost-recovery fees. Even equating commercial with profit-seeking would still leave some questions unanswered as to the exact concepts of profit that would be relevant. And what about an activity that fails to live up to the supplier's underlying profit intentions? Or a service that turns out to be profitable unintentionally?

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

Implications of misinterpreting the scope of the GATS

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

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

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

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

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

Limitations on higher education services commitments

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

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

These developments are reflected in the plurilateral request on education services presented by a number of WTO Members⁶ in the spring of 2006. As mandated by the Honk Ministerial Declaration, collective requests are intended to complement bilateral request-offer negotiations. The plurilateral request, relating to private higher education and “other” education services as defined in the WTO classification,⁷ expressly states that the Members in question are not requesting commitments in public education. Recognising that what is considered public and private education differs among Members, they suggest using the sectoral column to describe, based on each Member’s circumstances, that part of education services they wish to commit.⁸ In addition, the request suggests that Members make clear in their schedules (in the national treatment column) that public funds granted to nationals remain outside the scope of commitments.

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

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

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

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

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

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

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

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

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

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

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

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

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

Mutual recognition and the GATS

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

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

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

4.5. Conclusion

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

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

References

- Adlung, R. (2005), "Public Services and the GATS", Economic Research and Statistics Division, WTO, Geneva.
- Australian Department of Education, Science and Training (DEST) (2005), "A National Quality Strategy for Australian Transnational Education and Training", A Discussion Paper, http://aei.dest.gov.au/AEI/GovernmentActivities/QAAustralianEducationAndTrainingSystem/QualStrat_pdf
- Bressie, K., M. Kende and H. Williams (2004), "Telecommunications Trade Liberalisation and the WTO", paper presented to the 15th ITS Biennial Conference Berlin, Berlin, September.
- Chanda, R. (2003), "Social Services and the GATS: Key Issues and Concerns", *World Development*, Vol. 31, No. 12, pp. 1997-2001.
- Cossy, M. (2005), "Water Services at the WTO", in E. Brown Weiss, L. Boisson de Chazournes and N. Bernasconi-Osterwalder (eds.), *Fresh Water and International Economic Law*, International Economic Law Series, Oxford University Press, pp. 117-141.
- International Telecommunication Union (ITU) (2003), "Trends in Telecommunication Reform – Promoting Universal Access to ICTs", Geneva.
- Krajewski, M. (2003), "Public Services and Trade Liberalisation: Mapping the Legal Framework", *Journal of International Economic Law*, Oxford University Press, Vol. 6(2), pp. 341-367.
- Knight, J. (2003), "GATS, Trade and Higher Education: Perspective 2003 – Where Are We?", The Observatory on Borderless Higher Education, London.
- Mutume, G. (2003), "Reversing Africa's Brain Drain", available at <http://www.un.org/ecosocdev/geninfo/afrec/vol17no2/172brain.htm>
- Nielson, J. (2002), "Service Providers on the Move: Mutual Recognition Agreements", OECD, Paris.

- OECD (2004a), *Internationalisation and Trade in Higher Education: Opportunities and Challenges*, OECD, Paris.
- OECD (2004b), *Quality and Recognition in Higher Education: The Cross-border Challenge*, OECD, Paris.
- OECD (2005a), “Opening Up Trade in Services: Crucial for Economic Growth”, Policy Brief, OECD, Paris.
- OECD (2005b), *Guidelines for Quality Provision in Cross-border Higher Education*, jointly elaborated by UNESCO and the OECD, OECD, Paris
- PPIAF (Public-Private Infrastructure Advisory Facility) and WSP (Water and Sanitation Programme) (2001), “New Design for Water and Sanitation Transactions: Making Private Sector Participation Work for the Poor”, World Bank, Washington D.C.
- Trachtman, J. (2003), “Lessons for the GATS from Existing WTO Rules on Domestic Regulation”, in A. Mattoo and P. Sauve (eds.), *Domestic Regulation and Service Trade Liberalisation*, IBRD, World Bank, Washington D.C.
- Thorn, W. (2005), “Regulation of the Cross-Border Supply of Higher Education Services: an Australian Perspective”, paper presented at the WTO Symposium on Cross-Border Supply of Services, Geneva, 28-29 April.
- United Nations Economic Commission for Africa (UNECA) (2000), “From Brain Drain to Brain Gain”, paper prepared for UNECA Regional Conference on Brain Drain and Capacity Building in Africa, Addis Ababa, Ethiopia, 22-24 February.
- World Bank (2002), “Higher Education in Developing Countries: Peril and Promise”, World Bank, Washington D.C.
- WTO (1998), “Education Services: Background Note by the Secretariat”, Document S/C/W/49.
- WTO (1999), “Article VI:4 of the GATS: Disciplines on Domestic Regulation Applicable to All Services: Note by the Secretariat”, Document S/C/W/96.
- Wunsch-Vincent, S. (2005), “Cross-Border Trade in Services and the GATS: Lessons from the WTO US-Internet Gambling Case”, Working Paper, Institute of International Economics, Washington D.C. www.iiie.com
- Zarrilli, S. (2005), “Moving Professionals Beyond National Borders: Mutual Recognition Agreements and the GATS”, paper prepared for the UNCTAD’s Expert Meeting on Trade and Development Aspects of Professional Services and Regulatory Frameworks, Geneva, 17-19 January.

