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1 Introduction

In collaboration with China Agricultural University (CAU), the University of Groningen (UG) plans to open an international joint University in China. UG wants to establish this new University in the city of Yantai, Shandong province. A large part of the campus for UGY has already been developed by CAU and the city of Yantai. The initiative is comparable to campuses established by the University of Nottingham in Ningbo and New York University in Shanghai. A unique feature of UGY is that it intends to be a real research University where significant research activities will be offered. The international joint University aims to attract talented students, top researchers, and high profile research projects. The new initiative should be self-sufficient and will not receive funding from CAU or UG. A substantial amount of start-up funding is provided by the city of Yantai. The new initiative will be named the University of Groningen Yantai (UGY).

UGY will be one of only ten so called international joint Universities in China, enjoying special rights with regards to academic freedom and obtaining research funding\textsuperscript{1}. UGY will be one of only ten international joint Universities in China. UGY wants to offer UG’s Bachelor, Master, and PhD programmes with significant research activities and a close collaboration with businesses. After a preparatory year in 2017, Chinese and international students will be able to start UG degree programmes in 2018 (both bachelor and master) and will be awarded UG degree certificates upon successful completion.

In this document a business case is provided for the establishment of UGY. The main aim of this business case is to provide a solid understanding of the potential implications of UGY for UG and specifically the risks involved with it. Therefore, firstly the fit of UGY with the strategy of UG is discussed in chapter 2. In chapter 3, relevant external and internal issues for developing UGY are described. Subsequently, the research activities to be developed by UGY are discussed in more depth in chapter 5. An important part of this business case concerns the financial implications, which will be discussed in chapter 6. In chapter 7 the risk assessment of UGY is described and a summary of the risks provided. Finally, this business case concludes with a section on implementation.

In setting up this business case, the aim was to provide an objective view on the plans with regard to UGY. This is specifically important since opinions on UGY diverge strongly within UG. This document builds on the available plans within the University, external reports, as well as literature on international ventures to derive a better understanding of potential risks. Hereby, UG acknowledges that given the novel and innovative nature of UGY, information on the risks is far from complete in many cases. However, the goal of this business case is to provide UG with a solid understanding of the implications of UGY.

This business case was written at the request of the board of UG by a team of experts\textsuperscript{2} nominated by faculty boards and the board of the university.

\textsuperscript{1} Regulations of the People’s Republic of China on Chinese-foreign Cooperation in Running Schools (Adopted at the 68th Executive Meeting of the State Council on February 19, 2003, promulgated by Decree No. 372 of the State Council of the People’s Republic of China on March 1, 2003, and effective as of September 1, 2003).

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2 UG Strategy and Yantai

Mission & Vision
The University of Groningen is an ambitious international research university with strong roots in the north of the Netherlands. The University creates and shares knowledge through its outstanding research, scholarship and education. With an academic tradition dating back to 1614 and a rich heritage, the University is a unique academic community with a strong sense of belonging and a culture of innovative education and research.

Research and teaching at the University of Groningen are curiosity driven and relate closely to global societal needs. The research is based on strong core disciplines.

In Groningen, we believe that exceptional teaching and research depend on a diverse academic community with a broad range of nationalities and talents. Research, societal impact and education are closely intertwined at the University, and are set against a backdrop of academic freedom. We thus enable our students to become active, independent, critical and responsible global citizens who will help solve the scientific and societal challenges of tomorrow.

International Strategy
In 2006 UG published its first comprehensive internationalization policy document ‘The World as our Stage’ which firmly set out the ambition to become a global University. Ten years after the publication of this paper UG has developed from an ‘internationally orientated, research-driven teaching institution, strongly rooted in its environment’, to a globally operating University. The ambitious targets set in 2006 have been achieved in many ways. For instance, in 2015 more than 5,000 international students studied in Groningen and today more than half our Bachelor’s programmes are taught in English. From a strategy mainly geared towards an increased intake of international students, UG is now set to exploit its full potential of being a global University. The establishment of English as a second working language in 2012, and initiatives like the international classroom project in 2014 are instrumental in bringing about this change.

