Examining Autonomy and Accountability in Public and Private Tertiary Institutions

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ACRONYMS

AICTE	All India Council for Technical Education
CFT	Technical Training Centres
CNA	The National Accreditation Commission, Chile
CRUCH	The Council of Rectors of Chilean Universities
CSE	Higher Council of Education
GCI	Global Competitive Index
GER	Gross Enrolment Ratio
GOK	Government of Kazakhstan
IPs	Professional Institutes
IIMs	Indian Institutes of Management
ITTs	Indian Institutes of Technologies
MINEDUC	Ministry of Education, Chile
MOES	Ministry of Education and Science, Kazakhstan
NAAC	National Assessment and Accreditation Council, India
NAC	National Accreditation Center, Kazakhstan
NBA	National Board of Accreditation, India
NCK	National Commission on Knowledge, India
PSU	University Entrance Exam, Chile
SJTU	Shanghai Jiao Tong University
SIES	Higher Education Information System, Chile
TEIs	Tertiary Education Institutions
UGC	University Grant Commission, India
UNT	Unified National Test, Kazakhstan
WCU	World Class Universities
WEF	World Economic Forum

1. INTRODUCTION

Creating successful universities requires a supportive governance structure in which universities or colleges have autonomy to achieve objectives, whether research or teaching, with the appropriate level of accountability. Evidence of tertiary education sectors around the world suggests that, at least on paper, countries have been modifying their system wide governance structures to devolve management and oversight of their universities to achieve these dual goals of autonomy with accompanying levels of accountability (Fielden 2008, Lao, and Christian 2008). Increasingly tertiary education sectors are shifting from being state controlled to state supervised systems across the world[1](Fielden 2008).

The key policy question seems to be getting the right balance between autonomy and accountability of universities (Fielden 2008, Salmi 2008). The challenge is to determine how much accountability is optimum. Too much accountability can lead to stagnation of innovation and potential rent-seeking, as well as potentially undermine the goal of autonomy itself (Lao and Saint 2008). However, accountability remains important, especially as governments continue to be significant financiers of tertiary education. With the decision to increase institutional autonomy, governments also have to reassure tax payers that these institutions are held accountable.

The consensus among higher education specialists is to emphasize autonomy in order to ensure responsive and flexible institutions. Salmi (2008:2) notes "… accountability is meaningful only to the extent that tertiary education institutions are actually empowered to operate in an autonomous and responsible way." Recent work undertaken by Aghion et al. (2009) has empirically shown how important autonomy, combined with competition, has proven to be for research and innovation amongst the top world class research universities in the USA and Europe.

[1] Neave and Van Vught (1994) highlighted a continuum that exists vis-à-vis the management of tertiary sectors. They identified that the continuum goes from state controlled systems - where academic institutions have limited institutional autonomy, to state supervised systems - where there is a substantially higher degree of institutional autonomy.

System wide governance structures that deliver autonomy and accountability are the outcome of a mix of both formal and informal institutions that work together to produce a responsive and flexible system. Such institutions could include, but are not limited to: legislation, regulation, independent organizations, historical precedent, and accepted norms and practices. Existing evidence suggests that the institutions that are part of a successful governance structure cover the spectrum: from public to private institutions, buffer bodies to separate ministerial entities for tertiary education, to different types of quality assurance systems. All these institutions can play their part in a successful governance structure; the critical factor being the compatibility of the incentive structure.

Variation among World Class Universities (WCU) governance structures suggests, as a starting hypothesis, that what matters is coherence between the overriding objective of the university system, institutions, and incentive structure (Raza 2006). Developing one particular set of institutions (i.e. a buffer body or public/private institutions) without examining other contextual factors, may not be sufficient to deliver the right balance of autonomy and accountability that allows tertiary education institutions (TEIs) to be flexible and responsive. The challenge for policy makers is to identify the combination of elements of a governance system (both formal and informal) that have worked in other countries and develop a road map of broad principles that need to be considered when determining the balance between autonomy and accountability in the tertiary education sector. The CHEMS 2004 study, *A Report to the CUC on: Good practice in Six Areas of the Governance of Higher Education institutions* similarly highlighted the challenges of identifying good practices in the governance of tertiary education. The report stated that identifying 'good' practices "...can be a complex and elusive activity" and proposed that the focus should be on "fitness of purpose" and "good principles" rather than institutions per se (CHEMS 2004:13-14).

To capture the elusive aspect of the autonomy and accountability relationship, a number of case studies are undertaken that look at the issues of autonomy and accountability in a number of tertiary education sectors and help develop the "broad principles" or "good principles" that need to be considered by others aiming for the same objective. Section 2 begins with a discussion of autonomy and accountability, as well as looks at the interrelationship between the two, particularly as management of tertiary sectors move from

state controlled to state supervised systems. Section 3 examines some of the evidence on outcomes related to autonomy and accountability, as well as highlights the variation in autonomy and accountability that exists across different tertiary sectors around the world. Section 4 undertakes a number of case studies to examine how autonomy and accountability structures vary in different countries, specifically in India, Chile, and Kazakhstan. Section 5 draws out the broad principles of policy for other countries considering reform toward greater autonomy and accountability, drawing lessons from the earlier discussion.

2. QUASI-MARKETS AND INSTITUTIONAL ACCOUNTABILITY AND AUTONOMY

In the past two decades, tertiary sectors across the world have increasingly been encouraged to adopt market like behaviour in hopes that some of the efficiency gains associated with markets may extend to the tertiary sector. Essentially this has been in the form of increasing institutional autonomy for TEIs. Tertiary education, however, is not like other goods and is plagued with a number of market failures which have traditionally justified a bigger role for government. These market failures include externalities, information asymmetry at different levels of the tertiary sector, and the potential for monopolies because of institutions' market power. Another reason that governments have played a greater role in tertiary education is because beyond efficiency, equity considerations remain important to government. Even under perfect market competition, equitable outcomes rarely occur (Teixeira et al: 2004). The pressure for reform, however, has been galvanized because experience has shown that governments too fail which may be more likely in the context of increasing globalization and technology-driven changes of market structures. In the past two decades, these global changes have had a dramatic impact on the tertiary sector. Reform for institutional autonomy has been happening incrementally across the world as more and more tertiary sectors move from state controlled to state supervised systems. Governments are encouraging TEIs to become more autonomous. Yet, despite this shift, governments still continue to play an important role in this sector.

Institutional autonomy essentially is the "...degree of freedom of the university to steer itself" (Askling et al., 1999 177; Marton, 2000, 23f as quoted in Bladh 2007, 20) or

alternatively the "...condition where academia determines how its work is carried out…" (Neave and van Vught, 1994 295 as quoted in Bladh 2007, 20). Essentially, institutional autonomy means that the state increasingly exits from the day to day management of the tertiary sector allowing universities to determine their own path. Underlying the notion of autonomy is to encourage TEIs to have the freedom to make choices, given ideally existing market driven incentives.

Institutional autonomy is distinguished into two: substantive autonomy and procedural autonomy (Berdahl 1971:10-12) (see Table 1). Substantive autonomy covers the sphere of academics and research, specifically autonomy over areas related to curriculum design, research policy, awarding degree, etc. Procedural autonomy covers the non-academic areas which over lap with many financial matters. These include budgeting, purchasing, entering into contracts, etc. Anderson and Johnson (1998) build on Neave and Van Vught's (1994) classification and look at issues of autonomy in the following grouping of countries: Anglo-American, European, and Asian.[2]

Table 1: Different Types of Institutional Autonomy

Substantive (academic and research)	**Procedural (non-academic areas)**
Curriculum design	Budgeting
Research policy	Financing management
Entrance standards	Non-academic staff appointments
Academic staff appointments	Purchasing
Awarding degree	Entering into contracts

Governments across the board interfere substantially on procedural issues but vary in terms of their interference in substantive issues. For the most part, Anderson and Johnson (1998) found that Anglo-American countries are more autonomous, especially on substantive issues, as compared to other regions. For instance, in the USA there has always been substantial autonomy, but individual states within the federation vary vis-a-vis procedural

[2] The Anglo-American group includes: Australia, Canada, Ireland, South Africa, New Zealand, United Kingdom and United states. The European group includes: France, Germany, Italy, Netherlands, Russia, Sweden. The Asian Group includes: China, Malaysia, Japan, Indonesia, Singapore, Sri Lanka and Thailand.

