

**BACKGRDOUND REPORT
ON THE ESTABLISHMENT OF THE COMMONWEALTH TERTIARY EDUCATION
FACILITY (CTEF) COMMISSIONED BY THE COMMONWEALTH SERCRETARIAT**

1. INTRODUCTION AND BACKGROUND

- 1.1 The aim of this paper is to describe the idea of a Commonwealth Tertiary Education Facility (CTEF) and to set out how it would operate and how it might be funded and managed. If the concept is approved by the Government of Malaysia and core funding can be identified, this paper would be the basis for further consultations before a final version is submitted to 18 CCEM in 2012.
- 1.2 At the 16th Commonwealth Conference of Education Ministers (16CCEM), held in Cape Town in December 2006, a proposal was made by Dr. John Rowett, the then Secretary-General, Association of Commonwealth Universities (ACU) that a Tertiary Education Facility for the Commonwealth should be established as a means of helping ministers responsible for higher education with policy advice and guidance.
- 1.3 In response Ministers directed the Commonwealth Secretariat to develop draft Terms of Reference to consider the proposal for the creation of an appropriate Commonwealth facility. In 2007 and 2008 two meetings of senior officials (here in referred to as the “Senior Officials Working Group”) were convened under the chairmanship of Mr. Duncan Hindle, Director-General, Department of Education, South Africa, to which all Commonwealth members were invited to attend. The meetings were attended by representatives from Barbados, Jamaica, Malta, Malaysia, India, South Africa and UK. The Association of Commonwealth Universities (ACU), Commonwealth of Learning (COL), and Commonwealth Secretariat were present to support the Working Group.
- 1.4 As a result of these meetings three proposals in connection with the CTEF were presented to 17CCEM and after discussions it was agreed to accept the proposal from the Government of Malaysia and develop it into a more detailed proposal for 18 CCEM. The development has been pursued by two meetings in the Commonwealth Secretariat to date in 2011: the first in February 2011 with officials and representatives from the Ministry of Higher Education in Malaysia and the second in March 2011 with the Malaysian delegation and other interested parties from South Africa and the University of the West Indies. Senior staff from the Commonwealth of Learning and the Association of Commonwealth Universities also contributed. From these discussions this Concept Note relating to the CTEF has been developed.
- 1.5 This concept paper starts with an analysis of the need for a facility such as the CTEF by looking at the three levels of challenge: global, national and institutional. It reviews how requests for help in this area are being met at present and then describes what the functions of CTEF might be, how it would respond to needs and the services it might offer. The partners in the venture are then described with a short summary of their roles. This is followed by sections outlining what the staffing requirements might be and what non-

recurrent and recurrent budgets would be required. A final section considers the options for funding the CTEF and outlines some models for the way that it might be governed.

2. THE GLOBAL CONTEXT AND THE CASE FOR ESTABLISHING A CTEF

Global challenges

2.1 Commonwealth universities operate in a challenging global environment. Their governments expect them to play a role in helping to lead the way in their countries' responses to these challenges. Some of these issues are particularly poignant for the thirty-two (32) countries that are small States, many of them islands.

2.2 The major issues can be summed up as follows:

- Developing a sustainable growth strategy and a sustainable development path faced with climate change that might lead to rises in sea levels and pressures on agricultural production and tourism.¹
- Competing in global markets and exporting all the goods and services that Commonwealth countries produce.²
- Finding new sources of growth and new ways of generating wealth. The most likely places from which new sources of growth and wealth creation might emerge are from diversification (new investments from both internal and external sources, new industries, different products and services), innovation (significantly improved products, processes or methods) and entrepreneurship (new business creation and fresh interventions for wealth creation).

2.3 These challenges have implications for the role of tertiary education institutions and systems, the transformation that might be required in curriculum, syllabus, pedagogy and evaluation systems and the thrust of research in the field of tertiary education and tertiary and higher education systems.

2.4. Formal education is the basis for human capital formation and the graduates from the tertiary sector are a critical factor in facilitating a knowledge-driven economy capable of innovation, entrepreneurship, competitiveness, diversification and sustainable development. Tertiary systems are critical in this regard in two key ways – to facilitate the participation of less endowed, less prosperous countries at the knowledge table of the world and to improve the prospects for such countries so that they can develop themselves at a more rapid rate.

National Challenges in tertiary education policy

2.5 Allied to these global issues there are many pressing policy challenges for those ministers responsible for tertiary education. Areas where governments are facing particular problems and where technical advice and support could be valuable include;

- Meeting the growing demand for tertiary education with limited resources; what options are available? What methods are other countries taking to meet demand at a reasonable cost?
- Funding any expansion is a major problem. One option, much touted by donor agencies, is that of cost-sharing that asks parents or students themselves to foot much of the bill through increased tuition fees. If this happens, some form of loan scheme must be introduced to support able students from poor families. What is the secret of

¹ In small states tourism represents a very large share of national exports.

² The economic downturn has affected the exports of small states substantially.

running a successful student loan scheme and what can one learn from those countries with a high repayment ratio?

