

European Commission
Directorate-General for Economic and Financial Affairs
Economic Policy Committee

**Efficiency and effectiveness of public
expenditure
on tertiary education in the EU**

**ANNEX : COUNTRY FICHE
THE NETHERLANDS**

**Joint Report by the Economic Policy Committee
(Quality of Public Finances)
and the Directorate-General for Economic and Financial Affairs**

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Brief characterization of the tertiary education system

1. Main features

The Dutch tertiary education system consists of Universities and Hogescholen, Universities of Applied Science, publicly funded by the government on the basis of block grants and certain indicators by which the total budget available to the institutions is attributed to the various institutions. Higher Education is legislated by the Higher Education and Research Act (WHW), which is regularly updated following major or minor policy changes. The universities are research intensive and provide education up to the level of the third cycle, doctoral degree. The Hogescholen are oriented towards applied research and direct catering for the labour market. Most of their awards granted are Bachelor degrees. Some also offer Master degree programmes.

The number of students enrolled in the academic year 2009/2010 is approximately 400.000 for Hogescholen and 220.000 for Universities. Next to this an estimated number of 60.000 students follow courses at higher education level in privately funded institutions.

All students under the age of 30 years are entitled to a basic grant and a student loan, provided they have not finished a Master programme yet and provided they are enrolled in an accredited programme (see below). Students whose parents' income is below a certain level receive additional grants. Grants are transferred into loans and have to be paid back to the government if the study is not finished within 10 years. The amount ex-students have to refund to the government is dependent on their income. The maximum term during which students have to refund loans or a temporarily received grant in case they dropped out of the study, is 25 years. Student grants are not restricted to enjoying higher education in the Netherlands but are instead 'portable'; they can be taken abroad to enrol in higher education programmes of which the quality is also assured.

The quality of the programmes offered is assured by accreditation. Only the degrees issued by accredited programmes are protected by law. And only students who are enrolled in accredited programmes are entitled to student financing, also if the programme is offered by a privately funded institution.

Recent trends:

At this moment Dutch parliament is deciding on a couple of changes of the Higher Education and Research Act (WHW). Changes regard: tuition fees, examining boards, accreditation, governance, employee participation, legal protection, joint degrees, cancelling of the recognition procedure of institutions and issuing the Diploma Supplement according to European Format.

1/ TEACHING											
Netherlands											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Academic staff per 1000 inhabitants relative to the average	1.59	2.23	2.17	2.21	2.2	2.17	2.18	2.18	:	:	:
Number of students per 1000 inhabitants	29.4	29.7	30.6	31.4	32	32.5	33.4	34.6	:	:	:
Number of students (graduate and post-graduate) per 1000 inhabitants	:	:	:	:	:	:	:	:	:	:	:
<i>From public institutions</i>	:	:	:	:	:	:	:	:	:	:	:
<i>From private government-dependent institutions</i>	:	:	:	:	:	:	:	:	:	:	:
<i>From private independent institutions</i>	:	:	:	:	:	:	:	:	:	:	:
Ratio of students per academic staff	18.5	13.3	14.1	14.2	14.5	15.0	15.3	15.9	:	:	:
Number of graduates per 1000 inhabitants	5.55	5.06	4.83	5.24	5.47	5.67	6.12	6.71	:	:	:
Ratio of graduates per 1000 academic staff	3.5	2.3	2.2	2.4	2.5	2.6	2.8	3.1	:	:	:
Standardized recruiter view indicator (graduates' employability as perceived by recruiters)	:	:	:	:	:	:	:	1	:	:	:
Standardized peer view country indicator (quality perceptions among peers)	:	:	:	:	:	:	:	1	:	:	:
PISA scores	:	:	525	:	:	:	:	:	:	:	:
Average total time spent by students in order to obtain a BA degree	:	:	:	:	:	:	:	:	:	:	:
Average total time spent by students in order to obtain a MA degree	:	:	:	:	:	:	:	:	:	:	:
Remuneration of a tenured university professor with 10 year seniority	:	:	:	:	:	:	:	:	:	:	:
2/ RESEARCH											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Publications per 1000 inhabitants	0.84	0.84	0.85	0.84	0.87	0.87	0.96	0.96	:	:	:
	1998-2002	1999-2003	2000-2004	2001-2005	2002-2006	2003-2007					
Quality of research (position in the ISI citation index)	5.17	5.37	5.25	5.51	:	:					
% of research done in cooperation with industry	:	:	:	:	:	:					
3/ EXPLANATORY FACTORS FOUND RELEVANT FOR EFFICIENCY											
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Main categories of composite indicator											
Funding Rules Indicator	:	:	:	:	:	:	:	:	:	5.1	:
Evaluation Indicator	:	:	:	:	:	:	:	:	:	7.5	:

Staff Policy Indicator	:	:	:	:	:	:	:	:	:	:	10	:
4/ EXPENDITURE												
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	
Total public expenditure on tertiary education institutions as a percentage of GDP	1.15	1.24	1.18	1.24	1.22	1.25	1.27	1.28	:	:	:	
Total expenditure per student (€)	:	:	:	:	:	:	:	:	:	:	:	
Private expenditure on tertiary education institutions as a percentage of GDP	:	:	:	:	:	:	:	:	:	:	:	
Total expenditure on education as a percentage of GDP	4.82	4.76	4.86	4.78	4.90	5.12	5.16	5.19	:	:	:	
Private expenditure on education as a percentage of GDP	0.45	0.46	0.45	0.43	0.47	0.48	0.50	0.43	:	:	:	
Funds from non-public sources as % of total income (fees, earned income, investment, other)	:	:	:	:	:	:	:	:	:	:	:	
Tuition fees as average of the cost of tuition	:	:	:	:	:	:	:	:	:	:	:	
Percentage of funds received by private government-dependent institutions from public sources	:	:	:	:	:	:	:	:	:	:	:	
Total public expenditure on grants, loans, and other programmes to cover education and/or maintenance of students (universal programmes / by categories such as merit or socio-economic status)	:	:	:	:	:	:	:	:	:	:	:	

Source: Eurostat, OECD, UOE and Member States.

In the above table one can observe that the Netherlands scores below average with respect to the amount of graduates per capita. In this regard, it must be noted that the Dutch system is characterized by open access. Every person with a secondary school diploma needs to be admitted. Whether (prospective) students are sufficiently motivated or not is not a criterion. This leads to a relatively high number of student drop outs. In order to tackle this issue, nowadays trials are conducted, in which potential students are asked for motivation to guide them to programmes which suit them; and trials in which highly motivated students are offered intensified programmes. Also students with disabilities are taken up in the learning process. They can apply for extra guidance and facilities.