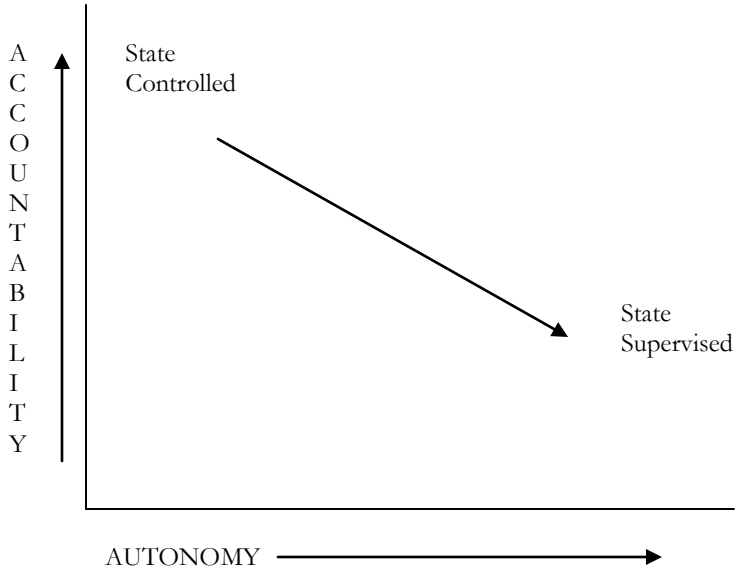
autonomy. In Asian countries, both areas of institutional autonomy are limited. However, worldwide there is a push towards institutional autonomy across the broad as innovation in substantive areas requires resources and in order to generate those resources, procedural autonomy is necessary. There is also a view that relying less on state funding increases institutional autonomy (Fielden 2008: 28).

Increasing autonomy of TEIs takes various forms. Table 2 provides a list of policy tools conventionally substituted in more autonomous environment. Conventionally, with regards to financing autonomy block grants are substituted for direct line control by state authorities. With regards to curriculum, TEIs are given academic autonomy as opposed to having the curriculum being prescribed by the state. Perhaps most importantly, in the area of management, autonomous institutions are encouraged to establish independent governing bodies.

Table 2: Different Policy Alternatives in Centralized or Autonomous Environements

Aims	How Achieved	
	Centralized Environment	Autonomous Environment
Financial Probity	Direct line item control	Block grant and audit
Strategic Direction	Policy instructions	Strategic plans
Quality	External QA	External QA
Relevance of Curriculum	National direction	Academic autonomy
Effective Management	Central Control	Independent Gov't body

Figure 1: State Controlled and State Supervised Accountability and Autonomy



Increased levels of institutional autonomy are accompanied with lower levels of accountability as tertiary sectors evolve from state controlled systems to state supervised systems (see Figure 1). Under state controlled systems accountability is universal, intrusive and quite rigid. However, governments have had to evolve alternate mechanisms of accountability as systems move towards being state supervised and direct control is relaxed, especially over financial matters. The challenge is to devise accountability mechanisms which are not only hands-off, allowing institutional autonomy, but also outcome based. The push for more outcome based accountability has not only evolved from the changing relationship between government and universities, but also because the increased focus on efficiency, value for money spent, and globalization of education requires greater accountability of many new cross-border TEIs (Huisman and Currie 2004: 532-533). Governments can hold TEIs accountable across a number of dimensions which are important in tertiary education. Governments may seek to ensure that TEIs are accountable for all of the following: academic integrity, fiscal integrity, effective use of resources, quality and relevance of output, and equity considerations (Salmi 2008:11).

There are three models of how governments manage more autonomous institutions in a state supervised system (Fielden 2008).[3] They are (i) delegation from centre to lower tiers of government, (ii) delegation to a specialized buffer body, and (iii) delegation to the academic institution themselves. Most systems across the world are covered under the first two models. When states delegate to lower tiers of government, like in the USA and Germany, the centre continue to play a central coordinating role and retain control over setting size and scope of the sector, strategic planning, negotiating overall funding with Ministry of Finance, and coordinating with other ministries. Ensuring that states and TEIs comply with national objectives mainly works through the funding mechanism. By delegating power to a buffer body, the centre (specifically Ministries of Education) delegate authority over all elements of funding and operations to the buffer body. The centre is left with coordinating broader policy issues. To ensure that buffer bodies have the power to ensure compliance and accountability, it is essential that these bodies have the financial power to allocate and withdraw funds.

Regardless of which way the tertiary sector is managed, what is critical is how accountability is enforced and compliance is ensured. Two elements are critical for ensuring compliance (i) that incentives exist to encourage TEIs to comply and (ii) coherence in the overall system of tertiary education governance so that incentives are not contradicted or undermined by others. Governments and independent bodies who managed the TEIs have a number of instruments through which they can hold TEIs accountable. These include encouraging TEIs to produce a strategic plan, financial audits, licensing, public reporting, funding, performance contracts, etc. Critical to whether these elements deliver on accountability is the associated incentives that accompany instruments to encourage compliance. Incentives induce or motivate action based on their ability to punish or reward. Too often governments and their supervisory authorities do not adequately consider whether these instruments are adequately linked to incentives to ensure compliance. Better compliance with accountability instruments can be achieved by re-thinking which incentives can be attached to such instruments. Most effective is to link an institution's compliance to an institution's access to funds. The simplest would be to remove or reduce funding if institutions fail to comply. However, removing or reducing funding, particularly if it is base funding, is

[3] The discussion of the three models is taken from Fielden 2008.

extremely difficult to do. More successful perhaps would be to make complying institutions eligible for other sources of funding, i.e. competitive funds, etc. For example many competitive funds world over have an eligibility requirement that institutions competing for funds have a strategic plan and have been accredited.

The second problem that undermines better accountability is inadequate consideration of the governance structure to ensure that incentives that exist are not undermined by other institutional rules. Governance structures are products of historical precedent and institutional rules that have evolved over time. Often when new institutional rules are introduced, too little consideration is given to how these new rules comply with existing structures and how these structures, old and new, work together. Contradictory rules offer exit opportunities to TEIs who seek to avoid compliance. Also if inadequate consideration is given to pre-existing rules in the reform process, they can undermine the very objective of reform.

3. OUTCOMES AND AUTONOMY AND ACCOUNTABILITY

There is very little empirical work that has been undertaken which looks at outcomes in relation to autonomy and accountability. Recently, however, Aghion et al. (2007, 2008, and 2009) have looked at the relationship between autonomy and outcomes amongst the top WCUs as ranked by the Shanghai Jiao Tong University (SJTU) Rankings of Universities (hereafter referred to as SJTU rankings). The outcome variable of Aghion et al. (2007, 2008, and 2009) is research (as reflected by rankings under the SJTU ranking) and innovation (as reflected in the number of patents registered). However, the majority of TEIs worldwide do not have research and innovation as their focus. Different universities worldwide may be more concerned with delivering quality teaching or providing better access to education for more disenfranchised groups in society.