- The growth of the private sector presents governments with both a threat and an opportunity. How should it be regulated? What kind of regulatory framework is sensible? What controls are best and are any incentives required?
- Given that most countries now recognise the value of tertiary education as a way of strengthening the national human resource capacity and fuelling a knowledge economy, it is increasingly important to have sound policies for ensuring access to higher education for the brightest children. How can equitable access policies be developed? What should be the scale of investment in scholarships and bursaries? How much will a country need to rely on universities overseas to provide its students with those specialist skills not available in national institutions?
- If tertiary education is to expand, how can the quality be maintained? What quality assurance mechanisms are there to ensure that standards are high and to protect young people from low quality provision of teaching and learning in both public and private providers?
- Allied to quality is the question of relevance of the curriculum. It is very common in some countries for university graduates to be unemployed or employed at a level below their qualification. How does a country ensure that curricula and programmes offered by autonomous institutions take the interest of the market place into account and produce graduates with employable skills? How can the short term needs of today's employers be reconciled with the long term view of a university's role in society?
- Tertiary education operates in an increasingly global context; research is co-authored between academics in different countries and much research is aimed at global problems, working in north-south, south-south or north-north partnerships. In the developed world campus populations are increasingly international with over 20% of staff and students from outside the host country. Governments are keen to ensure that their universities have a place in this internationalised world. How is this done? What support or financial backing do institutions need?
- One consequence of the globalised world is that foreign providers are seeking to establish themselves in many Commonwealth countries, either with a physical presence or by offering distance education. Governments are often unsure what regulatory controls are possible or desirable in such circumstances.
- The governance and management of tertiary education at national and institutional levels requires an increasing awareness of leadership and management competences. Governments are recognising the need to strengthen the capacity of their ministerial and university managers as well as investing in upgrading the academic qualifications of university staff. What is the best way of doing this and what resources are there internationally that could help?

2.6 A crucial issue for governments is how tertiary and higher education systems and institutions can become more responsive and relevant to the societies that they serve and how they support the transformation of the economies of Commonwealth countries leading to greater prosperity and a better quality of life for citizens.

Challenges for institutional managers

2.7 At institutional level Vice Chancellors face many of the national problems in microcosm. Their principal challenge is to find ways of innovating with limited resources and limited flexibility for change. In many countries the financial regime under which they operate provides no incentives to innovate or redeploy any income generated or costs saved.

2.8 The principal challenges faced by institutional leaders are:

- Improving or maintaining the quality of delivery of teaching with fewer resources than are requested.
- Leading and motivating a team of senior managers to deliver change.
- Meeting the needs of students and offering them a satisfying experience with skills that enable them to obtain employment.
- Developing the academic strengths of teaching staff and building a research capacity that meets national needs.
- Ensuring that curricula are up to date, relevant and educationally challenging.
- Providing modern well equipped facilities to an international standard.
- Ensuring that a high standard of electronic resources and books are available to make research possible.
- Managing the enterprise efficiently and cost effectively and generating income from allied activities wherever possible.

Available resources to help in meeting these challenges

2.9 Any decision to launch a new international service must take note of the existing pattern of providers and agencies that are currently available to help governments and institutions with answers to these challenges. There would be little point in duplicating their work or competing when funds are so limited. Ministers should therefore note the operations and services of the following providers of advice:

For governments:

- *Donor agencies* are increasingly alert to the strategic and policy issues in tertiary education and will support governments in the following areas: strategic planning for the tertiary sector, curriculum reform, human resource development, the development of quality assurance systems and national qualifications frameworks as well as the installation of management information systems at national level. For example, in the last five years the World Bank has financed projects in these areas in Pakistan, Sri Lanka, and The Gambia and is in discussions in The Maldives.
- *The Commonwealth of Learning* is a key resource for governments wanting advice and help on everything to do with open and distance learning (ODL) and e-learning. Its VUSSC (Virtual University for Small States of the Commonwealth) is a collective approach to developing materials for use on the internet. Recently COL has developed with UNESCO an international model for evaluating the quality of ODL offerings.
- *The IIEP* in Paris has long been a resource for training those responsible for strategic planning and management at the sector level. It offers programmes in both face to face and distance mode and makes its electronic materials openly available.
- *The Observatory on Borderless Higher Education* provides subscribers with a global research and intelligence service on all topics related to private providers, e-learning, corporate involvement in higher education and internationalisation via trans-national education.

For universities:

- The *Association of Commonwealth Universities (ACU)* that is shortly to celebrate its centenary has developed a wide range of services for member institutions and their managers. These include an annual benchmarking programme, six Commonwealth-wide networks for professional managers (covering topics such as research management, libraries, marketing and human resource management), as well as research studies and a "Course Finder" service for students. One of ACU's services is

a Policy Index in which universities can see examples of other universities' policies and procedures on a wide range of management topics.