UG has a number of significant activities in China and East Asia, such as the Dutch Studies Center at Fudan University that was established in 2005, the European Studies Center at Tsinghua University, a double degree in international economics with Fudan university and in chemistry with Jilin University, and a dual master degree in Chinese economics with Fudan University. UG also has numerous agreements on scientific cooperation and dual PhD arrangements with a variety of excellent Chinese universities. UG also has strong interactions with Osaka university with their European Center in Groningen and, more recently, a Dutch Studies Center in Osaka. In Korea, UG has several collaborations with the major research universities and will soon open a Dutch Studies Center at Pusan National University. UG will also collaborate with our U4 partner Ghent University at their global campus in Songdo. Finally, UG is a partner in the Groningen Confucius Institute, together with the City of Groningen, The Hanze Hogeschool and our Chinese partner institute Communications University of China. The City of Groningen has sister city relations with Tianjin and with Xian and has decided to establish a sister city relationship with Yantai when UGY is approved.

Yantai
UG wants to be the first continental European University to open an international joint University in China. The University of Groningen Yantai will be a Chinese legal identity with an official legal status of international joint University. Chinese law stipulates that the government should not interfere in the content of education and research of an international joint University. The design of management and organization of UGY is currently being negotiated.

Followed by ‘De wereld als podium II’ (in Dutch) in 2011.
As of 2017, UG plans to be present on a campus in the city of Yantai, Shandong province, in collaboration with China Agricultural University (CAU), Beijing. CAU\(^5\) is known as a 985 University in China. The 39 best research Universities in China belong to this category. Only these Universities are permitted to recruit the top of Chinese students. CAU is also known as one of the best (agricultural) Universities in the world and ranks number 4 globally. This makes it particularly interesting for UG, as agri-food is one of the important research areas of UG. Great opportunities to collaborate in this field are foreseen. In return, CAU also sees UG as a valuable partner. UG is gaining ground among the international top 100 Universities (see http://www.rug.nl/about-us/where-do-we-stand/rankings), and already offers a large number of English taught Bachelor’s programmes. CAU seeks a partner fitting this profile to establish a campus in Yantai.

The establishment of UGY will further transform UG from an international University to a global University. UGY therefore is a key element in the Strategic Plan 2015-2020 and an outcome of our strategy lined out as early as 2006\(^6\). The campus in Yantai will host Chinese and international students, and students of UG can exchange to the international joint University in a safe and attractive environment, with the guarantee that their credits are automatically recognized. This would make the UG more attractive for Dutch and European students who are interested in an Asian experience.

A unique feature of UGY is that it intends to be a real research University where significant research activities will be offered. Since UGY will have a strong focus on research the new campus will be attractive for scientists, create attractive internship positions for UG students and postdocs, and tenure track positions for young scientists. New research facilities in China will allow UG scientists excellent opportunities for collaboration with large international, Chinese, and Dutch companies. Several Dutch multinationals have already committed to fund start-up packages for researchers at UGY.

UGY can thus contribute to the strategic goal the academic community has set in the strategic plan\(^7\): "The University of Groningen will consolidate its position as an international academic community with strong local roots. In this international setting, research and education will benefit from the diverse perspectives and approaches necessary to solve the big questions and challenges faced by society. One of our activities to achieve this is to establish national and international branch campuses".

\(^5\) More information about CAU can be found on their website http://en.cau.edu.cn/

\(^6\) http://www.rug.nl/about-us/who-are-we/strategic-plan/visions-and-values/mission-vision

\(^7\) http://www.rug.nl/about-us/who-are-we/strategic-plan/
3 Relevant External and Internal Developments

3.1 External: Demography and student numbers
As of 2020 demographics change in the Netherlands and Europe; with smaller cohorts of 18 year olds and the given high school enrolment developments it is likely that a lower percentage of 18 year olds will pursue a University education. A direct consequence is reduced enrolments of Dutch and EER students at Dutch Universities, resulting in lower tuition income and governmental funding.