List of Acronyms

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

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

Also available in the CERI collection

Understanding the Social Outcomes of Learning

130 pages • July 2007 • ISBN: 978-92-64-03310-8

Understanding the Brain: The Birth of a Learning Science

330 pages • June 2007 • ISBN: 978-92-64-02912-5

Evidence in Education: Linking Research and Policy

180 pages • June 2007 • ISBN: 978-92-64-03366-5

Giving Knowledge for Free: The Emergence of Open Educational Resources

147 pages • May 2007 • ISBN: 978-92-64-03174-6

Demand-Sensitive Schooling? Evidence and Issues

146 pages • November 2006 • ISBN: 978-92-64-02840-4

Think Scenarios, Rethink Education

200 pages • April 2006 • ISBN: 978-92-64-02363-1

Personalising Education

128 pages • February 2006 • ISBN: 978-92-64-03659-8

E-learning in Tertiary Education: Where do We Stand?

290 pages • June 2005 • ISBN: 978-92-64-00920-5

Formative Assessment – Improving Learning in Secondary Classrooms

280 pages • February 2005 • ISBN: 978-92-64-00739-3

Quality and Recognition in Higher Education: The Cross-border Challenge

205 pages • October 2004 • ISBN: 978-92-64-01508-6

Internationalisation and Trade in Higher Education – Opportunities and Challenges

250 pages • June 2004 • ISBN: 978-92-64-01504-3

www.oecdbookshop.org

Table of Contents

Executive Summary	11
Chapter 1. Cross-border Tertiary Education: An Introduction	
by Jane Knight	21
1.1. Growth and complexity of cross-border education	21
1.2. Terminology	23
1.3. Elements of cross-border education	24
1.4. A diversity of cross-border providers.....	27
1.5. Typology of programme mobility	28
1.6. Typology of traditional and new provider/institution mobility	29
1.7. Rationales and impact	30
1.8. Emerging issues and challenges	37
1.9. Key questions	41
1.10. Conclusion	43
References	44
Chapter 2. Developing Capacity through Cross-border Tertiary Education	
by Stéphan Vincent-Lancrin	47
2.1. Introduction	47
2.2. What is capacity development?.....	52
2.3. The centrality of education and higher education in any capacity-building strategy ..	59
2.4. Why build capacity in tertiary education in developing countries?	61
2.5. Why incorporate cross-border education into a capacity development strategy? ..	65
2.6. How can different forms of cross-border education contribute to capacity building in higher education?.....	72
2.7. The complementarity of trade and development assistance in cross-border higher education	79
2.8. Which policies can maximise a country’s benefits from cross-border education and minimise the possible risks?	88
2.9. Conclusion	100
References	102

Chapter 3. Building Capacity in Quality Assurance The Challenge of Context

by Richard R. Hopper	109
3.1. The complexities of quality assurance	111
3.2. Developing capacity in quality assurance	117
3.3. The way forward: ideal systems vs. manageable systems.....	146
3.4. Conclusion	151
References.....	155

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

by Massimo Geloso-Grosso.....	159
4.1. Introduction.....	159
4.2. Developing capacity through enhanced trade and investment	160
4.3. Regulation and remedial policies	164
4.4. Higher education services and the GATS	172
4.5. Conclusion	182
References.....	183