- *Other membership organisations* such as the International Association of Universities offer a range of services such as consultancy on internationalisation, research via a journal *Higher Education Policy*, access to a World Higher Education Database (that describes university systems), the International Handbook of Universities and HEDBIB, an international bibliographic database.
- In recent years several organisations have developed management development programmes for Vice Chancellors and other senior university staff. The most active of these is the Leadership Foundation for Higher Education in the UK, which is now running programmes in many other Commonwealth countries. Appendix II shows the range of programmes that it provides for various levels of manager in the system. Similar agencies have recently been established in Malaysia (AKEPT, as part of the MOHE) and in Australia the LH Martin Institute (as part of the University of Melbourne). A mapping and analysis of all the providers of higher education management training has been published by the Leadership Foundation.³
- Many universities throughout the Commonwealth have centres or departments that are undertaking research on higher education policy and management – at both system and institutional levels. However, many of these are personality-dependent and their capacity will vary depending on the mobility of key individuals. Not many of these departments carry out consultancy since it usually brings no research or publication potential. Some of the universities where such research centres are active include:
 1. In Australia; the Universities of Melbourne and New England.
 2. In Canada; the University of Manitoba.
 3. In Malaysia; University Sains Malaysia.
 4. In South Africa; the University of the Western Cape.
 5. In the United Kingdom: the Universities of Bath, Kingston, Southampton, Lancaster and the Institute of Education in London.
 6. In West Indies: the University of the West Indies.
- As well as these departments there is a pool of individual consultants and advisers working on international projects in higher education. The World Bank maintains a Register of Consultants in which their names and experience can be seen.

3. The case for a Commonwealth facility and how it might work

3.1 The Senior Officials Working Group and subsequent meetings are of the view that, as Section 2 has shown, the challenges in tertiary education faced by Commonwealth member states are similar and that the shared heritage of education systems facilitates lesson sharing. Since the problems facing both Commonwealth governments and their tertiary institutions are common, the solutions to them may also be similar and thus there would be benefit in seeking to centralise the expertise and experience in dealing with them. This would have practical and financial advantages, as it would reduce the learning curve of those providing any policy advice and support. It would also provide a valuable policy and statistical resource on tertiary education for the Commonwealth Secretariat; this is lacking at present.

3.2 On this basis and since there is no obvious global consultancy resource available elsewhere – and certainly none in the Commonwealth – there is a case for establishing a Commonwealth Tertiary Education Facility (CTEF). Such a Facility will however need to be

- professionally credible.

³ See Fielden, J (2009). *Mapping Leadership Development in Higher Education*. Leadership Foundation Research Series 2, publication 1. www.lfhe.ac.uk

- grounded in relevant global experience.
- drawing resources from across the Commonwealth, so as to access the best talents and reflect all cultures.
- able to deliver projects on time and to budget.
- modestly priced.

3.3 Section 2 has identified some of the challenges facing governments and institutions. It has shown that there is a **need for** advice and help. What it has not shown is whether this need can be translated into a **demand for** consultancy support or advice. In the past governments have not been quick to ask for external advice nor have they often commissioned studies of international good practice on which to base their policy decisions.⁴ This might change if there was a well-regarded and cost effective agency that could offer prompt and relevant advice. One issue that is very relevant to demand is the price that might be charged for help provided by a facility. Any demand could be quickly dampened if the cost of buying support was too high. Only in developed countries is there a general acceptance in public sector circles of the market costs of professional consultancy. Thus in the emerging economies any advisory service must be both credible and affordable.

3.4 Any Commonwealth facility must not duplicate any of the existing services described in section 2. It would for example be nugatory to attempt to undertake research and policy studies in areas covered by the OBHE, ACU or COL, to commission management development programmes in competition with AKEPT or the LFHE or to compile statistics that repeated the work of EdStats in the World Bank or the UNESCO Institute for Statistics. The scope of services offered by a facility should therefore be based on the identification and clarification of problems, analysis of policy options and the design and implementation of proven solutions.

3.5 In earlier discussions it was agreed that the definition of the term “tertiary” would be that used by UNESCO and would therefore encompass all post-secondary education, including skills development and training. This definition will need to be reflected in the services offered by the Facility

3.6 Various principles have been agreed upon in relation to the Facility. These are that:

- The Facility shall advocate Commonwealth values⁵ in the governance and management of tertiary education systems and institutions.
- The aim of the Facility is to provide relevant advice and assistance to subscribing member states, regional bodies and national associations or organisations involved in tertiary education, on policy, governance and management issues therein. The Facility would provide a common repository of information, which will be available for use by all subscribing Commonwealth countries.
- The Facility must adopt a network approach and develop close working relationships with key Commonwealth bodies (see below).
- The Facility would have a governance structure that reflected the interests of CCEM.
- Its management and professional staff should be drawn from throughout the Commonwealth, although its support staff can be from the host nation.
- For specialist projects the Facility should seek experts from the Commonwealth in the first instance and then from other countries (such as the USA) if their skills and experience are unique and relevant to the project.

⁴ There are exceptions to this as South Africa, Australia, New Zealand, and to some extent the UK have studied international experience in several cases.

⁵ Commonwealth values may be taken as the principles contained in the Harare Commonwealth Declaration issued by Commonwealth Heads of Government in Harare, Zimbabwe, 1991. The full text is available at <http://www.thecommonwealth.org/document/34293/35468/declarations/>

- The Facility should not operate at a deficit or reach a situation where the costs of closure exceed its reserves.
- 3.7 The Facility should generally be responsive in what it does, since its purpose is to meet the needs of subscribing member states and their institutions. However, it will also take the initiative in research and in developing policy ideas or proposals, where they are likely to be of value to several Commonwealth countries.
- 3.8 The work of the Facility would largely relate to systemic issues within and across member states, and only by exception, with the support of the relevant member state, would it undertake work with a specific institution. This may occur where an institution is doing pioneering or innovative work, or has relevance to the sector as a whole within the Commonwealth.