In addition, with regards to the score on indicators related to staff, what stands out is that the Netherlands has a relative large academic staff. This is probably because many PhD candidates have a contract as a temporary employee.

Lastly, quality of research is high probably because of the organisation of research in research schools with a critical mass, the 2nd flow of money for research being attributed by competition, the regular quality assessment, and the management of the Research Universities, taking these assessments into account.

2. Structure of institutions and funding arrangements

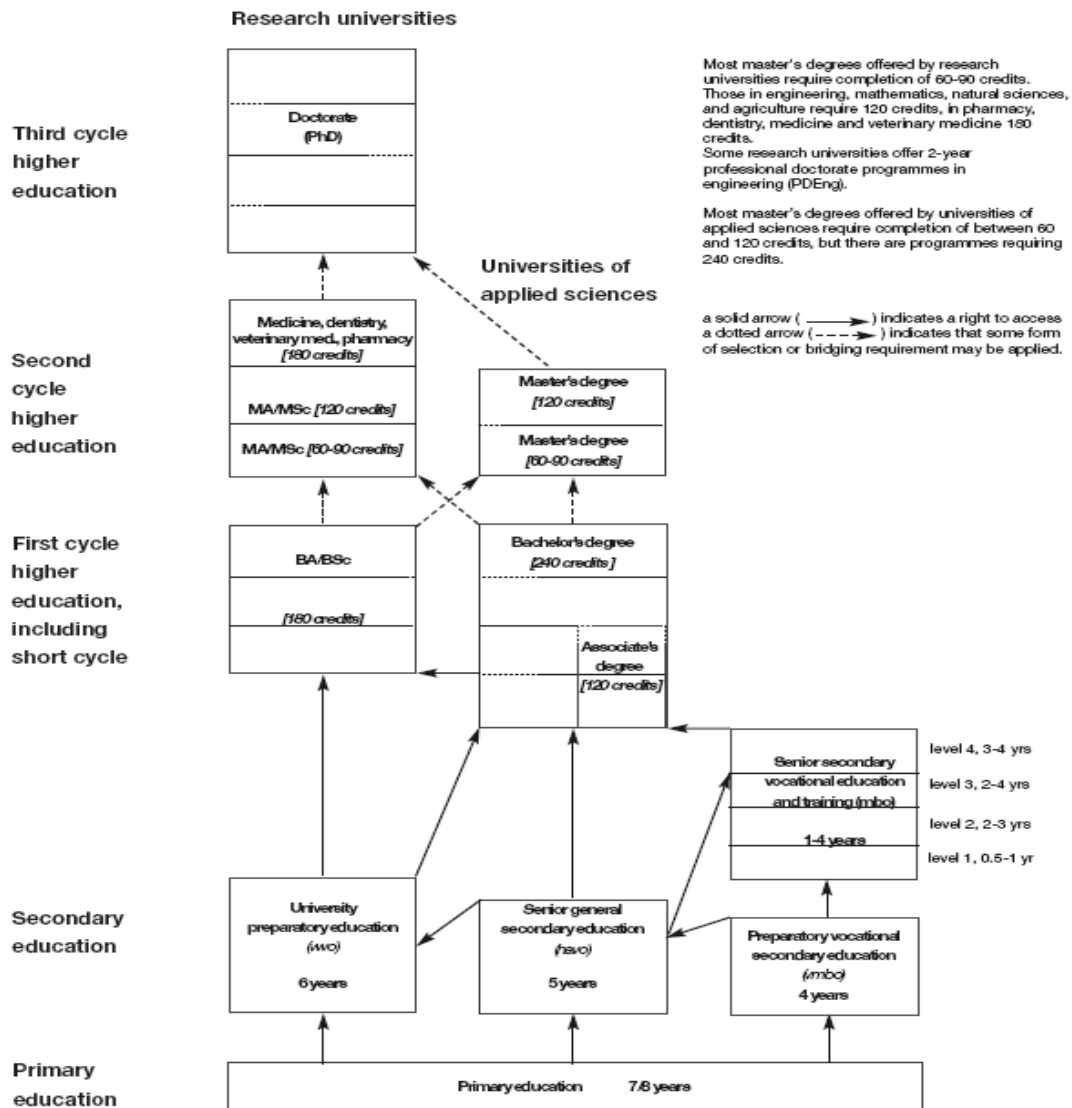
Types of institutions for higher education

The system of higher education in the Netherlands is built upon two pillars: professional higher education (hbo/hogescholen) and academic higher education (wo/universities). Generally, professional higher education is offered by universities of applied sciences and academic higher education is offered by (research) universities. Both universities and universities of professional education can offer programmes with an academic as well as a professional orientation.

Structure

The higher education system in the Netherlands is based on a three-cycle degree system, consisting of a bachelor, master and PhD. Two types of programmes are offered: research-oriented degree programmes offered by research universities, and professional higher education programmes offered by universities of applied sciences.

Netherlands organization for international cooperation in higher education



Types of funding

There are publicly funded institutions, irrespective of being publicly or privately founded as explained below, and privately funded institutions.

- **Publicly funded institutions** - 14 Research universities and 40 Hogescholen, Universities of Applied Science are all publicly funded. All Hogescholen and most universities originated from private initiatives and over the years have been considered eligible for public funding.
- **Privately funded institutions** - Some of these have been “recognized”. They do not receive public funding. That means that after having completed a special procedure to test their trustworthiness, these institutions are allowed to offer bachelor and master's programmes. There are approximately 60 non-funded, recognized privately funded institutions.

N.B.: The provision of education is free in the Netherlands, meaning that anyone who has the intention to offer education can do so. To enable customers to distinguish between quality assured and non-quality assured provisions the government provides a public list of accredited programmes (CROHO).

System and funding of research universities

The Higher Education and Research Act (WHW) governs a wide range of matters including the planning, funding, administration and organization of the research universities. The tasks of these universities are to teach, to conduct research, to transfer knowledge and to provide services to the community. The Netherlands has fourteen research universities, including three technical universities, the Open University for distance learning and the Agricultural University in Wageningen. The latter is funded by the Ministry of Agriculture, Nature and Food Quality.

In order to maintain the high standard of university teaching and research, a quality assurance system is in operation. All programmes are assessed by the Accreditation Organisation of the Netherlands and Flanders (NVAO), resulting in an open report and an accreditation decision.