Annex 1. Guidelines for Quality Provision in Cross-border Higher Education.. 185**List of Acronyms..... 197****List of Tables**

Table 1.1. Framework for cross-border higher education.....	25
Table 1.2. Different perspectives on rationales and impacts of programme and provider mobility	36
Table 2.1. Types of cross-border education activities	51
Table 2.2. Participation in education by country's level of income: enrolment ratios..	69
Table 2.3. Official Development Assistance (ODA) to post-secondary education and education (1995- 2004).....	83
Table 3.1. Considerations in the establishment and reform of systematic quality assurance practices	118
Table 3.2. Definitions of quality assurance mechanisms	137
Table 3.3. Expected and potential consequences of quality assurance for cross-border tertiary education	153
Table 4.1. Examples of higher education services limitations on WTO Members' schedules.....	178

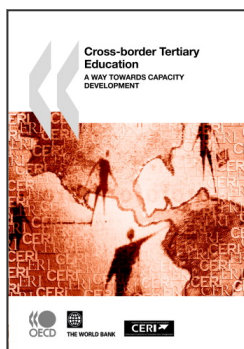
List of Figures

Figure 2.1. Capacity development	54
Figure 2.2. Capacity development: a multi-level conceptual framework	55
Figure 2.3. An example of capacity-building strategy: trade capacity building	61
Figure 2.4. Cross-border education in capacity building	65

Figure 2.5. Average enrolment ratio in tertiary education by countries' level of income (2004)	67
Figure 2.6. Countries where domestic students enrolled abroad represent over 20% of domestic tertiary education enrolments (%), 2004	75
Figure 2.7a. Countries with more than 20% of tertiary educated people born in the country and expatriated in the OECD area (%)	96
Figure 2.7b. Countries with less than 5% of tertiary educated people born in the country and expatriated in the OECD area (%)	96
Map 2.1. Percentage of expatriates to OECD countries among all highly skilled born in the country.....	97
Figure 4.1. Gains from liberalisation in goods and services (USD)	163
Figure 4.2. Gains from services liberalisation (USD).....	163

List of Boxes

Box 2.1. OECD Development Aid Committee (DAC) – Guiding principles for sustainable development strategies.....	57
Box 2.2. UNDP's 10 default principles for capacity development.....	58
Box 3.1. Hungary looks to Western Europe	113
Box 3.2. Nepal proposal for quality assurance in an environment dominated by a single institution	115
Box 3.3. Bangladesh purposes of a newly emerging quality assurance system.....	121
Box 3.4. Consejo Centroamericano de Acreditación (CCA)	126
Box 3.5. Conseil Africain et Malgache pour l'Enseignement Supérieur (CAMES) ...	127
Box 3.6. Tunisia: regulation of private higher education institutions	129
Box 3.7. Federación Mexicana de Instituciones Particulares de Educación Superior (FIMPES).....	130
Box 3.8. Quality assurance in Indonesia – reform of a large system to deal with resource constraints	133
Box 3.9. Quality assurance in post-conflict Mozambique focuses on institutional development	135
Box 3.10. Indonesia – government resources to teacher training institutes to support and encourage self study	138
Box 3.11. Brazil's experience with PROVAO and ENADE	141
Box 3.12. Sri Lanka builds its quality assurance system from worldwide lessons of experience.....	146
Box 3.13. Vietnam and cross-border quality assurance.....	149
Box 3.14. Cross-border quality assurance: a few examples.....	150
Box 4.1. The gains from liberalising trade in services.....	162
Box 4.2. Mechanisms for achieving equity	165
Box 4.3. Quality assurance and accreditation: the case of Malaysia	167
Box 4.4. Harmonisation and recognition of academic qualifications in MERCOSUR.	168
Box 4.5. Diaspora networks: the case of South Africa	170
Box 4.6. Transparency in higher education systems: the case of Australia.....	171



From:
Cross-border Tertiary Education
A Way towards Capacity Development

Access the complete publication at:
<https://doi.org/10.1787/9789264038493-en>

Please cite this chapter as:

Geloso Grosso, Massimo (2007), "Developing Capacity in Tertiary Education through Trade Liberalisation and the GATS", in OECD/The World Bank, *Cross-border Tertiary Education: A Way towards Capacity Development*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264038493-6-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.