Functions of the CTEF

- 3.9 The work of the Facility will include three kinds of activity:
- *The core activities* will include data collection, research, and the production and dissemination of general policy papers, and other services that could be of benefit to all member states. This will involve monitoring policy changes and developments in tertiary education in member countries and in other countries where tertiary/higher education practice is globally influential. (eg: China, United States).
 - *In house projects* related to a particular aspect of tertiary education or a particular region or member state, which would have value for the region or member state, and which are regarded by the Facility as being of value. Such projects could be partially or fully subsidised by the Facility, depending on the ability of the region or member state to pay for the service, and its value to the broader community; and
 - *Contract consultancy*, which would be fully funded by a governmental or institutional client, thus recovering overheads and actual costs. Such contracts might also be undertaken for international agencies.
- 3.10 The core business of the CTEF (which will need to be financed from core funds – wherever their source) is the base upon which the remainder of CTEF’s business rests. It is also its visible gateway to member states as it will showcase the skills and experience of the CTEF through the materials that are produced and made available on its web site for the world to see. In fulfilling these core roles, the CTEF will:
- Collect and disseminate information on the tertiary education sector in the Commonwealth, and more broadly, using web-based facilities, and including an annual report on the state of the Commonwealth tertiary education sector;
 - Collect and disseminate reliable and up-to date information of “good practices” in member states on selected key policy areas (such as the challenges identified in Section 1), and make these available to others.
 - Assist member states by identifying, developing and implementing policies and systems in the tertiary education sector.
 - Facilitate communication and information exchange on tertiary education policy between governments, regional organisations and institutions in the sector.
 - Facilitate mutual understanding by providing platforms and forums for discussions of specific issues that arise and are common to member states.

- 3.11 If the CTEF is successful in this core business it could justify a role as a key resource for the Commonwealth Secretariat allowing them to turn to it for the best and most relevant policy guidance.
- 3.12 The second activity is in-house project work that could be commissioned by a member state's ministry of higher education, a university or a donor agency. The funding for this work would either be met from core funds (if the project is thought to be of sufficient value for a wide range of members), or from a mixture of core and specific project funds from one or more member states, or wholly from monies paid by a member state. The CTEF might also develop and design projects itself and then seek funding for them from member states. Examples of such projects might be:
- Benchmarking particular areas of policy and practice. Member states would pay a fee to participate and receive a comprehensive report on practice in a particular policy area (such as managing a student loan scheme or devising policies for improving teaching quality). A model for this could be the benchmarking scheme run by the ACU since 1996.
 - Comparative surveys of Commonwealth-wide policies and practice in a particular area; which, although commissioned by one government, could be of wider interest to others.
- 3.13 The third strand of activity would be contract work, which would be fully funded by the client, including overheads and actual costs. Some projects of this kind might be commissioned directly from CTEF by a client and some might result from CTEF tendering to a government or donor agency in response to an invitation and in competition with other providers. The project would usually be specific to the client and might not therefore be publishable or capable of dissemination to others, as client confidentiality would be involved. Examples of such work might include:
- Analysis of a particular problem for a client and the development of policy options for them to consider.
 - Assistance with implementing a new programme.
 - Evaluation of particular programmes with recommendations for revisions if necessary.
 - Institutional or programme reviews for a government,
- 3.14 The intellectual property of work undertaken by CTEF will depend on who is paying for it. Any work resulting from core business or internally devised projects will be the property of the Board of CTEF, but any work undertaken for clients may well be their property. This will vary on a case by a case basis, since projects undertaken for donors or a consortium of clients may wish the results of the study to be made widely available.

Networking and the roles of the network partners

- 3.15 Since a core principle of the CTEF is that it will be a Commonwealth resource drawing on staff from throughout the Commonwealth, one of its first tasks will be to develop an effective network of those organisations likely to contain key experts and resource persons for policy and consultancy studies. As an illustration a similar body, the Commonwealth Higher Education Management Service (CHEMS), which operated between 1994 and 2000, was funded by DFID to develop a database containing the names of 400 specialists willing to act as consultants and these were classified into over 40 different specialisms of higher education management. Multi-national teams of specialists could thus be assembled if required.