Funding

The total budget of the Ministry of Education, Culture and Science for the thirteen (note that Agricultural University in Wageningen is funded by the Ministry of Agriculture) research universities (first flow of funds, direct funding) is fixed without reference to performance indicators. The total budget is adjusted in line with wage and price rises and, if necessary, adjustments are made to accommodate policy changes. In addition, the budget is reviewed each year based on the latest views with regard to trends in student enrollment.

Tuition fees are set by the government for EU students below the age of 30. For students outside of the EU and students above the age of 30 the funded institutions are free to set the level of tuition fees.

Research

University research is financed via three different flows of funds. The central government grant includes a certain sum for research (direct government funding; the first flow of funds). The Netherlands Organization for Scientific Research (NWO) allocates funds on behalf of the government to specific research projects (indirect government funding; the second flow of funds). Thirdly, the universities can apply for subsidies and conduct contract research outside these two main funding mechanisms. This third flow of funds consists, to a large extent, of resources from international and national government bodies and research funding from non-profit institutions. The private sector's share in the third flow of funds amounts to approximately 10 percent. Knowledge transfer takes place in part via contract research, but also through, for example, postgraduate education. Next to these flows, research universities receive tuition fees.

Teaching hospitals

An exercise took place in 1996 to clarify the relationship between tasks and funding of the teaching hospitals. This resulted in a 115 million euro reduction in central government funding and a simultaneous increase in the proportion of costs met from social insurance contributions.

The distinguishing feature of the teaching hospitals is the workplace function they offer to the university medical faculties. In the workplace, the prospective doctors can experience the day-to-day practice of medicine. The teaching hospitals also work with the medical faculties to conduct research.

Funding and level of pedagogical, scientific and financial autonomy

The distribution of the central government grant to the funded research universities is partially dependent on performance indicators, such as the number of graduates, the number of first-

year students and the number of doctorates awarded. Important aspects of direct government funding are:

- the freedom of the universities to decide their own spending priorities and how resources are divided between teaching and research, provided they stay within their statutory terms of reference;
- the decentralized responsibility for accommodation: the universities must allocate part of their budgets to accommodation and infrastructure;
- the decentralized responsibility for the formation of terms of employment for university staff;
- a certain proportion of the overall central government grant to the universities is earmarked for the teaching hospitals.

System and funding in higher professional education

Since 1993, the universities of applied sciences or hogescholen (hbo institutions) and the research universities have been governed by the same legislation: the Higher Education and Research Act (WHW). This Act permits the institutions a large degree of freedom in the way they organize their teaching and other matters to meet changing demands.

The universities of applied sciences are responsible for the programming and quality of the courses they provide. Quality control is exercised by the institutions themselves and by external experts. With effect from September 2003, the Education Inspectorate's external quality assurance dossier has been transferred to the Accreditation Organisation of the Netherlands and Flanders (NVAO). The NVAO took on the accreditation of programmes, thus replacing the tasks of the Education Inspectorate: a) approval of external peer review process b) the follow-up of the outcome of the external peer reviews. In order to be able to link up with international developments, the bachelor's -master's degree structure was introduced in the 2002/03 academic year.

Higher professional education is extremely diverse: courses lead to some 250 different qualifications for a wide range of occupations in various areas of society. There are both broad and specialist courses. There are large hbo institutions offering a wide variety of courses in many different sectors and medium-sized and small colleges offering a small assortment in one sector only. Administrative mergers have reduced the number of hbo institutions from almost 350 in the mid-1980s to 40 in 2009. Programmes are divided into seven sectors: Education, Engineering & Technology, Healthcare, Economics, Behaviour & Society, Language & Culture, and Agriculture & the Natural Environment. The last sector falls under the responsibility of the Ministry of Agriculture, Nature and Food Quality (LNV).

An explanatory note regarding Universities of Applied Science and Research Universities being governed by the same law since 1993:

As judged from two perspectives: the educational and the governmental one:

The educational perspective

The Universities of Applied Science (hogescholen) have been formed from numerous post secondary education units in the '80-s. Once the programmes and institutions had become integrated in the higher education system, they had to apply quality assurance and were given autonomy. It was a logic step to regulate all higher education by one law on higher education. Recently the funding systems have been made similar.

The governmental perspective is one of aiming at self-steering funding systems, no subsidies as this needs additional civil service resources. The number of civil servants has been reduced to 1/3 over the past 20 years. The aim is to treat as much higher education institutions as possible in a similar way.

Funding and level of pedagogical, scientific and financial autonomy

The overall budget for higher professional education is allocated to the individual institutions on the basis of a set formula. Since 1994, hbo institutions have received a block grant, which is adjusted to reflect wage and price developments. In addition, the budget is reviewed each year on the basis of the latest data with regard to student enrollment. Apart from the central government grant, the hbo institutions receive income from a variety of sources, including tuition fees and income from services to third parties (mainly contract teaching).

Since 1994, the central government grant has included expenditure for statutory benefits and accommodation. Over 96 percent is paid directly to the institutions in the form of a block grant. Since 2001, the institutions have been required to use these funds to pay the statutory benefits (redundancy pay). The institutions themselves are responsible for the most effective distribution over staff, non-staff and accommodation costs. The remainder of the government grant consists of funds earmarked for specific policy objectives such as internationalization, lecturers and knowledge circles, strengthening the vocational sector and funding information and communication technology.

Recognized institutions

The recognized institutions are non-funded. They are completely autonomous concerning effective distribution over staff, non-staff and accommodation costs and the tuition fees. The external quality assurance of the Accreditation Organisation of the Netherlands and Flanders (NVAO) is also valid for these institutions.

3. Governance and regulatory framework

Legislation (WHW) distinguishes between the degrees awarded by universities and hogescholen. At universities Bachelor/Master of Arts/Science degrees are awarded to successful graduates. Hogescholen award Bachelor/Master degrees. The field of study is added to this degree. The hbo-raad (www.hbo-raad.nl) advises on which field of study to indicate for the various programmes.

The NVAO Dutch-Flemish Accreditation body checks whether programmes are either academically oriented or professionally oriented. The criteria for accreditation of programmes differ only in this respect. Newly proposed programmes need to be accredited as new programmes. This requires review of the quality of the programme and the societal need for the programme. Existing programmes need to be re-accredited every 6 years.

Creation of new institutions is open to anybody. In order to become eligible for accreditation of programmes their quality must be proven. Curriculum content is up to the higher education institutions, provided they provide information in terms of learning outcomes of the programme. Institutions are free to use their resources as they consider fit and to acquire additional sources, for instance from EC-research funds or agreements with business.