Few countries rank under the SJTU ranking (see Table 3).Only 39 countries have WCUs and a large share of these institution are in Anglo-Saxon countries (USA and UK). America's dominance is overwhelming. Among the 20 top universities, 85 %(17) are American. That dominance of American institutions is consistent as one examines the top 50 universities

(72% or 36 universities), the top 100 universities (54% or 54 universities), the top 200 universities (45% or 90 universities), the top 300 universities (37.7% or 114 universities), the top 400 universities (34.7% or 139 universities), or the top 500 universities (31.6% or 159 universities).Not unexpectedly, the broader category of industrialized countries also perform well in these rankings. In the top 50 universities, there are only nine countries represented, which includes seven European countries, Japan, and the USA.

Aghion et al.'s (2007, 2008, and 2009) research looks at how important autonomy and competition *together* have proven to be for successful research and innovation at universities. To see what factors correlate with an institution being ranked on the SJTU ranking, the authors use factor analysis using a survey of European universities. They find that the autonomy factor is maximized for those European universities that share a number of characteristics including that they (i) do not need to seek government approval of their budget, (ii) select their baccalaureate students in a manner independent of the government, (iii) pay faculty flexibly rather than based on a centralized seniority/rank based scale, (iv) control their hiring internally, (v) have low endogamy, (vi) own their own buildings, (vii) set their own curriculum, (viii) have a relatively low percentage of their budget from core government funds, and (ix) have a relatively high percentage of their funds from competitive research grants (Aghion et al. 2009: 9-10). Using another data set, the authors find that these characteristics, with the exception of building ownership and curriculum which apply to all public colleges and universities in the USA, also prove important for outcomes for publicly owned universities in the USA.

Table 3: Ranking of Countries by Number of Universities under the SJTU ranking of Universities

	Country	Top 20	Top 50	Top 100	Top 200	Top 300	Top 400	Top 500
1	United States	17	36	54	90	114	139	159
2	United Kingdom	2	5	11	22	33	38	42
3	Japan	1	2	4	9	12	18	31
4	Canada		2	4	6	18	18	21
5	France		2	3	7	14	17	23
6	Switzerland		1	3	6	7	7	8
7	Netherlands		1	2	9	9	11	12
8	Denmark		1	2	3	3	4	4
9	Germany			6	14	24	35	40
10	Sweden			4	4	9	9	11
11	Australia			3	6	9	14	15
12	Israel			1	4	4	6	6
13	Finland			1	1	1	3	6
14	Norway			1	1	2	3	4
15	Russia			1	1	1	2	2
16	Italy				5	7	12	22
17	Austria				1	2	4	7
18	Belgium				4	6	7	7
19	Taiwan				1	1	4	7
20	Argentina				1	1	1	1
21	South Korea				1	3	7	8
22	Spain				1	3	6	9
23	Brazil				1	2	4	6
24	Singapore				1	1	2	2
25	Mexico				1	1	1	1
26	China					6	7	18
27	China-Hong Kong					3	5	5
28	New Zealand					2	3	5
29	South Africa					1	2	3
30	Ireland					1	3	3
31	Czech					1	1	1
32	Greece					1	2	2
33	Hungary						2	2
34	India						2	2
35	Poland						2	2
36	Chile							2
37	Portugal							2
38	Turkey							1
39	Slovenia							1
	Total	20	50	100	200	302	401	503

Source: Updated table from Liu and Cheung (2005) with 2008 data.

To determine a causal relationship the authors focus on the USA data, and exploit an exogenous funding shock to colleges and public universities to test whether universities are more productive when they are more autonomous and face competition. They find the following results. First, autonomous public research universities and four year colleges which face local competition from private institutions produce more output (as measured by patents) for any given amount of expenditure. Second, this result does not apply for two year colleges which, in the USA , are predominantly vocational and are involved in mostly research that imitate patents rather than develop new innovative patents. Third, research

expenditure in those states that are far from the technological frontier, have limited competition from private universities and have low levels of autonomy that do not deliver in terms of research output (Aghion et al. 2009: 28).

Aghion et al.'s (2007, 2008, and 2009) research, although path-breaking, unfortunately does not consider accountability and its role in producing outcomes. As noted above, countries who are deregulating their tertiary education sectors usually accompany it with some measures of explicit accountability to address tax payer concerns or to regulate for market failure. Excessive accountability may hinder outcomes yet a minimum amount may be a necessary to ensure those very outcomes. Is the performance of the tertiary sector in the USA and UK despite the mechanisms of accountability in existence? This seems unlikely as many of them, like quality assurance and preparing strategic plans, are recommended practice in tertiary sector management.

Countries across the board have different levels of autonomy and accountability. One attempt to capture how countries fare on these fronts was to survey higher education task managers of different client countries at The World Bank to get their perception[4] on this issue. Task managers were asked to fill out a simple questionnaire with yes/no answers on accountability and autonomy of the tertiary sector for the country they manage. The results are plotted in Figures 2 and 3 below.[5] Figure 2 looks at autonomy and accountability in public sector TEIs. Many of these countries have been in the process of undertaking reform and many of these tertiary sectors are in transition. What the exercise reveals is that in public TEIs in this small sample of countries, there is variation in levels of autonomy, but across the board centralized accountability remains high. Even countries like Chile, which are seen to be in the forefront of tertiary sector reform, continue to maintain high levels of accountability regardless of whether institutions are public or private (see Figure 3).

[4] This is a rather crude instrument and limited to the perception of task managers and their country staff who helped fill out this questionnaire.

[5]There were six questions each on accountability and autonomy. Questions had simple yes/no answers with "yes" answers being assigned a value of 1 and "no" answers assigned values of zero. These values were accumulated for autonomy and accountability respectively and countries which were closer to the maximum value of 6 had high levels of autonomy and accountability and visa versa.

Despite the greater distribution vis-à-vis autonomy, most countries remain conservative and continue to choose to limit autonomy. The range includes countries like India and Azerbaijan, whose public TEIs have no autonomy at all, while countries like Nigeria and Ethiopia have given their public sector TEIs a significant amount of autonomy. Most countries, for example Bangladesh, Pakistan, Colombia, and others, continue to keep autonomy to a limited level. However, distinguishing between effective autonomy and legal autonomy (i.e. what actually happens on the ground and what is legally subscribed) is important as it reveals that autonomy may be more restricted than first envisioned. In Nigeria for example, although TEIs have the right to decide curriculum they still need the approval of a number of regulator bodies. Similarly, Nigerian public TIEs also are allowed to determine the number of applicants they take each year based on the Joint Admissions and Matriculation examination. In actuality, the federal regulatory bodies set a maximum carrying capacity for each institution. Public TEIs can chose to not follow this limit but if they do not they lose out on public funding. Private TEIs, with the exception of those in Kazakhstan and India, are given substantially more autonomy than their public counterparts (see Figure 3). In the Kazakhstan case, this is interesting given the extensive reforms that have gone on in the sector within the recent past. Countries such as Nigeria, Mexico, Tunisia, and Pakistan have given their private TEIs unlimited amounts of autonomy.