- 3.16 In the long interval since 16CCEM there have been discussions about hosting the CTEF. The most positive offer has come from the Government of Malaysia which has put forward a possible host organisation. If a network model is adopted, it follows that CTEF will be its hub and that the role of co-ordinating activities and communication between network members will be performed by the Director of the CTEF.
- 3.17 The concept of a network means that CTEF will be in close and regular communication with network members. These members would be consulted about the programmes and development plans of the CTEF and would be the first to be invited to submit possible consultants for CTEF projects; this would require them to agree to:
- Provide the services of their specialist staff to CTEF when required by the CTEF for all three levels of activity.
 - Share information on their internal research and consultancy activities so that they do not duplicate or overlap with CTEF.
 - Collaborate by sharing any statistics or survey data held on Commonwealth education systems or higher education institutions (HEIs).
 - Participate with the Director of the CTEF in its strategic development so that the collective resources of network members can be fully utilised for the overall benefit of member states and CTEF's clients.
- 3.18 Network members would include:
- The Association of Commonwealth Universities which has a policy unit that could share its intelligence with the CTEF or work on joint policy studies. ACU's seven professional networks could be the source of names of specialist administrators in their disciplines if any are required for projects based in universities. In addition ACU's publications have a wide circulation within all Commonwealth universities and they could be used by CTEF to disseminate findings from its studies and make governments and institutions aware of its services. The Director of CHEMS, for example, wrote regular articles in the ACU Bulletin for ACU's members.
 - The Commonwealth of Learning (COL) has unique experience and expertise in advising governments on all aspects of ODL, as well as a track record of developing innovative models such as the VUSSC and its Quality Assurance Toolkit for ODL programmes. Its web site houses a large amount of freely available advice and training materials. The CTEF would need to understand fully all aspects of COL's work so that it can be utilised whenever projects or research in its fields of expertise are suggested.
 - The UWI would be able to make available its statistical database relating to the tertiary sector in the Caribbean, when it is completed. They would also be willing to allow the CTEF access to the professional and consultancy resources of UWI.
 - The Ministry of Higher Education and Training in South Africa has agreed to help in co-ordinating appropriate facilities and research centres that might work with the CTEF. This would include organisations covering the SADC region such as the Southern African Regional Universities Association as well as in entities such as the Centre for Higher Education Transformation in South Africa.
- 3.19 One question to be resolved is the extent to which the network needs to be recognised legally and formally. This could be a way of committing the network partners to the investment of time and expense that would be needed. However, any common professional or research network relies on having the right people willing to collaborate with colleagues. No legal framework can ensure that this happens and in practice most international research collaboration depends on informal rather than formal linkages.

- 3.20 In addition to the creation of a network CTEF could develop relationships with other organisations such as IIEP in UNESCO, the Observatory on Borderless Higher Education, AKEPT in Malaysia and the Leadership Foundation for Higher Education. If they agree, the CTEF could designate these organisations “Associates” and include them in its network.
- 3.21 The Malaysian host organisation is likely to be able to draw on knowledge of experienced consultants and academic staff in Malaysian universities and this will be very valuable. However, since CTEF is a Commonwealth facility, care must be taken to ensure that a large share of the professional work is undertaken by network partners and experienced staff from countries other than Malaysia.
- 3.22 The principle of having a network is so important that making the initial agreements with the network partners and associates should be one of the first tasks for the CTEF Director. The success of the CTEF could depend on the effectiveness of the relationships that are established with network partners in the early days. If they believe that the CTEF is seeking to duplicate their work or compete in their markets, the relationship will not work. CTEF must also be seen to be willing to share its workload with its partners.
- 3.23 One issue to be discussed is whether the network partners should be funded in any way for their work in co-ordinating regional responses to CTEF opportunities. Such an approach could only apply if income generating work resulted from an enquiry and if costings of the project or study showed that any commission was affordable.

4. Governance and management

- 4.1 The Facility should be governed in a democratic and transparent manner, with a Board representing the interests of member states.
- 4.2 The Board should comprise senior representatives such as Permanent Secretaries or division heads responsible for tertiary education, or their representatives, drawn from all regions of the Commonwealth. It is proposed that one member per region should be a minimum, with the addition of other members by agreement, to a maximum of ten in total. Other members of the Board should include the Commonwealth Secretariat, ACU and COL.
- 4.3 The Board should meet at least once a year to review the strategic plan and work of the facility, to ensure proper financial management, and to approve the work plan for the next year. An annual report shall be provided by the Board to the Secretary General Commonwealth Secretariat, for presentation to the Commonwealth Secretariat Board of Governors and to the Ministry of Higher Education in Malaysia.
- 4.4 The CTEF should maintain proper accounts and records which will be audited professionally and submitted to the Board. The Commonwealth Secretariat and the Ministry of Higher Education in Malaysia shall also receive copies.
- 4.5 The CTEF should be managed as a distinct unit, although it is expected to be co-located with a host organisation with whom it will share some common services. Its operations and its staff (of whatever nationality) will be subject to the laws of Malaysia. This does not conflict with the status of CTEF as an entity established by Commonwealth Ministers and accountable to the Board of the Commonwealth Secretariat. There are precedents for this: the operations of COL are carried out under

the jurisdiction of the Province of British Columbia and, where relevant, the federal government of Canada.

- 4.6 The Board of the Facility should table a full report to Ministers at every CCEM and the Commonwealth Secretariat may wish to commission an evaluation of CTEF's performance after it has been operating for 3-5 years.
- 4.7 The Board should have the authority to constitute sub-committees, including ad-hoc Specialist Committees, which could include co-opted members, to advise on particular aspects of work.

Management and staffing

4.8 The Facility is intended to be a lean organisation, should be headed by a person at an appropriate level and provided with the necessary administrative and financial support. The basic personnel requirement should be a Director, assisted by two heads of department, each of whom is supported by a research officer, besides administrative support.