Past student enrollment
Since 2002 UG has seen a steady increase in the number of first year (bachelor) students. Despite some dips the trend has been clearly positive (see Figure 1). Furthermore, there has been an increase in the number of foreign students. The percentage of foreign students has increased from 3.1% to 23% in 2014. This percentage is above Dutch average (see figure 2, index=104). The introduction of English Bachelor’s programmes has been an important driver of this development.

![Figure 1: Development of number of first year students at UG (including trend)](image1)

![Figure 2: Development in percentage of foreign students in first year for Dutch Universities and UG](image2)

Looking at the above two figures it might suggest that the increase in first year students is strongly influenced by the large inflow of foreign students. Figure 3 shows the analysis of the development of

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8 CBS, bevolkingsprognose 2014.
9 Source: Internal figures RUG
the inflow of first year students for total UG, Dutch UG students and foreign UG students. It is clear that the growth of students since 2010 can be attributed to the growth in the admission of foreign students. This stresses the importance of internationalization for the development of student numbers.

![Figure 3: Development of first year students at UG decomposed by background (Dutch vs. Foreign)](image)

**Future Perspectives**

The Dutch Ministry of Education, Culture and Science (OCW) has published future perspectives on the number of students. In the coming 6 years the ministry still expects an increase in the total number of students at Universities (see Figure 4)\(^\text{10}\). However, the growth of student inflow on national level is also strongly driven by the number of foreign students\(^\text{11}\).

![Figure 4: Projections of total number of students (x 1.000) in Dutch Universities (Source: OCW 2015)](image)

In the long run, after 2021, OCW forecasts a decline in the number of students due to demographic developments. Currently there is a decline in the number of students at high school level. This slow decline will have an effect on the inflow of University students from 2022 onwards. There is, however, some uncertainty in these total inflow predictions as it is uncertain how the inflow of foreign student will truly develop. For example, if the inflow of foreign students continues to increase

\(^{10}\) Source: Referentieramingen OCW 2015

\(^{11}\) Source: Referentieramingen OCW 2015
(see Figure 2 & 3 for UG) it may compensate for the decrease in Dutch high school students, keeping the total inflow of students steady.

**Conclusion**

- Since 2010 the inflow of foreign students has increased substantially and become very important for UG.
- Given the expected decline in the number of Dutch students, a further increase in inflow of foreign students is certainly required to keep the same number of students in the future.

The question is whether UG will be able to continue to realize an increase in foreign student inflow given the strong competition from other countries. **Internationalization is and will remain a very important strategy for UG and should be a top priority!**

UG can develop different strategies to increase the number of foreign students, such as increasing the number of English programmes and launch more and effective international marketing campaigns. More so, starting an international joint University is a good option to realize a strong international presence that contributes to our strategic goals.

### 3.2 Internal: The development of the International classroom

UG strives to develop the full potential of young people so that they can shape the world of tomorrow as independent and responsible members of an international society, who think critically, function at an academic level and apply knowledge in a meaningful way.

In order to achieve this, our educational vision focuses on establishing strong links between students and staff, between teaching and research and between teaching and relevant social issues in national and international contexts. We believe that talent and potential flourish most in a close-knit academic community that imparts, generates, exchanges and integrates knowledge, a community that inspires its members to develop their academic knowledge, interests and talents to the full.

In an international university, an international educational programme and an academic and social environment is required in which cultural differences between staff and students serve as an opportunity to learn from each other. This enables staff and students to develop their full potential, collaborate in a committed and respectful way and make a responsible contribution to academia and society.