4. System's strengths and weaknesses

The strengths of Research universities:

- Education and fundamental research
- Valorisation of research
- Autonomy
- Flexibility in using public financial resources
- Allowed to raise and use additional (private) funds
- Autonomy in deciding upon the supply and design of studies
- Large peer network throughout the world
- Advantages in professionalism of management
- Economic advantages of scale

The weaknesses of Research universities:

- Massification

The strengths of universities of applied sciences:

- Education and applied research

- Autonomy
- Flexibility in using public financial resources
- Allowed to raise and use additional (private) funds
- Autonomy in deciding upon the supply and design of studies
- Large peer network throughout the world
- Relatively small institutions

The weaknesses of universities of applied science

- Disadvantages of scale
- Disadvantages in professionalism of management

Explanatory factors for efficiency

1. Staff Policy

Dutch government has decentralized the responsibility for the formation of terms of employment for staff for all funded institutions by 1993. It goes without saying that non-funded institutions (private independent institutions) have their own responsibility for the formation of terms of employment for staff.

1.1. Hiring/Firing

As stated above; completely autonomous.

1.2. Wages

The branch organisations of the institutions negotiate periodically with employee-organisations over wages, resulting in collective labour agreements. A salary-structure is provided in the act on Higher Education (WHW).

2. Output flexibility

2.1. Course content and exams

Institutions are autonomous to set course content, design study programmes and subject contents, define educational methods, select methods of evaluation as long as they meet the quality requirements of the Accreditation Organisation of the Netherlands and Flanders (NVAO), including societal need for new course content.

2.2. Offer of short studies and other diversifies studies

At the moment, some Dutch institutions are participating in so-called Associate-degree programs (two years, short cycle). Approximately 2.000 students are participating in 2009, with a growth of about 20% per year.

2.3. Student choice

Total number of students enrolled: About 600.000 students at funded institutions

	bachelor	master
hbo-funded	1.064	108
hbo-non- funded	336	4
wo-funded	430	873
wo-non –funded	15	35

Source: Kennis in kaart, 2008

1,455 of these programmes are English-taught of which 1,040 degree programmes, 415 non-degree programmes. Often programmes are structured in such a way that 30 credits (one semester) can be acquired elsewhere, or be used for elective “minors” as part of the programme. hbo programmes always include 60 credits (one year practical work).

Part-time students in universities of applied science (hbo) have increased mildly since 2003 to 61.700 (16% of total) in 2008. In research universities an opposite development has taken place; the amount of part-time students decreased to 11.400 in 2008 (5% of total). The participants in life long learning (tailor made) programs have increased strongly in the universities of applied science to 12.100 in 2008. In research universities, there are almost no participants in life long learning programs

All publicly funded higher education institutions also admit students on the basis of Assessment of Prior (Applied) learning. See answer to prior question for more information.

Do institutions admit students with certain educational backgrounds to other education programmes, allowing for changes in the field of specialisation? Is there a tradition in the area of recognition of informal training activities?

It depends on which change of specialisation is pursued. Changing from history to mathematics or the other way poses different challenges. In general institutions assess prior learning and advise routes on that basis, including bridging courses. Recognition of informal training activities is presently stimulated, facilitated and advocated for by the government.

2.4. Numerus clausus

Restricted programs are: Medical studies, Dental Studies and Veterinarian Studies.

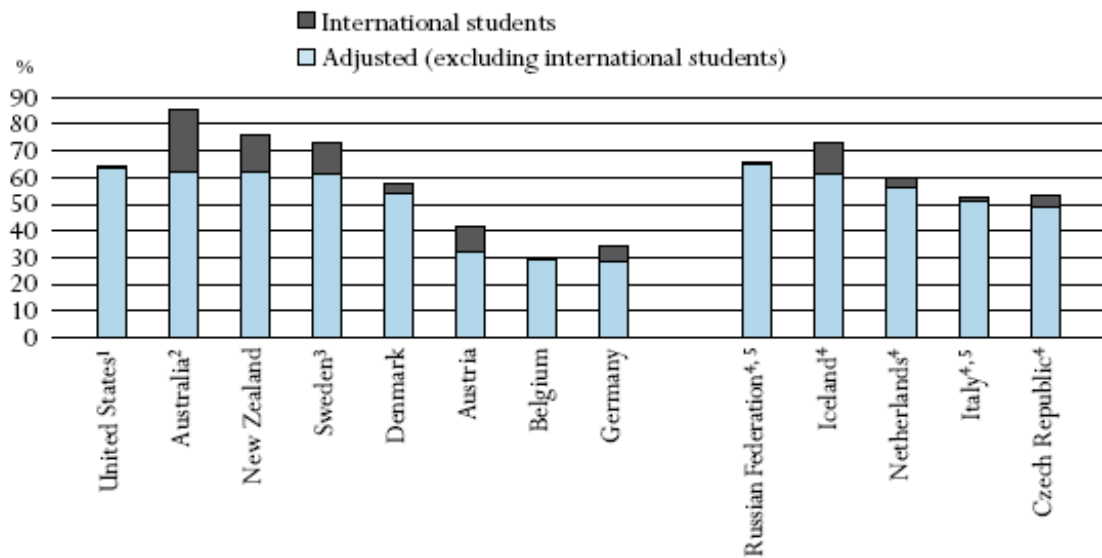
Institutions have autonomy to decide on the (in) existence of constraints associated with numerus clausus.

2.5. Regional/ European/ global mobility

There are no limits to the transfer of students between programmes and between different higher education institutions, except for the programs with numerus clausus.

By definition all international students enrolling for the first time in a country are counted as new entrants, regardless of their previous education abroad. The reason is that countries are less likely to be familiar with the educational background of international students. Entry rates estimate the proportion of the population that will enter tertiary-type A programmes during their lifetime. To highlight the impact of international students on entry rates at the tertiary-type A level, both unadjusted and adjusted entry rates (i.e. the entry rate when international students are excluded) are presented in Chart A2.5 (see below). Among countries for which data on international students is available, the impact of international students is significant in Australia, Austria, Germany and New Zealand. For Australia and New Zealand, with adjustments of 23 and 14 percentage points respectively, the impact is so large that their entry rates slip from the top 2 ranking positions to fall behind the United States. Sweden's entry rate, with an adjustment of 11 percentage points, is also affected by the impact of international students, but this effect may be slightly overestimated as Sweden included exchange students in the count of international students. Among countries which report data on foreign students, a large adjustment (12 percentage points) is also seen in Iceland. For The Netherlands, the impact is less significant.