- 4.9 An eventual organisation structure when CTEF is fully operational might be as follows:
- *Director, with a secretary*
 - *Head of Member Services Department with a research officer*
 - *Head of Consultancy and Services Department with a research officer*
 - Four Senior Research Fellows
 - Office Manager, to whom two Executive Officers, two administrative assistants, a system analyst, a technician and an office assistant and a driver report.

4.10 This proposed structure (called Option A) contains nine professional staff and ten support staff. This is a high level of support which would not be realistic in the early days of operation while activities build up. At its peak level CHEMS had no more than five staff although it relied upon the ACU for administrative support services and free accommodation. There are alternative staffing options that would involve either sharing staff and support services with the host organisation in Malaysia or employing technical and other staff on a temporary basis as and when required, until the need for them as full timers is clearly established.

4.11 For example, Option B would be to run the CTEF with a smaller complement of 10 staff, of whom five would be those recruited internationally. Such a model would share the use of administrative services with the host organisation.

4.12 In both Options A and B the five posts of Director, 2 Heads of department and 2 Research Officers would be recruited internationally, although it might be possible for the two Research Officers to be found from within Malaysia, as the extra cost of international staff might not be justified by their role. International staff would be paid and receive benefits in line with other international organisations working in Malaysia. These would include expatriate allowances for travel home with family members, local school fees and health insurance.⁶ This would mean that their total remuneration package would be more than that of equivalent Malaysian staff in the host organisation. They might also be freed

⁶ A recent survey of benefits paid to academic staff working offshore in Malaysia, China and Australia and the Gulf has been published in the UK. See <http://international.ac.uk/resources/Offshore%20Staffing%20Strategies%20Main%20Report%20Final%20WEB.pdf>

from paying income tax if the model of COL is followed, since non-Canadian employees of COL are exempt from all Canadian income tax under an Agreement between COL and the Canadian government.

- 4.13 The Member Services Department would be responsible for core activities such as information dissemination, policy analysis and benchmarking. The Member Service Department would focus on general/regional activities which might be funded by membership subscriptions. The Head of this department would ensure that the interest of subscribing member states remains the core business of the Facility.
- 4.14 The Consultancy and Services Department of the CTEF would be responsible for all contract activities (projects) on a need basis for which the cost will be borne by a member (or members) that requested such a project. The Consultancy and Services department would focus on national and or regional specific activities which would be paid for by the individual contracts/countries. It would also tender for work funded by donor agencies in Commonwealth countries.

Funding options

- 4.14 During the discussions on the form of the CTEF it became clear that currently the Commonwealth Secretariat does not have the available resources to cover the operational costs associated with such a facility. Nor were the two main network partners, ACU and COL, able to contribute to its costs. Malaysia was the sole country willing to consider making a financial contribution by hosting the facility at one of its institutions.
- 4.15 As a result, if final agreement is received from the Government of Malaysia, the possible options are that the facility could be funded through four possible income streams:
- Contributions by Member States to the seed funding of CTEF by committing to a regular annual subscription (or a voluntary pledge as in the case of COL – see below) – for a three year period in the first instance.
 - An Endowment Fund contributed by donors or governments, which could be used to finance the operations of CTEF for a certain period, subject to agreed guidelines set by the contributors.
 - The host Government of Malaysia would contribute to most of the hosting and support staffing costs, once the total operational budget is determined (see below)
 - From donations and sponsorships, and from project income derived from undertaking contract work.
- 4.16 Each of these options is now discussed. Reference is made to the experience of CHEMS, an entity very similar to the CTEF, which was funded by the Commonwealth Secretariat, UNESCO, the ACU and DfID from 1993 to 2000.
- 4.17 *Annual subscriptions or contributions.* If it was decided to charge subscriptions, the agreement of all member states would first be required. Once this had been achieved, questions would then need to be answered on the criteria for calculating the basis of the subscriptions for each country. Would it be, for example, based on the size of their higher education system? If so, how would this be measured - by FTE student numbers or by public expenditure on higher education? Another option is that a subscription could be based on the type and number of CTEF services that a country wished to take up. Would countries in Africa, say, be willing to pay a share of costs of

a service that was based in Asia and that might not be perceived as being knowledgeable about Africa? Would developed countries be willing to pay the largest share when they might believe that they already had adequate facilities in higher education research and policy analysis? Would any country be willing to commit to pay funds up front for three years for an unknown entity?