Our vision of teaching and learning rests on the assumption that the acquisition of knowledge and skills is primarily the result of optimal interaction between staff and students that enables students to become active and responsible participants in their own learning process. Our educational strategy focuses on prompting students to become respected participants in our academic community. Learning is therefore an activity that takes place in context, as an interplay between lecturer and student that focuses on learning to know, learning to do, learning to live together and learning to be.\(^\text{12}\) Inspired guidance familiarizes students with the shared knowledge base of their discipline, so that they build on and extend the knowledge gleaned from their own experiences, perspectives and backgrounds.

UG therefore needs to:

- intensify the international nature of its academic community in order to enable students and staff to collaborate with and learn from people from different cultural backgrounds and thus take a global perspective;
- impart to students the necessary skills, attitudes and knowledge that they will need to compete successfully in the global labour market.

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\(^{12}\) UNESCO Delors Report: the four pillars of learning.
UG will provide an international perspective by applying the international classroom concept, which introduces students to diverse perspectives and uses international examples to illustrate topics. The introduction of one or more international joint Universities and to expand and intensify on our present international partnerships, will further internationalize and strengthen our academic community.

3.3 Trends in Higher Education

Demographic trends and the financial and economic crises are having a profound effect on European higher education systems, although to varying degrees. Internationalisation is of growing significance worldwide, with economic, political and social changes driving an increasingly global knowledge economy. Internationalisation within universities continues to develop apace as institutions move from equating international strategy with international student recruitment to developing mature internationalisation agendas that incorporate recruitment, research collaborations, and capacity-building. Underlying this movement lay several trends, drivers and outcomes.

International student mobility

The global population of students who move to another country to study continues to rise. The OECD has projected that, with demographic changes, international student mobility is likely to reach 8 million students per year by 2025. As has been the case for the last few years, the most mobile students remain those from Asia, with China, India and South Korea the leading source of international students.

As the broad outline of student mobility slowly changes, political and demographic changes continue to shape government policies towards international students. In Asia, for example, ASEAN states are working to encourage domestic students to study in Asia rather than heading to Western universities, and to this end, have established a ‘Common Space of Higher Education’ to encourage cross-border student mobility and academic integration across Southeast Asia. A trend likely to have an impact on future international student enrolment at Western universities.

International joint Universities remain popular

The opening of international joint Universities continues to be a popular strategy in international higher education. While the initial surge was led by English-speaking universities in the USA, UK and Australia; other countries have also expanded their focus internationally. The sector focused initially on opportunities in China and South East Asia with the Middle East the following region to be targeted. As the sector matures, previously untried territories (for joint Universities) are being explored while other universities are seeking untapped locations or regions within existing Trans National Education market. In either case, the general trend is towards joint partnership arrangements and away from the stand alone branch campus.

While most globally international joint Universities continue to flourish, there have been a number of high profile closures. Most of these closures were free-standing and primarily self-funded campuses, as opposed to new campuses, which are opened in conjunction with local partners. Closures have been related to economic and political changes, restrictions on freedom of speech, falling enrolment numbers, and withdrawal of financial support by the host government, or pushback from faculty members and administrators who concern that focus on developing campuses overseas weakened the education provided at the home campus.

Internationalization increasingly focuses on research initiatives
There is a growing shift away from student-focused initiatives, that is, international student recruitment and branch campuses, towards developing research capacity in partnership with colleagues overseas. In part this is a tactical shift reflecting the growth of academic engagement in industrial R&D, and in part this has grown out of an understanding that developing research partnerships works for the benefit of both institutions.17

Institution-industry partnerships overseas are growing and diversifying
Many universities are developing broader links with industry as a way to strengthen and diversify their research. In part a response to recent budget cuts in government and research council funding across Europe and in part a response to the drive to demonstrate impact, institution-industry partnerships abroad are growing and diversifying18. In many areas these links are explicitly encouraged and supported by government initiatives, as with Horizon 2020 in Europe, the largest multinational research programme in the world19. A point of attention is, however, that there are increasing concerns about corporate interests beginning to direct research and teaching.