Chart A2.5. Entry rates into tertiary-type A education level: impact of international students (2007)



1. The entry rate at tertiary-type A level includes the entry rate at tertiary-type B level.

2. Year of reference 2006.


3. International students include exchange students.

4. The entry rate is calculated for foreign students (defined on the basis of their country of citizenship). These data are not comparable with data on international entry rate and are therefore presented separately.

5. The entry rates calculated on a gross basis.

Countries are ranked in descending order of adjusted entry rates for tertiary-type A education in 2007.

Source: OECD, Table A2.4. See Annex 3 for notes (www.oecd.org/edu/eag2009).

StatLink  <http://dx.doi.org/10.1787/664035755120>

The greatest impact of international students on indicators such as the entry rate and graduation rate is naturally observed amongst countries with the largest proportion of international students. Since these indicators generally have a domestic focus, they can be misinterpreted for countries with high proportions of international students (e.g. Australia and New Zealand). Therefore, to improve the comparability of these indicators amongst countries the impact of international students should be removed whenever possible. Unfortunately it is still difficult for many countries to collect reliable information on international students, so adjustments to indicators for those students are not always possible.

Number of foreign students in study year 2008-2009: 76.000. 30,400 EU+EFTA students are enrolled and 17.850 non-EU+EFTA students are enrolled. 7.250 students are enrolled within Erasmus programmes or with residence permits, and roughly estimated 20.500 other mobile inbound diploma and credit students.

The main countries of origin and the student numbers from there are:

1. Germany 19.750
2. China 5.000
3. Belgium 2.500
4. Spain 1.950
5. France 1.650

The Recognition of Diploma's from the most common countries of origin is done by the HEI's themselves. In case of foreign Diploma's the ENIC/NARIC/NUFFIC bureau advises within 6 weeks. Visa problems constitute a bigger obstacle than Diploma Recognition (oral information).

As regards the degree of openness to teachers and researchers who have obtained their qualifications in other Member States, the recognition of diplomas, however, does not seem to be the main problem. (Im)possibility of pension transfers and possibility of gainful employment for a spouse are more of an obstacle (oral information).

There are possibilities of exchange with institutions in other regions and Member States (with full recognition of the studies carried out), and that is more and more done in the framework of structural relations between HEI's, also in the framework of the Bologna process (oral information).

3. Evaluation

3.1. Institutional evaluation

Research is evaluated by the Royal Academy of Science. It is done by external peer reviews. So, yes there are independent and international experts involved.

The employment of graduates is monitored by the HEI's. Evaluations by students are part of the internal quality procedures. The government finances the student choice system: www.studychoice.nl, which is also based on judgements of students of their programme.

The results of the quality assessments are made publicly available. In practice research evaluation is used as a management tool by the governing board of the university. Education evaluation is established through accreditation.

The follow-up of the evaluations for research is not regulated. Practice shows it is effectively used.

For Education, the NVAO (in Dutch: Nederlands-Vlaamse Accreditatieorganisatie) is the Accreditation Organisation of the Netherlands and Flanders. The organisation was established by international treaty and it ensures the quality of higher education in the Netherlands and Flanders. NVAO independently ensures the quality of higher education in the Netherlands and Flanders by assessing and accrediting programmes and it contributes to enhancing this quality. In addition, NVAO contributes to the increase of quality awareness within higher education and to improving the position of higher education in the Netherlands and Flanders in the national and international context.

The NVAO has the following missions:

- The accreditation of existing programmes offered by higher education institutions;
- The initial accreditation of programmes that are not yet offered and/or registered;
- The contribution towards stressing the distinctive features of programmes or institutions by assessing the specific quality features at the request of institutions;
- The advancement of both the European and the international dimension in Dutch and Flemish accreditation and maintaining international contacts in order to reach agreement and cohesion;
- Undertaking other tasks commissioned by the Dutch-Flemish Committee of Ministers;
- Contributing to the public debate on the developments in higher education within the scope of NVAO's primary tasks.

The starting point for accreditation is the accreditation framework. The required procedure, the quality standards and the assessment rules are laid down in this framework, publicly available at www.nvao.net. Accreditation concerns programmes that already award (nationally) recognised degrees. These programmes are included in the official register of the relevant country (i.e. the CROHO in the Netherlands or the Higher Education Register in Flanders). Accreditation relates to the assessment of the quality of the programme and focuses on learning outcomes.

The accreditation procedure consists of three consecutive steps: the self evaluation, the external assessment and the accreditation.

Self evaluation

The first step in the accreditation procedure is self evaluation. The institution and/or the programme is responsible for carrying out a self-evaluation of the programme(s) concerned. This process is concluded with a self-evaluation report. The self-evaluation report contains a description and evaluation of the programme. At the least, the report covers the themes, the standards and the criteria of the relevant accreditation framework. The programmes' different specialisations and/or locations, if present, are described and evaluated separately. In addition, the self-evaluation report indicates and substantiates the level and orientation of the programme.

The institution sends the self-evaluation report to a quality assessment agency.

External assessment

The second step in the accreditation procedure is the external assessment. The quality assessment agency convenes an assessment panel that will be responsible for the external assessment of the programme. The composition of the assessment panel should be in line with

NVAO requirements. The assessment panel assesses the quality of the self-evaluation (including the methodology used to realise it) and whether the programme fulfils the criteria of the assessment framework. The panel follows the assessment framework, which contains all the standards and the assessment rules as laid down in the accreditation framework. The external assessment focuses on learning outcomes.

The panel writes down their (objective) findings, (subjective) considerations and conclusions in their assessment report. The report is sent to the institution and published by the quality assessment agency.

Accreditation

The third step in the accreditation framework is accreditation itself. The institution submits an application for accreditation of a programme to NVAO by sending in the assessment report. NVAO uses the evaluation criteria in the accreditation framework to evaluate the assessment report, the overall conclusions expressed in it, the panel composition and the methodology used. This means that NVAO verifies whether the programme offers generic quality.

Subsequently, NVAO takes an accreditation decision and lays down its findings in an accreditation report. Finally, the panel's assessment report and NVAO's accreditation report (including the accreditation decision) are published by NVAO.

The accreditation decision

If the assessment report provides insufficient information regarding the programme, NVAO can decide to reject the report. This means that the report doesn't provide sufficient information regarding the fulfilment of the accreditation criteria, i.e. the report is unclear. Since NVAO cannot decide whether the programme offers generic quality, it has no other choice than to reject the report.

