PROPOSAL TO ESTABLISH AN EAST AFRICA CAMPUS BASED IN UGANDA

1. PURPOSE OF THE PAPER

1.1 This paper sets out a proposal to establish a University of Aberdeen campus in partnership with TNE limited in Uganda and serving as a hub for transnational education recruitment across East Africa. It is a successor proposal to the former initiative in Rwanda.

1.2 This paper is provided for discussion and approval.

2. RECOMMENDED ACTION

2.1 Court is invited to consider the information provided in the paper and, if deemed appropriate, approve the proposal for further consideration by Senate (18 October 2017). The proposal has already been reviewed by both Operating Board and Governance & Nominations Committee on 11 September 2017. Should all necessary approvals be granted, it is proposed to establish the campus for opening in September 2018.

3. DISCUSSION

3.1 Outcome of earlier Rwanda-based proposal

3.1.1 The University's proposal to establish a campus in Rwanda from September 2017 in partnership with TNE Limited received final approval from Senate on 25 January 2017 and Court on 28 March 2017 (subject to the completion of some further aspects of due diligence with regard to the proposed partner which were subsequently satisfactorily concluded). As reported to both UMG and Court in June 2017, however, there were then important further developments in Rwanda that indicated that the initiative would be unlikely to proceed in its present form – though could be replaced by a similar initiative in a different location and with a later opening date.

3.1.2 The developments in Rwanda that led to this situation began in mid March 2017 when we were informed by our partner that it had been informed that the Rwandan government had very recently completed a review of HE provision and the role of public and private universities and that, with the completion of this review, it was considering all future provision. It was reported that, whilst hitherto fully supportive of the TNE Limited proposal and the partnership with the University of Aberdeen, the Rwandan Government was for now suspending the issuing of any new licences to foreign providers of higher education to establish a campus in Rwanda.

3.1.3 This development was discussed with senior representatives of TNE Limited over the following weeks and in late April 2017, TNE Limited confirmed that it expected no longer to be able to pursue the Rwandan initiative as previously approved by Senate and Court for the following principal reasons:

- The distinct change in the Rwandan Government view of the project;
- A categorical statement by the Rwandan regulatory authority that there would be a moratorium on the parliament issuing new university licenses, despite contradictory statements by other government officials.
- Limitations to be placed on the scope of undergraduate and postgraduate programs in Rwanda.
3.1.4 In addition, a categorical statement was given by the Rwandan regulatory authority that new licenses would only be issued for a restricted range of energy-related academic programmes, alongside a withdrawal of potential Government funding for undergraduate students studying at the proposed campus. As a result, the business case for our Rwandan initiative became unsustainable.

3.1.5 In May 2017 the Dean for Transnational Education met with the Rwandan Education Minister in Kigali who explained the rationale behind their decision. He explained that whilst the Government would be happy to issue a licence for the University to operate it would only do so for a limited range of energy-based programmes due to its view that there was an oversaturation of the market in other areas. The meeting was cordial and he expressed the Government’s strong desire to continue dialogue with the University and explore other projects together in the future.

3.2 New proposal to establish in Uganda

3.2.1 The University remains committed to its partnership with TNE Limited which it sees as key to establishing a campus in East Africa as part of a wider internationalisation strategy, recognising the huge potential anticipated in sub-Saharan Africa in the coming years. It has therefore considered alternative host countries for such a campus. In May, the Dean of TNE and the Senior Vice-Principal visited Uganda to explore whether the originally-proposed Rwanda campus might now instead be located there. Uganda, like Rwanda, is economically stable and a member of the East African Community freedom of movement area. It is already seen as a proven inbound destination for higher education in the East African region.

3.3 Market Research and the Ugandan Context

3.3.1 The market research prepared by our partner for the original Rwandan proposal has now been updated to provide additional focus on Uganda as a potential destination and is available for interested readers at the end of the present agenda. As previously, the proposal to establish a campus now in Uganda is founded upon rapid African population growth accompanied by a very high rate of growth in student enrolments across primary, secondary and tertiary education levels.