There is limited funding and marketisation is increasing
The financial and economic crises have had a profound effect on many higher education systems, including those least affected economically. With budgets being tight, governments are finding new ways of distributing their limited funding, such as targeted and performance funding or ‘excellence initiatives’, and there is pressure on institutions to do more with less, and diversify their funding sources.

Also, the dividing line between public and private is becoming more blurred. More visible forms of marketisation is increasing, which includes the acquisition of vulnerable public and private higher education institutions by for-profit companies; and the recent growth in the number of online providers, which is likely to open up a broader range of opportunities for collaboration with private companies and non-commercial entities. The question is what impact private funding may have on institutional mission, academic principles and values and the balances between public funding and returns on investment20.

3.4 International joint Universities in China
Within the last decade several Western Universities have developed activities in China. The activities differ in terms of size and scope. Many of these initiatives involve double degree programmes or small degree programmes in China. So far only a few Universities founded an international joint University together with an in-house Chinese University (see table 1). Beyond below mentioned Universities there is a list of many other Universities with activities in China, a list is provided in Appendix 1.

19 www.universityworldnews.com/article.php?story=20150220124032787
20 Trends 2015: Learning and Teaching in European Universities, by Andree Sursock, EUA.
Table 1 shows that the International joint Universities are established with a US or UK partner. Specifically, the two UK Universities Liverpool and Nottingham have built up relatively large activities in China. The four US and UK Universities have rankings in the top 50 and top 150. UG can learn from their experiences.

**Activities**
An analysis of the international joint Universities reveals that the Chinese international joint Universities are mainly focused on education. Programmes in multiple disciplines are offered. For example, Nottingham offers Bachelor’s and Master’s programmes in Engineering, Business, Linguistics etc. So far little focus has been on research. However, these campuses are now starting to develop research activities.

**Ranking and Reputation Effects**
One of the reasons to establish a campus in China is to improve University rankings and University reputation. To measure this relevance the ranking of the Universities in Table 1 were analysed. Based on the relatively late founding date of Duke and New York University and the absence of information on Hong Kong, only the data of the two UK Universities were used. The ranking data on these two suggest that since the founding date, only Nottingham improved its ranking. However, this can of course also be attributed to other University policies. Other rankings were considered, but either due to absence of data or changes in ranking methods, it was impossible to come to reliable comparisons. Therefore, evidence is yet to be found for a positive effect on ranking. It should however be noted that the current campuses mainly focus on education, and thus Universities do not benefit from research activities that are very prominent in some rankings.

The reputation effects are hence difficult to measure. The most obvious reputation effect is that UG builds a stronger international brand, as its international presence becomes more visible. This could attract more international students. The impact of this reputation on the Dutch market is not evident. The potential negative reputation effects are discussed in the risk assessment chapter.
4 Internationalization capabilities

In order to successfully enter new international activities, organizations should have specific capabilities. Beyond that, the success of internationalization also depends on the context. Many organizations have internationalized in the past and formed strategic alliances. It is relevant to learn from research in international business and strategic management on what drives the success of these activities. Specifically, research suggests that organizations are more successful when they: (e.g., Barkema, Bell and Penning 1996; Gielens and DeKimpe 2001):  

- Have previous experience with international acquisitions  
- Have a larger scale entry  
- Work together with a partner (no own entry)  
- Enter later in the market  
- Use a similar format and strategy  
- Enter markets with a lower cultural distance (this can however be mitigated by building up experience in the same country or similar countries)

UG is definitely not the first entrant in China and thus can learn from experiences of other Universities. Furthermore, UG is planning to work with a local partner, and wants to use the research driven (education) strategy of UG in China. What’s lacking is UG’s experience with international entries. So building this experience is key (i.e. by hiring new staff from competitors or building up an international advisory board). Finally, UG should be aware that the cultural distance is high.