If the assessment report provides sufficient information regarding the programme but offers insufficient basis for NVAO to decide whether or not the programme fulfils the accreditation criteria and/or offers generic quality, NVAO can take additional measures. NVAO can first interview (selected) members of the assessment panel. If this doesn't provide sufficient additional information, the institution can be requested to provide an additional assessment within a period set by NVAO or NVAO can decide to undertake a verification procedure. The verification procedure consists of an extra external assessment by an assessment panel convened by NVAO.

If the accreditation decision is positive, the programme is accredited. This means that the programme is included in the relevant official register (i.e. the CROHO in the Netherlands). This registration means that the degree awarded by the programme is recognised by the national authorities. Additionally, accredited programmes can receive public funding and the students enrolled in these programmes can receive student support (e.g. grants). However,

public funding and student support are normally not available for programmes offered by private institutions.

If the accreditation decision is negative, the programme loses accreditation. This means the programme is deleted from the relevant official register and can no longer be offered. There is however a possibility of temporary recognition during a recovery period.

Consequences of accreditation

The accreditation decision is either positive or negative. There is no conditional accreditation and NVAO doesn't rank programmes. A positive accreditation decision has a fixed period of validity. For the Netherlands this is six years while for Flanders this is eight years. In case of a negative decision, there is a possibility to get a temporary recognition during a recovery period.

Only accredited programmes can award recognised degrees (diplomas) and receive public funding. Only students enrolled in accredited programmes can receive student support (e.g. grants). However, public funding and student support are normally not available for programmes offered by private institutions.

Temporary recognition

In the Netherlands, there is also a possibility for an improvement period. This is seen as a recovery period. This period lasts two years. However, since the programme is no longer accredited, the programme cannot enrol new students and the institution does not receive funding for the programme.

3.2 Evaluation and funding: additional remarks

Best practice to achieve excellence in research

Government funds for higher education research are concentrated in the universities (distinguished from universities of applied sciences). The second stream of money is largely meant for direct costs of research (personnel) in the universities.

In the 90s of last century a policy of organising research in research schools with a critical mass was started. The policy involved no additional funding; the only incentive was acknowledgement by the Royal Academy of Science as a "research school". In the beginning a maximum of 10 research schools was suggested, but after some discussions just over a 100 research schools were acknowledged. In parallel in the 90's both an additional 45 million Euro was distributed over all universities as an overall impulse for research in general, and an additional 45 million Euro was provided for 6 top-research schools in 6 universities.

Every 6 years all research is subject to quality assessment, organised by the Royal Academy of Sciences. To this end international external peer reviews are conducted applying a Standard Evaluation Protocol. Over the years the management of universities have taken into account the quality assessment of research and their outcomes in fulfilling missions and profiling the university.

The citation indexes bias research in science and medicine. Research topics that need to be taken up because of societal demand figure as themes in the competition driven additional research funding.

Quality of teaching

The teaching performance and appreciation of it by students is included in the regular assessment of functioning of faculty. One cannot be appointed as a professor if only the research performance is outstanding; the teaching performance needs to be so as well.

4. Funding rules

Introductory general remark

The funding rules include indicators on teaching such as number of students enrolled and number of graduations. The funding rules do not include indicators on research, apart from number of PhD graduates.

4.1. Public funding

Funding research universities

As mentioned before, the distribution of the central government grant is partially dependent on performance indicators, such as the number of graduates, the number of first-year students and the number of doctorates awarded. Important aspects of direct government funding are:

- the freedom of the universities to decide their own spending priorities and how resources are split between teaching and research, provided they stay within their statutory terms of reference;
- the decentralized responsibility for accommodation: the universities must allocate part of their budgets to accommodation and infrastructure;
- the decentralized responsibility for the formation of terms of employment for university staff;
- a certain proportion of the overall central government grant to the universities is earmarked for the teaching hospitals.

Funding universities of applied science

As stated before, the overall budget for higher professional education is allocated to the individual institutions on the basis of a set formula. Since 1994, hbo institutions have received a block grant, which is adjusted to reflect wage and price developments. In addition, the budget is reviewed each year on the basis of the latest data with regard to student enrolment. Apart from the central government grant, the hbo institutions receive income from a variety of sources, including tuition fees and income from services to third parties (mainly contract teaching).

Since 1994, the central government grant has included expenditure for statutory benefits and accommodation. Over 96 per cent is paid directly to the institutions in the form of a block grant. Since 2001, the institutions have been required to use these funds to pay the statutory benefits (redundancy pay). The institutions themselves are responsible for the most effective distribution over staff, non-staff and accommodation costs. The remainder of the government grant consists of funds earmarked for specific policy objectives such as internationalization, lecturers and knowledge circles, strengthening the vocational sector and funding information and communication technology.

4.2. Impact of quality assessments on funding

The results of quality assessments have an impact on funding decisions. If programs do not pass accreditation they will not be funded.

4.3. Private funding

4.3.1. Tuition fees and/or households

Tuition fees play a significant role in funding higher education institutions. 6% of the budget of research universities and 18% of the budget of universities of applied science consists of tuition fees. Tuition fees are maximized by the Act on Higher Education (WHW).

4.3.2. Business, other

Universities have autonomy in this regard. Sometimes industries provide funding for part-time professorships. As this is publicly known, their activities are also publicly watched and sometimes criticized, as are other providers of part-time professorship within the third flow of funding.

Role of industry funding (24% of the budget of Research Universities):

When universities were allowed and encouraged to use funds from industry, it was the Universities with relatively little research funds which started off fastest. In the 90'ies, 15% external funding was considered to be a lot. External income gradually increased over the

years and presently the average is 24%. Sometimes, particularly regarding health or food science, public discussions arise whether the proper research topics are chosen and results are biased by industries financing the research.

Industry is not distinguished from other third flow funding.

There are no other sources of funding on a regular basis, but it is allowed.

4.3.3. Grants/loans

Student finance (SF) encompasses three policy areas: Student finance, Study costs and school fees allowances, and Course fees. These policy areas are laid down in three Acts: the WSF 2000, the WTOS and the LCW. The implementation and the expenditure and revenue under these Acts are in the hands of the Information Management Group (IB-Groep) in Groningen. This section discusses each of these SF policy areas in turn and ends with a look at the indicators of topical issues such as performance-based grants and loans.