3.3.2 The population of sub-Saharan Africa grew from 186 million to 856 million people between 1950-2010. As a region, sub-Saharan Africa is currently experiencing the highest rate of population growth in the world. By 2050, sub-Saharan Africa’s population will increase to more than 2.3 billion people, and it will have the youngest population in the world. By 2035, the number of sub-Saharan Africans reaching working-age will exceed that of the rest of the world combined. The TNE Ltd market analysis states that African nations are now poised to take advantage of a ‘demographic dividend’ – i.e. that by increasing their capabilities and capacities to develop their human capital, they would derive significant ongoing economic growth.

3.3.3 Although tertiary gross enrolment ratios (GER) in the region are low compared to the world average, these GERs are doubling every 10 years. At current population growth rates and GER growth rates, tertiary enrolments in sub-Saharan Africa will increase by a factor of 2.5, from 9.8 million students today, to 24.6 million students by 2025.

3.3.4 Uganda is seen as an ideal location for a campus that will provide to the broader community of East African nations as well as the wider sub-Saharan region of Africa. Amongst members of the East African Community (this includes Kenya, Tanzania, and Burundi. Rwanda and Uganda with freedom of movement between members), Uganda has one of the highest total population growth rates to 2050 at 2.7% (Rwanda 1.7%) and with the growth rate for the 0-24 age group being 2.1% (Rwanda 0.7%). It has high economic growth (6% per annum over the past decade and a liberalised economy with no restrictions on foreign investment or capital movement. It is already recognised as a destination hub for higher education within the region and TNE Limited estimates there are probably more than 20,000 students from other EAC countries studying in Uganda.

3.3.5 Education in Uganda is based on the British System. The Ugandan Government has given high priority to Education and has implemented a number of reform measures to address the issues of access, equity and quality therein. In 2007, Uganda became the first country in sub-Saharan
Africa to introduce universal secondary education and this was extended further in 2012 to include A-level study as well as business, technical, and vocational training.

3.3.6 In 2013, the Ugandan Government launched its Vision 2040 plan to transform Ugandan society and committed to invest heavily in its education system. The Vision explicitly aims to attract top rated universities to establish in Uganda and also seeks to promote international and relevant research with top private companies such as Shell, Exxon-Mobil, Siemens, Microsoft, and Intel facilitated to set up research and development centres within university premises. Uganda has significant mineral resources and is expected to begin oil production in 2020.

3.3.7 The UK and Uganda have strong trade relations, as well as defence and cultural links. The UK Aid programme in Uganda seeks to tackle barriers to equitable, sustainable and inclusive growth, strengthening democratic governance and reducing corruption. The UK is the largest single cumulative inward investor to Uganda and is working with it to protect stability in the region, including through Uganda’s leading role in the African Union peacekeeping force in Somalia.

3.4 Commentary on particular issues regarding working in Uganda

3.4.1 The University is of course cognisant of Uganda’s troubled past and ongoing issues to be considered if operating there, for example its poor performance on corruption (ranked by Transparency International as 151/176 in world corruption indices whereas Rwanda is 50/176) and its stance on LGBT matters such as the 2014 Uganda Anti-Homosexuality Act. Such considerations arise in much of our international work, including initiatives in and recruitment from countries such as China, India and Saudi Arabia. In all such cases we are clear that the provision of education to citizens of these countries is in itself enlightening and transformational both to their personal development and in the development of their countries when they apply the skills and learning that study has equipped them with. As such, the progressive nation-building benefits of the higher education we offer and the values we spread outweigh the – nonetheless serious – considerations about the ethics of working with certain countries. Transnational education is not solely about the export of education in itself. It is a means for universities to work with developing nations in order to open up opportunities for education that would not otherwise exist and to do so with a population that would be otherwise unable to afford them (i.e. travelling overseas to study). This is therefore to the significant benefit of the country where the transnational offerings are available.

3.4.2 Though there clearly are serious considerations in working in a country such as Uganda, we must also recognise that there are positive developments and indicators of long-term change for the better. Whilst Uganda has had the same President since 1986, democratic elections and multi-party politics were restored in 2005 following a referendum. As mentioned above, the Government’s Vision 2040 is a plan to transform Ugandan society and consolidate the tenets of good governance. It sets out aims to strengthen constitutional democracy; protection of human rights; the rule of law; free and fair political and electoral processes; transparency and accountability.