Also popular press clippings on the successes of international joint Universities were analysed. The recommendations can be summarized as follows.

Universities should have:
- A champion / strong leader for the plan within the University  
- An international and entrepreneurial culture  
- Experience with running international joint Universities (in China)  
- Support within faculties  
- Support of the government  
- A sufficient number of students

Again, experience is mentioned as very important. Studies also stress the importance of an international and entrepreneurial culture. Unfortunately, the presence of an entrepreneurial culture is not that common in publicly funded Universities. The role of faculty and support staff is clearly acknowledged and will be discussed further on in this document. This also goes for the support of the government. Overall, UG should be aware that it lacks some key experiences, which must be acquired, and as China has a very different culture there is a heightened risk of failure in such international activities.

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5 Activities in Yantai

5.1 Education

5.1.1 Programmes

UGY will start with 4 Bachelor’s programmes and 3 Master’s programmes from the faculties of Mathematics and Natural Sciences and Spatial Sciences.

The Bachelor’s degree programmes will be:
- Chemistry
- Industrial Engineering & Management
- Life Sciences & Technology
- Mathematics

The Master’s degree programmes will be:
- Chemical Engineering
- Biomedical Engineering
- Environmental and Infrastructure Planning

The aim is to attract 120 students for each Bachelor’s programme and 65 for each Master’s programme. Every year, additional degree programmes will be added from different UG faculties until a total of 20 Bachelor’s programmes and 10 Master’s programmes are reached.

UGY wants to start in September 2017, with a preparatory year. China Agricultural University (CAU) will launch this with the support from UG. During this year, Chinese students will be introduced to the Western educational model. The emphasis in this year will be on improving the levels of English and Mathematics and on developing and improving Study Skills. In addition, students will be given a brief military training course and be taught about Marxism. The Chinese government has decreed that these courses are compulsory for all Chinese students. Subsequently, the UG programmes will start in September 2018. UGY will also start PhD programmes (see par. 5.2)

5.1.2 Quality guarantees; accreditation

The minimum requirement for UG is that the degree programmes in Yantai have the same quality as the degree programmes in Groningen. At the same time, it must be avoided that incidents at one campus bring on accreditation consequences at the other. For example, if something goes wrong with a degree programme in Yantai such that accreditation is endangered, this may not have consequences for the accreditation in Groningen. The reverse is also true. It is therefore crucial to have an iron clad agreement on separate accreditations for the degree programmes in Groningen and Yantai.

The Minister of Education, Culture and Science of the Netherlands published a vision letter on the international dimension of higher education on 15 July 2014, announcing her aim to make room for offering full degree programmes with Dutch accreditation abroad, also called Transnational Education (TNE) in the context of the Dutch law on higher education. The new rules to be created on behalf of TNE are important when designing the governance structure of the programmes of UG offered at UGY.

To make room for UGY, the law in The Netherlands needs to be changed and a General Administrative Measure (AMvB) must be drawn up, dropping the current requirement that at least 25% of the programme must be offered in the Netherlands. The General Administrative Measure will make additional demands regarding quality assurance and separation of public and private means.
Below a general outline of the design of TNE in Yantai is provided in relation to accreditation and is based on conversations between the UG and the Dutch Ministry of Education, Culture and Science (OCW).

The conditions for TNE have been elaborated and divided into three segments:

- Legal design: how does TNE fit the education system in The Netherlands?
- Quality demands: how is quality assured abroad?
- Financial conditions: the separation between public and private funds.

The legal design of TNE
1. The entire degree programme can be offered abroad or online, so the required 25% provision at home can be dropped.
2. The Dutch Higher Education Act (WHW) continues to apply to any Dutch degrees offered abroad, and the TNE version falls under the provisions governing Dutch private, unsubsidized educational institutions with accreditation (RPH).
3. The TNE degree programme must have a Dutch counterpart, i.e. the programme must be offered in the Netherlands as well.
4. The TNE degree programme can diverge up to a maximum of 40% from its Dutch counterpart to retain the same accreditation.
5. TNE degree programmes are never government-funded. For a government-funded institution, this means that it may offer a degree programme in both a funded version and an unfunded TNE version.
6. The academic staff of the TNE degree programme is also under contract at the UG. The agreements between the UMCG and the UG regarding zero-hours contracts can be a model in this respect.