Student grants and loans

The Student Finance Act (WSF 2000) specifies that student finance applies to full-time students in tertiary education and to full-time participants over the age of 18 in vocational training programmes and within vocational education. The WSF 2000 offers students flexibility in taking up what grants they are entitled to. Student finance comes as a mixed funding: it is partly a non-repayable grant, partly a loan and for some students, depending on parental income, partly a supplementary grant. In addition to the study allowance, student finance also encompasses a public transport pass. With regard to students in tertiary education and (from the academic year 2005/06 onwards for new students) BOL (secondary vocational education) levels 3 and 4, the grants in tertiary education and the value of the public transport pass are awarded as a loan. When the student in question graduates within ten years, this loan is converted into a non-repayable grant.

School fees and study costs allowance

Under the Study Costs and School Fees Allowances Act (WTOS), allowances are provided for school fees (insofar as these are due) and study costs for secondary school pupils, BOL participants under 18 and participants aged 18 and over in VAVO (adult general secondary education) or the university teacher-training programmes. Allowances are dependent on the income of the parents or the student's own income. Students 18 and over in secondary education also receive a basic allowance, irrespective of parental income.

School and course fees

The School and Course Fees Act (LCW) specifies when school and course fees have to be paid. The manner in which the amount of the school fees due is determined, is also laid down in this Act.

Students grants and loans

During study

A “performance grant” is provided to all students under 30 years of age, registered for the first time in an accredited bachelor or master programme. These students are also entitled to loans. The loans bear interest of nearly 4% (comparable to mortgage percentages). The students of less privileged families receive additional grants.

Graduation vs. non-completion of study.

For those who have not graduated, the grant is transferred into a loan which needs to be repaid. For those who have graduated grants remain a gift. Only loans have to be refunded. For all that need to refund, the principle is that refunding is only obliged if the income is above a certain level. The need to refund continues for a maximum of 15 years.

The percentage of students receiving additional grants is 24% at research universities and 35% at universities of applied science.

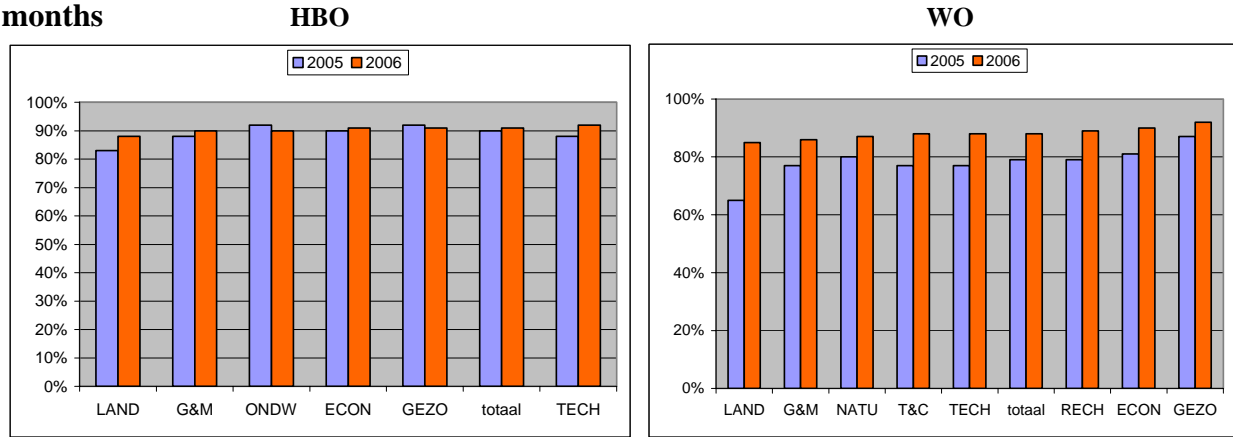
The percentage of students having a loan in 2008 is $(160.000/611.900)*100 = 26\%$; those with grants is 43%. The number of students entitled to and receiving grants or loans is $(425.000/611.900)*100 = 69\%$. This implies that 31% of students do not receive any grants or loans; they are over 30 years of age, not registered for a full time study or registered for a second bachelor or master, of foreign nationality, or have not asked for a grant or loan.

5. Impact on Employability

On average, hbo study programmes now link up reasonably well to the labour market: in 2006 around 90% of the graduates had found a job after four months. This varied per sector from 86% (language and culture) to 92% (technology). From 2004 to 2005 the situation was not much different in most sectors. The biggest improvement can be seen in the technology sector.

The link to the labour market of university programmes improved considerably from 2005 to 2006: in every sector 85% or more had found a job after four months: most jobs were in the health-care sector, the least in the agricultural sector.

Percentage of higher professional and university graduates that had a job after four months

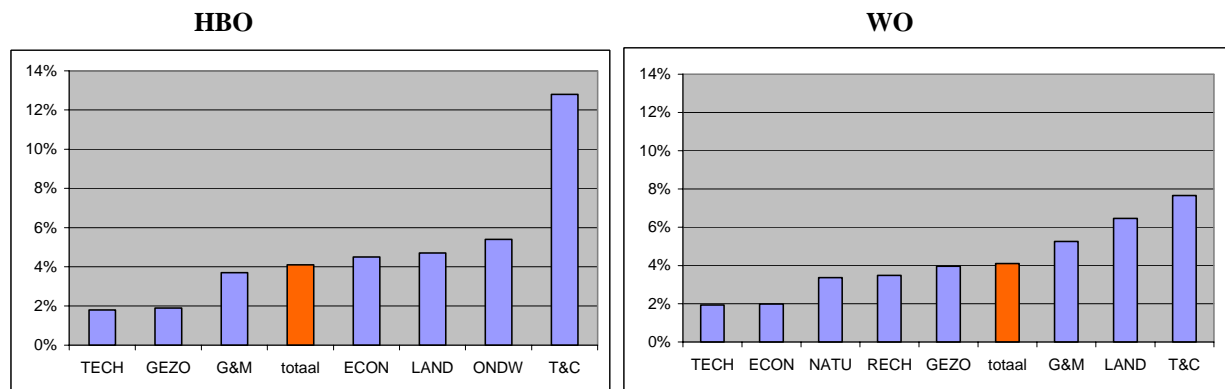


Source and explanatory notes: HBO Monitor 2005 (graduate cohort 2003/2004) and 2006 (graduate cohort 2004/2005), WO Monitor 2005 (graduate cohort 2003/2004). The graduate cohorts were surveyed on average 1½ years after graduating.