3.4.3 The Ugandan Government has further taken a number of measures to deal with corruption and to strengthen the policy, legal and regulatory framework to support transparency and accountability. Uganda is a signatory of the United Nations Convention against Corruption (UNCAC) as well as of the African Union Convention on Preventing and Combating Corruption since 2004. In 2008, it established a specialised anti-corruption court and anti-corruption and anti-money laundering legislation was enacted in 2013.

3.4.4 Whilst Article 21 of the Ugandan Constitution - covering "Equality and freedom from discrimination" - guarantees protection against discriminatory legislation for all citizens, the 2014 Uganda Anti-Homosexuality Act attracted international attention for its hardening stance against the LGBT community. However, though being approved by Parliament and passing into law, the Act was subsequently ruled as invalid by the Constitutional Court of Uganda. We recognise that there are specific concerns that colleagues may have about the potential of working in Uganda – for example with regard to LGBT rights/equality and freedom of speech – in all cases the University will respect the wishes of any member of staff who does not feel able to participate in the project and/or to visit Uganda.
3.4.5 More generally, though concerns remain, progress has been made in the area of human rights with Uganda establishing a Human Rights Commission, setting up a Human Rights Committee in parliament and human rights desks in key institutions. It has also encouraged a vibrant media sector, with nearly 200 private radio stations and dozens of television stations and print outlets.

3.4.6 At a meeting with the Senior Vice-Principal and the Dean for Transnational Education, the British Council Business Development leader in Kampala indicated his organisation's willingness to assist us in what they considered a "valuable and far-sighted venture". Whilst recognising issues around corruption did exist in the country, he stated that in his experience it could be overcome particularly by using Government bodies such as the British Council to ensure attempts to induce inappropriate payments were swiftly overcome. He expressed a keen willingness to act in this regard and to be involved in the initial licencing process and start-up phase of the project.

3.4.7 A risk assessment for the project has been completed and is attached at Appendix A. Should the project be approved, a project board (similar to the board established for the Rwanda project) will be set up to monitor risk on an ongoing basis.

3.5 Proposed legal agreement with TNE Limited

3.5.1 Subject to minor changes still required at that time, the legal agreement for our establishment of a campus in Rwanda in partnership with TNE Limited was approved by the March 2017 meeting of Court. The agreement has been updated with those minor changes and edited also to reflect a Uganda-based operation rather than a Rwanda one. It will shortly be signed by the University to enable our partner to make progress in Uganda for example in making preliminary applications for approval from the appropriate regulatory authorities. However, as set out in clause 2.1.1 of the agreement, the future of the project and the continuance of the agreement is conditional upon approval being given by Court and Senate for the project to proceed in October 2017. The current very advanced draft of the agreement is available for interested readers at the end of the present agenda.

3.6 Proposed programme rollout

3.6.1 The proposed programme rollout for the Ugandan initiative is attached at Appendix B. All relevant Heads of School have engaged with the rollout for the launch undergraduate and postgraduate programmes and the Dean for Transnational Education, along with other senior colleagues, will visit Schools to engage directly with staff on the proposal. We recognise that there is a particular challenge for the Business School in delivering 2 of the 4 initial rollout postgraduate programmes at a time when it is also committed to deliver in Qatar and Korea. We are discussing potential solutions to this issue – for example through revision to the business model, the setting of minimum numbers for programmes to run and/or sharing the teaching with our partners. The Business Plan attached at Appendix C details the costing and capacity considerations that have been made/forecast for the delivery of the proposal.