- 4.18 An alternative possible model for CTEF would be the Commonwealth of Learning (COL) where the largest share of its income comes from “voluntary pledged contributions” rather than subscriptions. In the year to June 2010 government contributions to COL totalled C\$8.1m with the largest contributions coming from Canada, United Kingdom, India, Nigeria, New Zealand and South Africa. A further C\$1.1m in smaller sums was received from 31 other Commonwealth countries. The number of countries agreeing to make contributions has been growing steadily as COL proved its value to member states. If this approach was adopted, CTEF should have a similar goal.
- 4.19 The experience of COL in generating these contributions (which provide 80% of its income) is that it requires considerable effort from the COL Board and the CEO in persuading governments to contribute and in designing programmes that can be seen to bring benefits to their country. In addition some countries may be unable to honour commitments if there are unexpected financial pressures. Such problems may also be unpredictable. Despite these difficulties it could be worth exploring the “voluntary pledge” route further; CCEM has identified a need for the CTEF and ministers must therefore be aware that it will require funding. Some countries such as the UK are increasing their aid budgets and there is an expectation that some of this might benefit higher education, which is now seen as a major contributor to the development of a knowledge economy.
- 4.20 *An Endowment Fund.* The concept of an Endowment Fund is that either governments or donors agree to provide funding for the CTEF which would be placed in a Fund to be drawn on by the CTEF Board according to guidelines agreed by the donors. The principle is similar to budgetary support that some donors have been providing for developing countries. They understand the needs of the country but do not wish to be involved in the detailed decisions of fund allocation – subject to general agreement on issues of audit and good governance.
- 4.21 Such a fund would have great benefits for the CTEF in that it would provide a financial backstop of working capital and allow research and project activities to be financed before other income streams start to flow. However, the concept does raise some major issues:
- Establishing the Fund would require a great amount of time in persuading donors or governments to contribute.
 - Achieving agreement on the criteria and principles for using the Fund would not be easy.
 - Governance of the Fund would require a separate structure in parallel with the CTEF Board, since the key donors would wish to be represented.
 - There are few (if any) precedents for such a fund, since donors and governments are usually reluctant to provide funding in advance of need and to finance activities over which they have no control.
- 4.22 If it was decided to seek the creation of an Endowment Fund, a champion would be needed to spend time developing this proposal further and persuading donors or governments to contribute. Since each of them will have differing policies concerning

higher education funding and how it is disbursed, this will be a long and delicate exercise. In addition many of the donors (such as the World Bank) do not have the frameworks for disbursing funds to regions or groups of countries. Their model is based on government to government disbursements linked to mutually agreed country strategies. For this reason this option is not considered feasible since it is unlikely that the Commonwealth Secretariat or Government of Malaysia would be prepared to dedicate extensive staff time to developing the option.

4.23 *A Malaysian government contribution.* Although there have been indications that the Government of Malaysia would be willing to contribute financing, this has not been formally agreed. One model for the level of contribution from a host government for such a facility would suggest that Malaysia might provide 55% of the total cost comprising two elements:

- A contribution of 25% of the total cost as a hosting fee, which is payable in return for the public relations and other benefits of being seen as the host of a Commonwealth organisations.
- Another 30% of the cost as a country contribution.

4.24 The current understanding is that the Government of Malaysia would pay for the following elements of the CTEF budget:

- The provision of accommodation at premises offered by the Government of Malaysia; this will include the rent payable as well as core utilities such as electricity, water and any property taxes (if relevant).
- The non-recurrent costs of setting up CTEF, which will include all ICT equipment, software and networks for the office, desks and all office furniture.
- Office equipment such as printers, copiers and scanners.
- Emoluments of all Malaysian staff employed by CTEF (see paragraph 4.9, where it is suggested that up to 14 staff might be in this category).
- All costs in recruiting Malaysian staff.
- Costs in connection with hosting meetings of Board members (eg; conference facilities and local hospitality), but not their travel or hotel accommodation.

4.25 In discussions with the Government of Malaysia representatives there were suggestions that the host institution might contribute the time of senior professorial staff, at no cost, towards the task of setting up CTEF and acting in the interim period before a new Director took up post. If suitable people could be released by the host organisation this would be a very helpful contribution.

4.26 If the Government of Malaysia provides support in this way, the remaining recurrent costs that would have to be funded by any of the other three sources would be:

- Emoluments of the five international staff.
- Recruitment and interview costs.
- Office supplies and publications.
- Cost of access to data bases and electronic resources.
- Communications costs; telephone, fax, internet, postage, couriers.
- Staff travel in Malaysia or overseas.
- Research costs by researchers or consultants on non-recoverable visits and fact finding missions.
- Cost of attendance at conferences or seminars.

- 4.27 *Income from donations, sponsorships and net project income.* The CTEF might be lucky enough to receive some initial donations from governments, charitable foundations or individuals. In addition there is the possibility that corporate sponsors might be willing to lend support as part of their corporate social responsibility programmes. However, the CTEF would need to develop the argument as to how such sponsorship would benefit the company or organisation concerned. It is unlikely that this source of income could be relied upon to be regular.
- 4.28 Any net income or surplus from projects will depend on how the projects or studies for member state governments or agencies are staffed. If the work is done by CTEF employees, the income will be a direct gain to the budget. If however the work is outside their competencies and external consultants have to be recruited to do it, any surplus would come from three things:
- The charges made for supervision (management time) by CTEF staff,
 - Any profit made by charging the client a higher daily rate than the one that is paid to the consultant.
 - Any efficiency gain from completing the project in a shorter time than the client has agreed to pay a fixed price for.
- 4.29 In reviewing the various sources of funding, it might be helpful to consider what happened when the Commonwealth Secretariat responded to a similar request from the CCEM in the period 1994 – 2000. After an exercise very similar to this one, involving detailed discussions and the preparation of a business case, it was decided to establish a facility that became known as the Commonwealth Higher Education Management Service (CHEMS). Its role was to undertake comparative surveys of management across Commonwealth universities and to respond to requests for help with projects. Unlike CTEF it did not work directly for governments although in some case it did so within World Bank projects. The financial history of CHEMS was that it thrived while it received grants from the Secretariat and UNESCO, but that, once these ceased, it operated at a loss and closed down after 8 years.
- 4.30 The lesson from the CHEMS experience is that any service in this area will require a permanent source of funding or grant. The operation was closed down in 2000 not because it failed to deliver high quality services (an external evaluation praised its performance highly), but because it lost its external funding. Services of this kind in this market cannot survive on making surpluses from projects, particularly if they have a function of providing policy advice and research at no charge.
- 4.31 The result of this analysis of the financing options is that, assuming that the Government of Malaysia is willing to fund those items shown in paragraph 4.25, a mixture of sources will have to be used to cover the other costs: donations, sponsorships, voluntary pledges from governments and surpluses from project activities.
- 4.32 The Commonwealth Secretariat has made some preliminary broad calculations of the total recurrent costs of the CTEF, but these have not been agreed with the Government of Malaysia. If the formula approach suggested above in paragraph 4.22 was followed, the Government of Malaysia would meet 55% of the total annual cost, leaving 45% to be found from other sources.
- 4.33 Since the Commonwealth Secretariat's very broad assumptions are that the total cost would be in the region of GBP1 million, the balance of 45% (or the sum of GBP450,000) would have to be found annually from three sources: donations, net earnings from