Abbreviations:

<i>LAND:</i>	<i>Agriculture</i>	<i>TECH:</i>	<i>Technology</i>
<i>G&M:</i>	<i>Behaviour and Society</i>	<i>NATU:</i>	<i>Natural Science</i>
<i>ONDW :</i>	<i>Education</i>	<i>T&C:</i>	<i>Language and Culture</i>
<i>ECON :</i>	<i>Economy</i>	<i>RECH:</i>	<i>Law</i>
<i>GEZO:</i>	<i>Health</i>		

Eighteen months after graduation, the differences between the sectors on the labour market had increased sharply: between the sectors with the highest and the lowest unemployment there is a difference of a factor in the range of 4 to 7 in higher professional and university education. The Technology sector of the higher professional and the university programmes and the university sector Economics and the higher professional Health degree programme have the most favourable labour market prospects. Language and culture has the least favourable labour market prospects in both higher professional and university education.

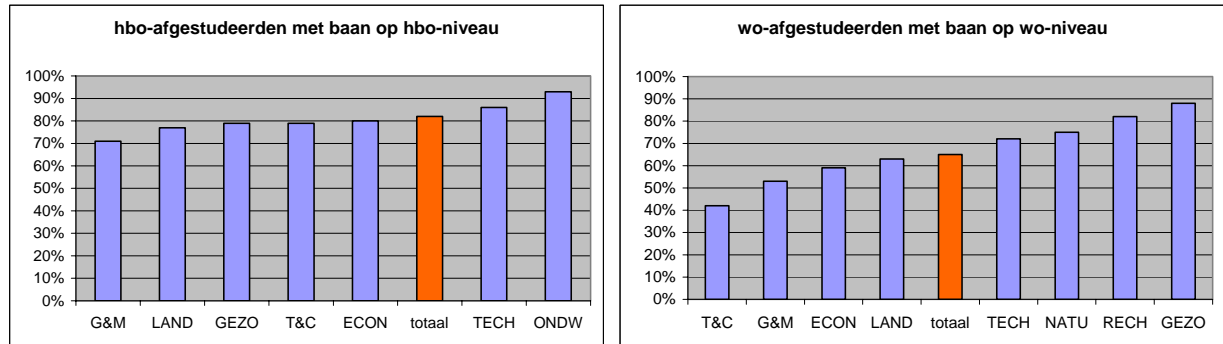


Source and explanatory notes: HBO Monitor 2005, WO Monitor 2005; the 2005 monitor relates to graduates from 2003/2004 who were surveyed on average 1½ years after graduating.

In the case of hbo graduates, the level of their first job is more often (82%) at the level for which they studied than is the case with university (wo) graduates (65%). Half of the

university graduates in the Language & Culture and Behaviour & Society sectors start their career at higher professional level or lower. Most of those in the Health sector and hbo graduates in the Education sector (88% or more) start their first job at their own level.

Level of the first job of hbo and wo graduates



Source and explanatory notes: HBO Monitor 2006, WO Monitor 2006. The survey was conducted among 2004/2005 graduates on average 1½ years after graduation.

6. Recent and planned reforms of the tertiary education system

6.1. Description of recent reforms

The Associate degree, Bachelor, Master and Doctor have been modelled according to the descriptors for the short cycle, first, second and third cycle as agreed in the Bologna process for the European Higher Education Area (more information www.bologna2009benelux.org). A National Qualifications Framework Higher Education has been established which relates the levels of the national qualifications to the overarching European framework. 60 Credits per year are awarded for learning outcomes being programmed in a year. The Diploma Supplement in a widely spoken language is compulsory. Student grants and loans have been made portable both for horizontal mobility during a programme and vertical mobility for progression to another programme.

Also, experiments are conducted with selection before and after entry.

As far as funding is concerned, 100 million of the total block grant funding to universities has been transferred to the second flow of money distributed by the research council NWO in competition on the basis of research proposals.

In addition, new funding rules for education have been agreed to be applied from 2011 onward. These imply, compared with the present highly competitive funding for graduations, relatively less funding for graduates and relatively more funding for enrolments.

Steering of the HEI for research is done by the management of the HEI's. They know where they are going, what mission and profile they pursue. External peer reviews of research are instrumental to this end.

6.2. Planned reforms (or reference to ongoing policy debate)

Selection for enrollment

Selection for enrollment in Dutch higher education is based on three principles. First the secondary diploma serves as a permit to participate in higher education. Compared to other countries the Dutch diplomas are well regarded and form a good basis for enrollment. Secondly, financial restraints are addressed, so that students can choose the study program they desire. Third, the higher education programs must provide sufficient challenges for (even the most) talented students.

To research selection for enrollment, some pilots have been executed. As a result exceptions are made for:

- Small programs with intense workloads or residential programs.
- Numerus clausus programs.
- Selection is allowed after three months from the start of the program.

Expert group public spending higher education

The crisis has a major impact on public finances in the Netherlands. The marked deterioration of government finances forces the government to make clear-cut choices. To this end, the government decided to carry out expenditure reviews.

As such, in October 2009 the government established 20 study groups in key policy areas, including higher education, to review spending and fiscal expenditures in its each of the areas. Each of the groups had to come up with proposals how to find structural savings for a total of 20% within its area. Wherever possible, economic and social effects of the options presented had to be outlined. In order to offer the study groups the opportunity to examine all alternatives for cutbacks the government did not interfere or impose any restrictions beforehand.

The reports were delivered on April 1. As far as the study group for higher education is concerned, the presented options contained proposals such as: transformation of grants to a social loan programme, higher and differentiated tuition fees and a less generous public transport pass for students. At the moment the Netherlands is in the process of forming a new government. It is therefore not yet clear whether and to what extent the proposals will be adopted.

Committee Future-Sustainability of the Dutch HE system

Recently, the Minister of Education installed the committee Future-Sustainability of the Dutch HE system (1 December 2009 to 1 March 2010). It was asked to judge whether the Dutch higher education system can meet the future long-term challenges, on the basis of a

comparison with leading higher education systems elsewhere in the world. The Dutch system and the flexibility and variety of learning paths that are realized within it, were reviewed in the perspective of relevant national and international developments, in particular the expected increasing number of students and the growing diversity of the student population. The international transparency of the Dutch system was also relevant. The committee was asked to highlight lessons that can be learned from foreign systems, for the further development of the Dutch higher education system.

The main result of the Committee is that the quality of higher education can best be sustained in the future by applying a higher degree of differentiation in the system. This differentiation is compatible with the increased diversity of participants in the HE system. In this context, the Committee advises, amongst others, to give each HE institution the right to install entry selection requirements. In addition, the Committee challenges HE institutions to profile themselves in a more explicit and differentiated manner. In order to achieve this, the government should create incentives for HE institutions to do so.

Together with input from the expert study group as described above, this advice of the Committee will be important material in creating the policy agenda for a future government.