Figure 2
Autonomy and Accountability in Public TEIs in Select World Bank Client Countries

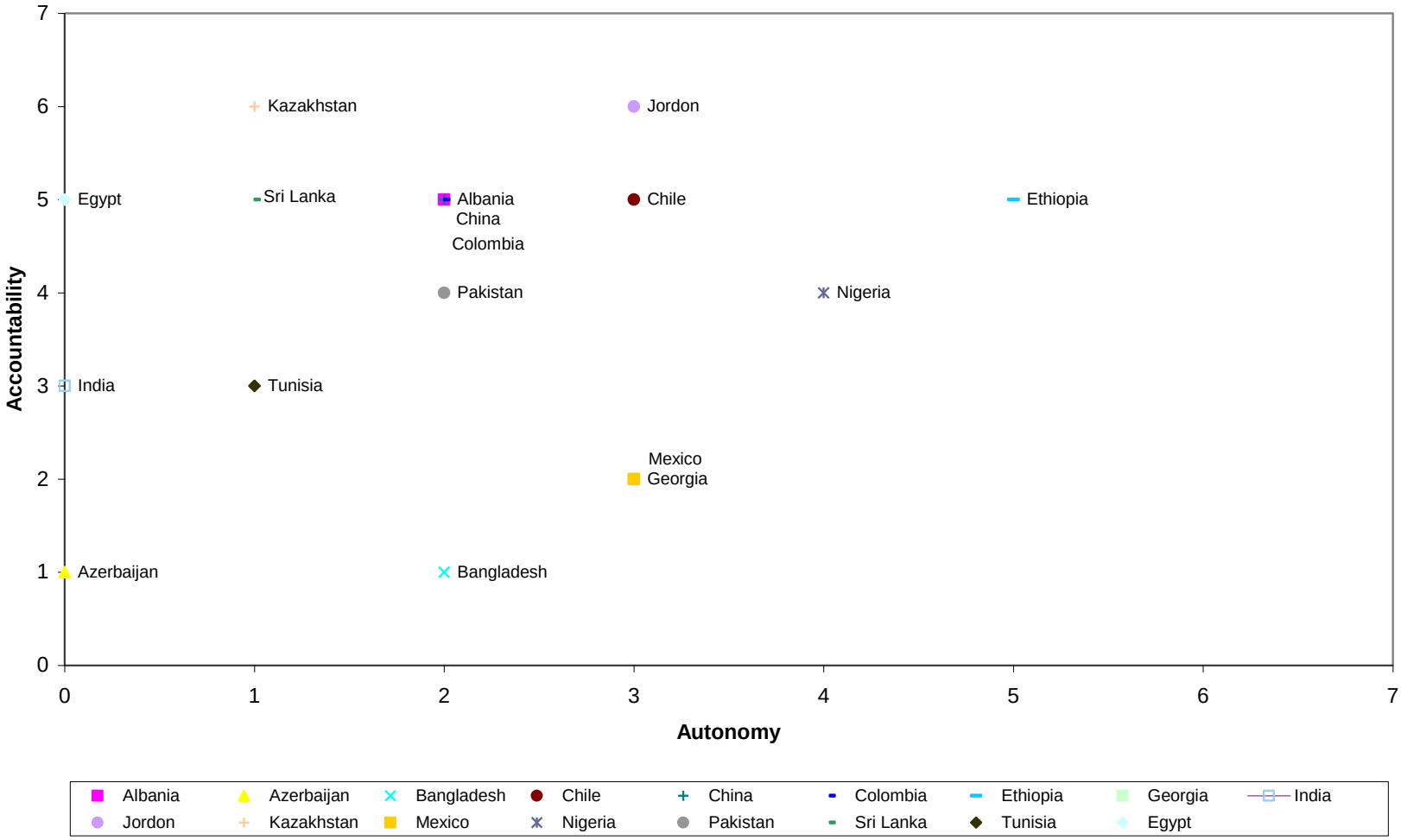
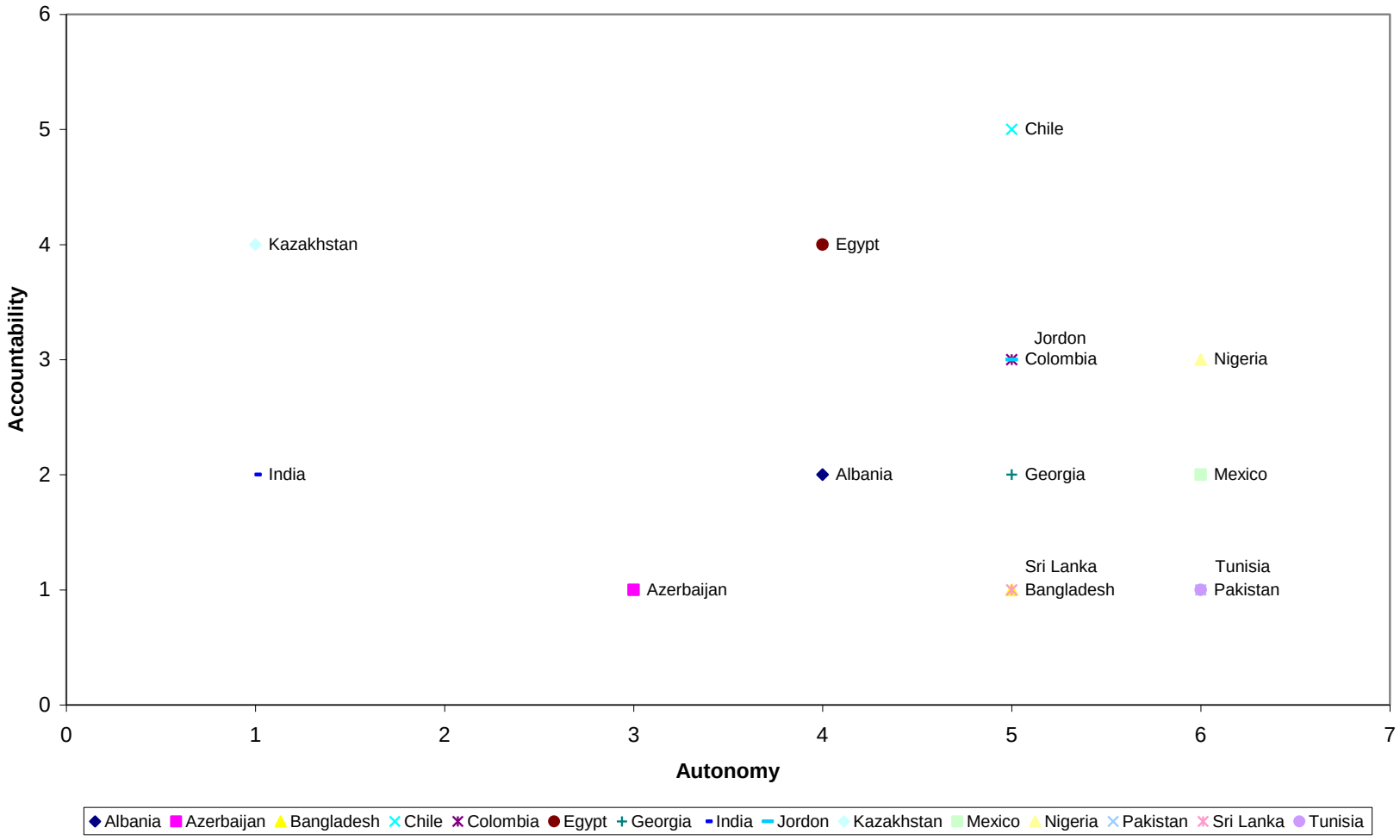


Figure 3
Autonomy and Accountability in Private TEIs in Select World Bank Client Countries



Vis-à-vis the private sector, many of these countries have opted for very little accountability with the exception of Chile, Kazakhstan, and Egypt. In Chile's example, as evident in the case study below, accountability measures although high, seem to be in keeping with current recommend practice. This suggests that what matters more are not levels of accountability per se but the appropriate types of accountability. Of concern are the low accountability measures in place for private TEIs in countries like Bangladesh, Tunisia, Pakistan, and Sri Lanka. This is worrying because of what is known anecdotally of how private TEIs in these countries mushroom overnight but can disappear as quickly and are usually of very poor quality.

To understand how autonomy and accountability actually work on the ground, the following section looks at three case studies of tertiary sectors in India, Chile, and Kazakhstan.