Quality demands of TNE
1. The Board of the University is responsible for the quality and quality assurance of the TNE degree programme. TNE degree programmes will be governed by the same provisions that apply to Dutch private, unsubsidized educational institutions with accreditation (RPH), as stipulated in the Dutch Higher Education Act (WHW). This implies that any provisions in the Higher Education Act that specifically relate to the Faculty, which is government funded, do not apply to the situation in Yantai. Thus, the powers regarding quality and quality assurance formally shift from the Dean of Faculty to the Board of the University.
2. TNE programmes will share their Dutch CROHO number with the programme at its Dutch mother institution. The degree programme will be offered in two different locations, Groningen and Yantai. Both locations will be reviewed separately and then accredited jointly. Should one location encounter problems, it is possible to take measures locally or close that location. The other location can remain open thanks to the limited contamination risk.
3. For a degree programme to be offered abroad, it requires extra assessment by the Dutch and Flemish Accreditation Organisation NVAO, mainly focusing on remote quality assurance, and a positive decision by the Dutch minister of education.
4. The Yantai version of the TNE has its own examination regulations, Board of Examiners and consultative participation, all meeting the requirements of the Dutch Higher Education Act (WHW). The examination regulations pay special attention to remote quality assurance.

The financial conditions for TNE
1. TNE is not government subsidized. TNE is not included in grant applications; grants cannot be spent on TNE, nor can public means be used to cover start-up costs, structural costs or serve as pre-financing or guarantees or for any other purpose related to TNE. The UG is, however, allowed to use private means for this purpose.
2. The macro-efficiency check is not applicable.
3. The institution will use an integral cost-price calculation and will ensure a transparent separation.
in its books between the Dutch location for the degree programme and the TNE location.

4. UG will charge UGY an integral rate for any services offered to UGY, such as the deployment of teachers, management and other staff for teaching, research and related support activities.

5. The review and accreditation costs for the TNE will also be charged to UGY at a cost-covering rate, and will therefore not be borne by UG.

Conclusion:
Taking into account the conditions proposed by the Ministry for TNE, the context of a joint university will facilitate UG’s operations in Yantai.

5.2 Research

5.2.1 Opportunities and ambitions
UGY will be one of only ten so called international joint Universities in China. A unique feature of UGY is that it intends to be a real research University where significant research activities in close collaboration with companies and research institutes will be conducted and extensive PhD programmes will be offered.

The mission of UG is to be an international academic community in which disciplinary and cross-disciplinary research leads to scientific breakthroughs and societal innovation, and in which talented students are excellently trained as innovators who will contribute to a sustainable society. However, exceptional education and research is only feasible with a diverse perspective on education and research and a University community encompassing different talents and nationalities. UGY offers a unique opportunity to become a truly global University and obtain a diverse setting for both research and education.

New networks and collaborations
Considering research, the realization of UGY gives the UG scientific staff direct access to a large Chinese research and industrial network. This offers ample opportunities for collaborations in new and emerging research fields.

The CAU, the partner in UGY, is a top agricultural University. As agrifood is one of the important research themes of UG several opportunities for collaboration in this field are foreseen, for instance on Healthy Ageing. Moreover, being physically present in China will also facilitate and/or strengthen the cooperation with other Chinese top-Universities.