3.7 Business Plan

3.7.1 As with the Rwandan project, the basic premise for transnational education in Uganda is that the delivery partner (i.e. TNE Ltd) invests the capital initially to lease premises and then to purchase land for the construction of purpose-built facilities. They employ both the academic teaching staff and professional service staff. The partner University (i.e. the University of Aberdeen) is fully responsible for the curriculum and quality assurance aspects of the provision as it is its degrees which are awarded. Overall management of the campus is a joint responsibility between the delivery partner and the University. The University will employ a senior academic to oversee the operation, either based full time in-country, or as a minimum being present in-country on a monthly basis. All associated facilities, such as laboratory equipment, IT, etc. are provided by the partner to a specification agreed with the University. Student fee income is split, reflecting the investment put in by the partner, but meaning that there is no initial financial investment by the University other than staff time and associated travel costs.

3.7.2 The financial model for the proposed relationship with TNE Ltd sees the University receive 10% of the undergraduate fee income and 50% of the postgraduate fee income, the latter higher figure reflecting our delivery, initially at least, of the postgraduate provision. In addition, the University
would receive 10% of income from the Foundation Programme in the first 2 years of operation, reducing to 5% thereafter.

3.7.3 Whilst the business model for the Uganda project is the same as that originally proposed for Rwanda (subject to ongoing discussion about the delivery of postgraduate business provision as mentioned above), the actual forecasts will have changed due to changes in programme rollout and student numbers.

3.7.4 We have used the proposed rollout provided by TNE Limited to model the University’s expected net income from the project, i.e. after cost deductions and allowances for contingencies, in exactly the same way as was done for the earlier Rwanda proposal. Full calculations can be provided on request. The following table shows the likely annual surplus/deficit for the Uganda proposal modelled against 3 recruitment scenarios relating to share of target recruitment actually achieved. As for the Rwanda project, we believe a prudent approach is to choose the 75% scenario as that which we plan for. This scenario sees the project move into annual surplus by 2022 after making a cumulative deficit of £1.5m to 2021. This cumulative deficit would be recovered by 2024 with significant annual surpluses, rising from £1.2m to £3.2m thereafter over the planning period to 2032.

### Annual Financial Surplus Summary Based on Recruitment Levels

<table>
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<th>Year</th>
<th>Recruitment Level Neutral</th>
<th>Recruitment Level Optimistic</th>
<th>Recruitment Level Pessimistic</th>
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<tr>
<td></td>
<td>£000's</td>
<td>£000's</td>
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<tr>
<td>2018</td>
<td>-383</td>
<td>-293</td>
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</tr>
<tr>
<td>2019</td>
<td>-442</td>
<td>-190</td>
<td>-722</td>
</tr>
<tr>
<td>2020</td>
<td>-460</td>
<td>-56</td>
<td>-930</td>
</tr>
<tr>
<td>2021</td>
<td>-260</td>
<td>323</td>
<td>-955</td>
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<td>2022</td>
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<td>-777</td>
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<tr>
<td>2023</td>
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<tr>
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<tr>
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<tr>
<td>Total</td>
<td>17,300</td>
<td>32,622</td>
<td>-1,299</td>
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</tbody>
</table>

3.7.5 As in the Rwanda proposal, there is scope in the Uganda initiative for the partner in future to deliver some or all of the PGT provision, thus reducing our income from this (as well as our inputs) from 50% of the total fee income to potentially 15%. As with the Rwanda forecasts, this is not included in the present forecasting of the outturn and could significantly impact income to the University if it came to pass.

4. **FURTHER INFORMATION**

4.1 Though we regret the change of circumstances that rendered the Rwandan project unviable, and we recognise that Rwanda was a perhaps unique location in Africa, we nevertheless feel that Uganda actually offers more chance of success for the project as it is already a proven
international destination for education. Much of the work that was undertaken for the Rwanda project – for example the due diligence on the partners, financial modelling and agreement negotiation, is wholly transferable to the new Ugandan proposal. This paper concentrates on where the proposals differ -essentially the challenges of working in Uganda rather than Rwanda – and sets out how we see these challenges being mitigated.

4.2 Further information is available from Professor Sir Ian Diamond, Principal and Vice-Chancellor (ian.diamond@abdn.ac.uk, ext. 2135), Professor Richard Wells, Dean for Transnational Education (r.wells@abdn.ac.uk ext. 2920) and Dr Stephen Hill, Transnational Manager (s.hill@abdn.ac.uk, ext. 2075).

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