4. THE CASE STUDIES

4.1 India

As a rising economic giant, the state of India's tertiary sector is of concern. At the upper end of the tertiary sector, there are few high quality TEIs which are essential for developing knowledge economies[6] while at the lower end, the poor quality of TEIs is hampering India's manpower needs as the economy grows. There is an urgency to streamline the tertiary sector. Rates of return for a year of college education in the regular wage earning sector (as opposed to the causal labor sector) has been rising rapidly, equalling 15.4% in 2004. These higher returns are also reflected in growing investments in tertiary education. Students enrolling in undergraduate and post-graduate degrees have increased on average by almost 5% a year, double the rate by which the population of that relevant age group has increased (OECD 2008: 15-17).[7]

[6] See Table 3. In the 2008 SJTU rankings, India had two institutions that ranked amongst the top 400 institutions in the world and another two which ranked amongst the top 500 institutions. This does not compare favourable with India's most relevant competitor, China, which has higher ranked institutions and more of them.

[7] Despite this, India's share of gross enrolment rate of the 18-23 cohort is at 13%, well below other developing countries where gross enrolment rate is around 18% (OECD 2008: 15). The figure could also be substantially

Despite India having devolved management to the state level and having one of the older quality assurance systems in the region, a productive balance of autonomy and accountability has not been achieved. The National Commission on Knowledge (NCK 2006) describe the governance structure of India's tertiary sector as "over-regulated and under governed." Consequently, the existing system is over wielding with overlapping areas of accountability which not only limit institutional autonomy but also fail to offer adequate and appropriate levels of accountability.

4.1.1 Brief Description of the Sector

Education is on the concurrent list of responsibility between the central and state governments as defined by the Indian Constitution. While the central government is responsible for maintaining standards, state governments are responsible for the daily management of public TEIs. States also hold the purse strings and provide for 75% of the total tertiary sector funding while 25% comes from the central government. Universities are institutions of national importance, established by parliament or the state legislature, and awarded degree granting powers. In total, there are 371 universities in India and associated 18,064 colleges (Agarwal 2007). Colleges are affiliated to universities but have no degree granting authority. Universities have the power to grant affiliation and issue degrees. Colleges affiliated to 131 universities constitute 89% of the tertiary sector. In addition, there exist premiere institutions like the Indian Institutes of Technology (IITs) and Indian Institutes of Management (IIMs) (Agarwal, 2006: 3). Since 2000, private TEIs have been growing. Of the total universities in 2005-2006, 70 were private unaided universities[8] with a total of 7,650 affiliated colleges, accounting for 30% of total enrolment in the country (Agarwal 2006:5).

At the top of the tertiary education sector there is an apex buffer body that deals with the tertiary sector called the University Grants Commission (UGC). Constitutionally, the UGC's

lower. Prahtap (2009) recently highlighted, depending on which data set was used for the year 2001,the Gross Enrolment Rate (GER) could have varied from 8.4% to 14.1%. for this cohort.

[8] There are also private-aided universities which are distinguished form private un-aided universities. In these universities, the private sector undertakes the fixed capital investments but government covers recurrent expenditure.

role in India is to coordinate and maintain standards of university education. There are also three bodies involved in quality assurance and a further thirteen bodies that maintain standards in specific sub-professional disciplines. The body under the UGC responsible for standards is the National Assessment and Accreditation Council (NAAC). Two targeted bodies are the All India Council for Technical Education (AICTE) responsible for maintenance of standards for technical education and the National Board of Accreditation (NBA) which accredits engineering and technical programs. The 13 professional specific councils are represented at both the national level and the state level.

Tertiary education in India is highly centralized and institutions, particularly colleges, have very limited autonomy, regardless of their public or private status. Universities have some substantive autonomy while private institutions have more leeway where procedural autonomy is concerned. Under the affiliation system, most parent universities are responsible for regulating admission, setting curricula, and conducting examinations for the affiliated colleges under the general oversight of the UGC. Academic curricula of professional courses are subject to oversight by their professional councils. Both public and private universities can modify curriculum and propose new programs with UGC approval but have no autonomy over areas like fees. Private universities also have their fees determined by state committees headed by prominent public figures who ensure that these institutions are not profiteering. Neither public nor private universities can determine faculty or staffing salaries. However, private institutions can hire and fire faculty. Neither type of institutions has external independent boards with external representation to select leadership. Some of the elite Indian institutions have opted for a higher degree of autonomy by choosing not to take up university status and the associated regulatory structures (see Box 1). These institutions consequently cannot offer degrees but, instead, offer diplomas which are equally valued in the market place.

Accountability is variable. Neither public nor private TEIs are required to develop strategy plans, although individual institutions do so. Most allocations to public TEIs are for recurrent expenditure and approximately 90% of these funds are allocated for this purpose. These funds are subject to external auditing on a line item basis. There are no incentive based schemes to allocate money, such as competitive funds or performance based contracts

etc, for either public or private institutions. Hence, there is a limited culture of focusing on outcomes. All public and private TEIs are regularly requested to update performance indicators on their web pages but few institutions do so. Further quality assurance is voluntary and less than 25% of institutions opt for it, signalling the lack of importance in providing consumer information.

Box 1: New Institutions and Autonomy

Recently, a number of new private institutions offering professional oriented diplomas have been established in India by thwarting government regulation. Two institutions, Adani Institute of Infrastructure Management (AIIM) and The Indian School of Business (ISB) have been established by avoiding government regulation so that they have access to higher levels of autonomy. These institutions have opted out of university status, choosing not get accredited and have selected to offer one year programs as opposed to two year programs. These choices allow these institutions to avoid greater central and state regulation. In the case of ISB, which is one of the most respected business schools in the country, the board of the school decided not to undergo accreditation to ensure higher levels of autonomy. For the same reason, the institution has opted to offer a one year certificate rather than a two year MBA. AIIM too will be offering only a one year certificate in postgraduate management of infrastructure to avoid the regulation of the two year program. These institutions find that despite not being universities and not offering degrees, there continue to be in great demand for their product as their qualifications are widely accepted as being some of the best in the Indian education market.

Source: Amy Yee, 2009. "Learning Difficulty" *The Financial Times* May 28 2009.

4.1.2 Institutional Weaknesses

A number of institutional weaknesses currently justify the categorization of India's tertiary sector as being "over regulated and under governed". Problem areas include the lack of tools available to the UGC vis-à-vis its mandate, the fragmented financing system, the voluntary quality assurance system, or to put it another way, as well as the lack of secondary mechanisms to ensure compliance, and an over active judiciary and government.

Buffer bodies, such as the UGC, should serve as independent bodies separate from government and TEIs, responsible for tertiary sector matters. Buffer bodies can have control over all funding and operational issues. However, this is rarely the case. A CHEMS's (1998) report diagrammed that UGC in India covers five functional areas out of the possible ten. These include control over strategic planning, budget development/funding

advice/allocation, quality assurance, and decisions about total number of student admissions. The areas where the UGC does not have a role includes policy analysis/problem resolution, higher education mission definition, academic program review, program administration, and monitoring and accountability (Fielden 2008). Clearly, there needs to be some rethinking about what the UGC's mandate is and what tools does it have at its disposal to implement that mandate. For instance, it seems a miscalculation not to give the UGC jurisdiction over policy analysis, especially when it is responsible for strategic planning for the sector.

Further, the necessary tools for enforcing directives need to be with the UGC to make it an effective body. The lack of financial authority undermines the UGC capacity to hold institutions accountable. Failure of institutional compliance essentially arises from the fact that the UGC does not have the muscle to steer institutions to specific goals. This is largely because of the fragmented funding system in India and voluntary quality assurance system which is not backed with a secondary incentive to comply like in the USA. Funding is the means through which national governments have the power to enforce compliance to national directives. In India, the lack of UGC's monetary leverage over the TEIs has proven a major weakness in the existing system of accountability. A large share of funding is allocated by state governments rather than central government, which weaken the central government's ability to actual influence key directives in the tertiary sector. Of this small share of the total funding, the majority (85%) goes to support 3% of the total students at 130 institutions in the country. Even then, ownership of distribution of this central money is distributed between the Ministry of Human Resources Development and UGC. Little of the funding, if any, is linked to specific results.