projects and the pledges from member states. The bulk of this GBP 450,000 would be from pledges. These figures take no account of the Government of Malaysia's likely agreement to fund all the initial once-off set up costs. No estimates have been made for these.

- 4.34 The sum required in subscriptions or voluntary pledges is small when compared with the C\$8m required by COL and if a major country such as the UK (which has a declared commitment to good governance and management) was willing to pledge say a third of what was required, it would provide a major boost to the chances of generating the rest.

The Next Steps

- 4.35 The Government of Malaysia should confirm its initial suggestion to host the CTEF and then state the level and scope of funding that it will make available over what period, as this will show the sums that have to be raised from other sources
- 4.36 The Commonwealth Secretariat to consult the Working Group to determine feasibility of the Concept Paper analysis and recommendation – that the CTEF must have some form of income from member states if it is to survive. This would form the basis of funding method recommended to meet those recurrent costs not met by the Government of Malaysia.
- 4.37 This proposal would then need to be amended in the light of developments before being presented to Ministers at CCEM. Their role will be to confirm whether or not to go ahead on the basis outlined in this proposal and in particular to endorse the CTEF as worthy of financial support from member states. Ministers will also need to decide on the recommended method of seeking contributions from member states.

Appendix I

Draft Budget for CTEF

ITEM	ANNUAL OPERATING/RECURRENT BUDGET		
	COST	Borne by GOM	Borne by other sources
1. EMOLUMENT			
Director			
Head of Department x 2			
Research Officer x 2			
Senior Research Fellows x 4		X	
Secretary to Director		X	
Office Manager		X	
System Analyst		X	
Technician		X	
Administrative Assistant x 2		X	
Office Assistant x 2		X	
Driver		X	
2. RENTAL OF OFFICE SPACE			
@ 3,000sq. Ft x RM 2.00 /sq. m		X	
Utilities			
3. SUPPLIES and PUBLICATIONS			X
Paper, copying, printing etc			
4. DATABASES, REPOSITORY *		X	
5. COMMUNICATIONS			X
6. TRAVEL AND ACCOMMODATION			X
7. RESEARCH EXPENSES			X
8. CONFERENCES & SEMINARS			X
TOTAL			
9. OFFICE AUTOMATION SYSTEM *		X	
Workstation – Computer and Printer			
Scanner			
Switch			
Server			

Uninterruptible power supply/system (UPS)			
Photocopy machine			
Fax machine			
Telephone			
Phone Line			
Laser colour printer			
10 OFFICE SYSTEM DEVELOPMENTS *		X	
11. FURNISHING *		X	
12. INSURANCE			
13. LEGAL FEES			
14. ASSETS, * car, mini-van etc		X	
15. PROMOTIONAL ACTIVITIES			
TOTAL			

- These items will be one-off items of capital expenditure.

NON RECURRENT COSTS - OFFICE AUTOMATION SYSTEM
1. Workstation – Computer and Printer
2. Scanner
3. Switch
4. Server
5. Uninterruptible power supply/system (UPS)
6. Photocopy machine
7. Fax machine
8. Telephone
9. Phone line
10. Laser colour printer

Appendix II

Leadership programmes for higher education managers

	Broad Capability Building <small>(Broaden perspectives and horizons)</small>	Focused Capability Building <small>(Build specific skills or capabilities)</small>	Personal & Career Development <small>(personal development, coaching/mentoring and succession management)</small>
Vice Chancellors	VCs / Chairs Programme	VC Roundtable	Coaching for First 100 days
SMT	Top Management Programme	<div style="display: flex; justify-content: space-around;"> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Essential Skills</div> <div style="writing-mode: vertical-rl; transform: rotate(180deg);">Masterclasses</div> </div>	Top Team Development
Senior Leadership	SSL PSSL		Tailored In-House Programmes and Coaching
Heads of Department	HoD		Tailored Programmes and Action Learning
Emerging Leaders	Aspiring Registrars Future Leaders		Development Centres

Source : Leadership Foundation for Higher Education, UK