The existing quality assurance system seems inadequate both in terms of the restrictions it places on autonomy and lack of accountability it offers. India's quality assurance system is one of the older ones in the region and evolved in part because of the failure of the existing affiliation system. However, currently its coverage is limited and it has become obsolete given the new types of providers that are evolving in the sector (Agarwal 2007). While the system is effective in being flexible by catering to India's diverse tertiary sector, it does not offer aligned incentives to adequately meet its goal of "improvement" and "excellence" (Raza 2006). Its weakness is that the system is one of voluntary accreditation with no

compensatory incentives to force TEIs to buy into quality assurance this could be offered through some type of financial link or a shaming or naming exercise. In the USA, where management of the tertiary sector is delegated to state governments and accreditation is voluntary, the major mechanism through which central government directs compliance to quality assurance is through funding. If institutions want to be eligible for any federal money, whether grants or student loans as well other research monies, they have to be accredited institutions. This secondary mechanism for enforcement does not exist in India.

Excessive involvement of the courts and government has produced an inadequate and irrelevant regulatory structure for the private sector. As noted, the private sector has been growing steadily over the last two decades in response to demand rather than an explicit government policy that encourages private sector growth. The existing system of regulation has produced a situation where the private TEIs are almost indistinguishable from public TEIs. General wariness of the private sector has led to significant judicial and government intervention which has led to a murky regulatory environment. The Supreme Court of India has intervened in a number of cases related to the tertiary sector. This includes cases examining how private universities should admit students, can they charge capitation fees, and should caste based reservations apply to private universities as well as public universities. Recently, some of these rulings have favoured the private sector. A 2003 ruling[9] ruled in favour of a cost plus system of fees for private institutions with caps on the management quota of 15%. The management quota is for those students whose admission in not merit based and can be subject cost plus fees. In another case,[10] The Supreme Court voted against the ability of the state government to impose caste based quotas on the private TEIs because it is unconstitutional. However, in response to this, the National Parliament amended the constitution, allowing for preferential quotas to be imposed in all higher education institution regardless of whether they are public and private.

The existing system in India offers little autonomy to either public or private TEIs and very little relevant accountability. The introduction of the private sector has not introduced competition into the system and offers just another means for the Government of India to

[9] The Case of Islamic Academy of Education and Others V. the State of Karnataka and others.
[10] The Case of P.A. Inamdar and Ors V. State of Maharashtra and Ors.

cater to the expanding demand for tertiary education. The need for system wide accountability is clearly needed, even for the private sector, in an environment where fly by night TEIs appear overnight. The existing regulatory system offers neither the benefits of private sector management nor sufficient regulation to protect consumers.

4.2. Chile[11]

Chile has been at the forefront of tertiary sector reform worldwide. During 1980-1990, the tertiary sector was deregulated as part of the broader agenda of rolling back the state that the Pinochet government undertook. At the same time a number of innovations were undertaken in the area of financing which have been important accompaniments to deregulation. These measures have transformed the tertiary sector in Chile. Chile has evolved from an elite system to one that targets the mass population. This has been accompanied with a large expansion in enrolment (OECD & The World Bank 2009:11). Chile ranks 36th under SJTU rankings in 2008 but ranks 26th out of 131 countries on the World Economic Forum (WEF)'s Global Competitive Index (GCI) in 2007(OECD & The World Bank 2009). Interestingly, despite being one of the most dynamic tertiary sectors in the world, autonomy levels are not excessive while accountability measures are quite high. However, there are some questions about how effective the reforms have been, given the rather hierarchical structure of the tertiary sector in Chile, where different rules apply for different groups of institutions.

4.2.1. Brief Description of the Sector

Chile is one of the most experimental countries where tertiary sector reform is concerned. Reforms which began in the 1980s decentralized the two large public universities and made previous branch campuses, regional universities. Public funding for the existing four private universities was rolled back. Between 1980-1991 government funding for TEIs declined by 41% after accounting for inflation. The burden of financing tertiary education has shifted from governments to the private sector. Private TEIs were encouraged and two new types of institutions, specifically Professional Institutes (IPs) and Technical Training Centres (CFTs),

[11] This case study draws extensively upon OECD & World Bank 2009

were introduced.[12] Between 1980 and 1990, 120 private new TIEs were established and by 2007, there were 192 tertiary institutions of which 61 were universities, 44 were IPs, and 87 were CFTs. In 2007, a total of 678,000 students were enrolled in the tertiary education sector which was approximately 34% of the 18 to 24 age cohort. This is a substantial improvement from 1990 when total enrolment was 245,000. The majority of these new students have been absorbed in the growing private TEIs.

Despite these reforms, the tertiary sector remains quite hierarchal with dominance given to those institutions which are part of The Council of Rectors of Chilean Universities (CRUCH). The other two significant groups of institutions are the new professional institutions (IPs and CFTs) and the new private universities which are not a part of the CRUCH group. The CRUCH institutions are 25 in total and include those institutions that were in existence in 1980. Sixteen of these are public institutions, six are private catholic universities, and three are more recent private institutions that were formed after 1980. The privileged position of CRUCH institutions allows them unprecedented access to resources and influence. This position is further bolstered by CRUCH's role as the institution which implements the University Entrance Exam (PSU).

The governance structure is mandated under the Constitutional Education Law of 1990 and the Ministry of Education, Chile (MINEDUC) is the principal co-ordinator and regulator of the sector but is supported by a number of key institutions. CRUCH is an important policy body that not only implements the PSU but also is active in policy discussions and often represents government on behalf of Chilean universities. Another important body is the Higher Council of Education (CSE) which is an autonomous agency responsible for licensing, monitoring, and granting autonomy to institutions. The CSE is further supported by the National Accreditation Commission (CNA) formed in 2006 which undertakes institutional accreditation. The Administrative Commission for Higher Education Loan Systems manages the state guaranteed loan program and finally there is the National

[12] For professional courses regulated by law (*licenciatura*), universities are the only TEIs allowed to teach these degrees. Professional institutes teach four year professional courses while the Technical Training Centres teach shorter technical courses. Both of the latter two types of institutions can not offer *licenciatura* degrees. Also both IPs and CFTs are private, self financed, and can be for profit or non-profit.

Commission for Scientific and Technological Research, which is an advisory body on science and technology.

Chile's reform process is known for innovations in financing. These mechanisms include the public indirect voucher scheme (AFI) which offer monies to those TEIs who can recruit students with the highest marks in the PSU exams. There are also specific funds, such as The Competitive Fund and The Academic Innovation Fund (FIAC), which allocate funds competitively in keeping with government objectives. Finally, there are also Performance Agreements (CdD) signed with individual institutions. There is also a government guaranteed loans program which is mostly privately funded. The CRUCH universities, unlike the private universities, professional institutes, and technical institutes, continue to receive a direct public grant (AFD) which favours larger well-established universities.[13]

The level of institutional autonomy that individual TEIs have depends on when the institution was formed, regardless of whether they are public or private. Institutions formed before 1990, have autonomy but of variable levels, depending on if they are public or private. Institutions formed after 1990 only become autonomous after an extended supervision process undertaken by the CSE. Both public and private TEIs have complete control over curricula, although some professional associations have some input in *licenciatura* degrees which are professional qualifications regulated by laws and taught only at universities. Both types of institutions also have veto power over whom they chose to admit into their institution. However, effective autonomy can be curtained if TEIs choose to take advantage of the AFI scheme as this restricts admission to top performing students on the PSU. Fees are also left for TEIs to determine themselves. However, here again, the government can restrict effective autonomy per clear government guidelines that are laid out on how public funding varies with fees. Hence, for example, private TEIs can set fees quite high but, in the process, may lose those students who are on government guaranteed loans. In certain areas, specifically hiring and firing faculty as well as determining salaries, public TEIs are somewhat more restricted. Legally, hiring and promoting academic staff is entirely

[13] Public resources however only account for an average of 17% of CRUCH university funding, the rest come from tuition fees (33.7%) and self-generated funds (49.0%) (OECD and World Bank 2009: 229).

dependent on TEIs. For public TEIs, this may be countervailed by existing rules. Salary setting is limited by existing public sector guidelines and firing of staff is difficult to impose due to inadequate retirement options for academic staff.

There are many accountability mechanisms in Chile and these apply across the board regardless of whether institutions are public or private. It is customary for all TEIs to develop a strategic plan and all institutions are subjected to external audits. There is an extensive quality assurance system in the country which has four key elements. First, there is licensing of institutions which subjects each TEI to extensive review over a period of a decade. Second, there is institutional accreditation which is now undertaken by the CNA and is peer review based. Accreditation is however voluntary. Third, there is a course or program accreditation. Finally, there is the Higher Education Information System (SIES) under the MINEDUC which maintains information on TEIs and their qualifications. This is supported by a labor market observatory which maintains information on how different qualifications fare in the labor market.

4.2.2. Institutional Weaknesses

Chile seems to have done a number of things right in reforming its tertiary sector. Strengths of the system include innovation in financing which have encouraged competition and output based financing, correct incentives to encourage compliance with different mechanisms of accountability, and substantial levels of autonomy. Despite this, there are areas of concern that need to be rectified to ensure that these reforms deliver on their objectives. Problem areas include the dominance of the CRUCH universities and how it undermines the equal playing field, streamlining institutional rules which undermine autonomy, and improving incentives, especially in areas of quality assurance.

Chile's strength has been in the area of accountability. Underlying the innovations in financing has been the emphasis on competition. These innovations have ensured that TEIs are accountable for the money they received and have had to compete to receive funding. Performance agreements, although only recently introduced, similarly focus on outcomes

and are driven by a greater need for accountability. Despite these innovations, there remains some concern that CRUCH universities have an unfair advantage.

The quality assurance system also holds TEIs accountable. From the time of licensing, the emphasis on accountability is high. Even before the license is issued, different aspects of the proposed TEI is vetted, including its business plan, proposed menu of program, and financial feasibility. Licensing brings that proposed institution under the scrutiny of the CSE for a period of six years. Only after this, is a decision made to declare an institution autonomous or not. Indeed after the initial six years, failed institutions receive a license for another limited period, and upon its ends, institutions are either made autonomous or are closed down. During the 1990s, 38 of the new TEIs that mushroomed in the 1980-1990 period were closed down as they failed to meet the minimum requirement. However, the accreditation process under CNA is fairly new. There are concerns that the accreditation process is not properly linked to incentives to improve teaching and increase the relevance of the curriculum.

However, overall the instruments that have been put in place to hold the tertiary sector accountable are well linked to incentives to ensure that TEIs comply with accountability mechanisms. For example, with regards to accreditation, although it is voluntary, there are secondary mechanisms in place to encourage TEIS to opt for accreditation. Similar to the USA system, most public funding is available only to those TEIs, outside CRUCH, who have opted for accreditation.

The predominance of CRUCH and its influence over policy is of concern. Although, MINEDUC is the body responsible for policy, CRUCH plays an important role in this area. CRUCH represents the Chilean Government when signing agreements and has a strong voice within the MINEDUC. Indeed, the MINEDUC defers to CRUCH on a number of policy matters (OECD and The World Bank 2009). As CRUCH represents a strategic group of TEIs in Chile as well as seems to have an important role in determining policy, it clearly puts the non-CRUCH institutions at a disadvantage. The uneven advantage that CRUCH universities have is particularly visible with regards to financing. CRUCH institutions have access to public budgetary support and receive priority in many new schemes. The

government has also developed specific competitive funds that only CRUCH universities can participate in. These factors favour traditional universities and invariably the well established socio-economic groups who attend these institutions.

Finally, not unlike other countries which are reforming their tertiary sector, there are some issues of streamlining institutional rules to eliminate underlying contradictions which can undermine the objective of reform. In Chile, this is visible in the contradiction in the decision to give public TEIs more autonomy and underlining institutional rules which do not allow public TEIs more control over the salaries and their ability to fire academic staff.

4.3 Kazakhstan[14]

Kazakhstan's tertiary sector is in transition and has undergone extensive deregulation. In the past two decades, the role of the private sector has expanded substantially. Accompanying these changes has been some increase in autonomy for TEIs in the public sector. Private TEIs have more procedural autonomy than public institutions, but in areas of substantive autonomy, the Government of Kazakhstan (GOK) continues to impose restrictions across both the public and private sector. The failure to accompany procedural autonomy with substantive autonomy restricts the benefits of the recent reforms aimed at the tertiary sector. Accountability mechanisms have been introduced as part of the larger reform process. Although, autonomy is usually accompanied with greater accountability, the initial evidence suggests GOK has opted for inappropriate overregulation. Despite this, ambitions for the tertiary sector remain high in Kazakhstan. The President of Kazakhstan declared in 2006, that the country's key goal was to become one of the world's 50 most competitive economies by 2015.[15] A key element to achieving this relies on a more relevant and competitive tertiary sector.

4.3.1 Brief Description

[14] This case study draws from OECD & The World Bank (2008)
[15] This goal, while challenging, is within the realm of possibility for Kazakhstan given Kazakhstan's current rank, which is 56 on the WEF's GCI.

In 1993, legislation was passed which allowed private universities. In 2001-2002 GOK began privatizing public universities. Currently, there are 177 universities of which 68 are public and 109 are private. The total numbers of students in 2005 was 744,200 students, of which 46.3% were enrolled at private universities (mostly in distance education courses). Unlike other countries, like the USA where private universities are non-profit entities, in Kazakhstan, private universities are considered profit making entities and are owned by one or more individual investors (McLendon 2004: 7).

The economic crisis the GOK faced in the 1990s drove the GOK to find alternative sources funding the tertiary sector. This produced privatization, but also led to the development of the voucher scheme. Universities receive funds from a number of sources (see Table 4). The voucher scheme is available for 15-20% of the top students who perform well in the national standardized test (Unified National Test (UNT)) which all high school students take. The voucher scheme is the primary means through which public funds to tertiary sector are allocated. Resources attached to the top-tier of students, travels with the student to whichever institution that student chooses to attend, whether public or private. Besides the voucher scheme, the GOK also guarantees a loan program which is financed by private sector banks available to the next tier of best performing students who do well on the UNT. Grants and loans are tied to specific fields of study and are need blind (IFC 2008). Nevertheless, public funds are a very small contributor to total revenues available to public or private TEIs. In 2004, only 16% of total revenue came from the public coffers while 84% were generated from private tuition fees (OECD 2008: 85).

Table 4: Sources of Funding for Public and Private TEIs in Kazakhstan

Public TEIs	**Private TEIs**
Grants for Operational Expenses (Voucher Scheme)	Grants for Operational Expenses (Voucher Scheme)
Tuition Fees	Tuition Fees
Investment Funds from the GOK	
Research Funds from the GOK	

Source: Developed from OECD and The World Bank 2008

The management of the sector remains with the Ministry of Education and Science (MOES). Public TEIs in Kazakhstan have authority to hire and fire faculty in the autonomous manner. However, in other areas they have limited autonomy. For instance, TEIs do not own their own buildings (which are owned by the Ministry of Finance) and have limited authority over the management of these buildings. Salaries are centrally determined but TEIs do have authority to supplement basic salaries. In substantive areas, neither public nor private TEIs have much authority. For the most part, curricula and teaching is organized by the state sector. Most courses have to follow State Standards which specify in great detail the curriculum to be taught. Recently, however, as part of the Bologna Process, such content control has been lessened (from 90% to 50%) and the system is moving towards fewer broad specializations (OECD & The World Bank 2008:114). Still, universities can not introduce new courses of study without government approval. Leadership of public TEIs is also determined by the MOES. Admissions (and indirectly tuition revenue) is also restricted by government dictates which limit the numbers of students allowed in a given physical space. However, public and private TEIs can set fees for self financing students, which are the majority, although this is also indirectly controlled by government requirements on the amounts of resources that need to be spent per student.

Table 5: Government Entities Involved in Higher Education Quality

Organisation/Government Entity	Functions
Ministry of Education and Science (MOES)	Main authority in charge of higher education. Setting up general policy and strategy
Committee for Supervision and Attestation in Education and Science (CSAES)	Supervision and attestation of all HEIs in the country, including the awarding or removal of licences to operate
National Centre for Educational Quality Assessment (NCEQA)	Monitoring of the higher education system
National Accreditation Centre (NAC)	Institutional accreditation
Centre for Certification, Quality Management and Consulting (CCQMC)	Fostering the certification of support and administrative processes
National Centre of State Standards for Education and Tests (NCSSES)	Developing standards and tests, administering tests

Source: OECD and The World Bank, 2009

The focus on quality assurance is extensive in Kazakhstan and a matrix of institutions exists to oversee quality control under the auspicious of MOES (see Table 5). Many of these

institutions are recent ones which have evolved as part of the government's recent reform agenda. However, often these multiple bodies have overlapping agendas. One new development is the National Accreditation Center (NAC) which uses the accreditation process to build capacity in TEIs so that they have capacity to self assess themselves.

4.3.2 Institutional Weaknesses

The key challenge facing Kazakhstan's tertiary sector is ensuring that its governance structure keeps pace with the sector's restructuring in order to achieve the appropriate balance of autonomy and accountability. In essence, the GOK has pushed for greater deregulation by introducing new private sector players without offering the necessarily levels of autonomy, while overloading institutions with accountability measures.

The management structure of the tertiary sector has not changed significantly from the Soviet era despite the expansion of the private sector. No attempt has been made to decentralize management to either a buffer body or lower tiers of government. Neither has any meaningful autonomy been handed down to individual TEIs. The MOES remains the central body responsible for both the broader management of the sector as well as being the primary body for regulation. Here there is clearly a conflict of interest as the GOK is regulating public TEIs of which it is the owner. It is also not clear whether the necessary regulatory structure exist for monitoring the new private TEIs. Appropriate regulation is critical in a sector where access to higher education is becoming increasingly unequal and where there are real concerns about the quality of tertiary education because of the rapid expansion of private universities mostly driven by the profit incentive.

The accountability mechanisms that have been put in place as part of the reform process are excessive. In an attempt to radically reform the sector, the GOK has undertaken too many changes, especially in the area of quality improvement. In the area of quality assurance, numerous bodies exist and often their tasks over lap with each other. The 2008 OECD and World Bank report highlights how the existing situation has resulted in new institutions being superimposed on existing ones, resulting in few incentives to modify behaviour. For instance, the report notes that attempting to encourage TEIs to be more proactive in their

self assessment has produced a culture of more onerous control. TEIs have become focused on bureaucratic reporting, rather than taking ownership over their performance (OECD and the World Bank 2008: 118).

5. CONCLUSION: SOME BROAD PRINCIPALS

Governments across the world are experimenting with reform of the tertiary sector which inevitably involves deregulating tertiary education and offering TEIs increased levels of autonomy. However, increased autonomy is accompanied with more explicit accountability as governments seek to hold TEIs accountable for public resources which continue to be directed to the tertiary sector even under greater deregulation. The challenge is determining the right balance between the two, which is an imprecise process dependent on existing and new institutions, historical precedent, accepted norms and practices, and political economy. Nevertheless, what are some broad principals that countries looking to reform their tertiary sectors should consider when moving forward?

Developing Meaningful Autonomy: Meaningful autonomy for the tertiary sector actually means two things: autonomy of the relevant policy body dealing with tertiary issues from central government and autonomy for the TEIs themselves. Vis-à-vis the first, increasingly central governments are being advised to establish buffer bodies which theoretically have ownership over policy and funding issues. Establishing buffer bodies for management of tertiary sectors is to separate from central government all policy matters related to the tertiary sector. The objective is to ensure that tertiary sector policy is outside the realm of central government, where other policy objectives and interest group lobbying can effectively undermine decision making. However in reality this has been difficult to achieve. Vis-à-vis the second, TEIs are being allowed more freedom, at least legalistically, in substantive and procedural areas of their management. However, meaningful autonomy has not always materialized. Countries need to be more vigilant about ensuring that this is achieved. Some broad principals that need to be considered include:

1. **Independent policy bodies need to be equipped the necessary tool to be autonomous.** Many countries are choosing to establish buffer bodies. Establishing buffer bodies is not enough. Buffer bodies need to be given the necessary tools to be

able to act as independent bodies and need to have the requisite powers to act autonomously and be able to enforce their directives that may be independent from those of the central government. The most powerful tool that buffer bodies can have is control over funding which can give these institutions authority and increase their autonomy.

2. **Independent policy bodies need to have authority in the sector.** Another important issue, vis-à-vis the establishment of a buffer body, is to ensure that the new body is not undermined by other pre-existing institutions in the sector that have historically evolved. In Chile for instance, the CRUCH is an important body and has an important role to play. However, its dominance and its representation of a certain number of institutions, means that it undermines the level playing field in the tertiary sector. Although in Chile, there is no one buffer body, the multiple institutions that manage the sector, are undermined by the power of this one institution.
3. **Governments need to ensure that TEIs have "effective autonomy".** Although governments in a number of countries reforming their tertiary sector have given autonomy to TEIs, this has been more legalistic than effective. As the survey of The World Bank task managers indicated, autonomy on the ground is actually more restrictive then a quick overview would suggest. Governments need to change this and ensure that TEIs have real autonomy and should seek to monitor TEIs through accountability mechanisms.
4. **More thought needs to be given on the balance of substantive and procedural autonomy.** Different countries have emphasized either procedural or substantive autonomy. However, pushing through autonomy in either area may have short terms benefits but unless they are undertaken together, these reforms cannot deliver on a meaningful change in behaviour.

The Importance of Accountability: Accountability inevitable needs to accompany autonomy and policymakers need to focus on how accountability mechanisms can be developed to ensure that governments have the lightest of touch. However government have difficulty comprehending the difference between accountability and controlled.

Many of the accountability mechanisms that are recommended are good principles in tertiary sector management. For instance, some quality assurance system is recommended in all tertiary sectors and this is an important mechanism through which TEIs are kept accountable. Similarly, encouraging TEIs to develop strategic plans is another policy tool in the accountability box and is also seen to be good practice. Recent innovations in financing, for example competitive funds and performance contracts, have implicitly included accountability.

Governments need to adopt these recommended best practices and focus on ensuring that these accountability mechanisms are effectively enforced. Some broad principles that need to be considered:

1. Policy makers need to look at the whole institutional matrix that exists to ensure that new mechanisms that are introduced for better accountability are not undermined by pre-existing institutions, thereby allowing TEIs to circumvent accountability measures.
2. Governments need to give significant thought to how policy instruments for accountability are appropriately linked to incentives in order to ensure that TEIs comply with policy directives. Inadequate consideration of these factors can undermine the broader agenda of reform.

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