Moreover, the province of Shandong, where UGY is situated, is the second most populous province and the second largest consumer market in China. In 2012, with an annual increase of 9.8%, Shandong’s GDP output reached a total of 793.86 billion USD (IMF 2012), ranking third after Guangdong and Jiangsu Provinces. In the Shandong provincial government plan 2011-2015, the Shandong provincial government emphasized the importance of the development of six strategic emerging industries:
1. New energy: wind power
2. New material: biomaterial, high performance material
3. New information technology: the Internet of Things, cloud computing
4. New medicals and pharmaceuticals: medical informatics, biopharmaceuticals
5. Marine economy: fishery processing and cold-chain logistics
6. High-end equipment manufacturing: robotics, high-end agriculture equipment

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22 China by Numbers 2012
This strategic direction of the province fits well with the existing UG societal themes (healthy aging, sustainable society, energy) and offers additional opportunities for research collaborations between UGY, other Chinese research institutes and industries. And although the exact nature and volume of the activities of the companies in Yantai still need to be determined, the High Tech Zone already hosts a number of companies that could facilitate connections with the industry.

The same report also offers an overview of promising industrial areas for collaborations with the Netherlands. These include: a) Water Management, b) Logistics, c) Agriculture, d) Fishery, e) Information and Communication Technology, f) Waste Management, g) Shipbuilding, h) Health Care, i) Machinery Equipment and j) (Petro) Chemical. Although not all themes fit the research priorities of UG several leads are present. Moreover, Dutch industry is prominently present in Shandong in areas that also coincide with UG priorities.

International visibility and research capacity
The establishment of UGY will enhance the international visibility of research staff both at UG and UGY. This is expected to have a positive effect on reputation leading to enhanced research output and funding opportunities, both in second and third stream funding schemes. For some of the researchers it might provide for new opportunities such as setting up a satellite group at Yantai or by accepting a research position at UGY.

Broader research surroundings
Operating in China also means being confronted with new or larger scale societal challenges, a different population and different ecosystems. This offers a wealth of new research opportunities, possibilities to test hypotheses in different circumstances and possibilities to do comparison studies. In addition, working in a substantially different culture might lead to new insights and approaches of solving research questions.

Cross-disciplinary research
Setting up a University from scratch creates chances to do things “differently”. Initially UGY will be a small, close-knit academic community without the institutional borders that exist in Groningen. This is the ideal matrix for realizing cross-disciplinary research projects to solve the challenges the society in China faces.
5.2.2 Conditions
To create a thriving research environment, like at UG, four parameters are essential: 1) the organizational structure of the research, 2) the infrastructure present, 3) funds to do research and 4) quality control.

Organisation
A good organizational structure means: an excellent support structure for the researchers to help them obtain funding, to run the labs, to manage the financial and IP side of the projects and that provides for the necessary policies, contacts and information to operate adequately within the Chinese system. Support departments such as Human Resources, IT-service, and Research & Valorisation have to be present.

Furthermore, research and education have to be closely intertwined meaning an active participation of graduate and post-graduate students in research activities and good support structures like Graduate Schools to arrange this.

The size of the support staff is based on the organizational structure of UG (central and decentral) and budgeted accordingly. Also a sizeable number of PhD-students (via the start-up packages) and postdocs are budgeted for in the first years without having to obtain external funding. Therefore, no financial limitations are present to prevent an adequate support organisation to be set-up.

Due to long application times in China, the PhD-programme will start under the auspices of UG, not UGY, and as such also no legal constraints concerning the educational programme and number of permissible students is present.

A challenge might be the recruitment of adequate staff that is experienced in both the Anglo-Saxon/Dutch and the Chinese culture of performing research.

Infrastructure
Preconditions for the infrastructure are well-equipped laboratories, access to relevant databases and an up-to-date IT infrastructure for high-performance computing and the ability to handle big data. And sufficient funds for research consumables, the maintenance of research equipment, licensing fees for journals and databases should be present.

The necessary basic research infrastructure (construction, equipment and IT) is well described for the Faculty of Mathematics and Natural Sciences (see financial paragraph). The costs for this infrastructure should mainly be covered by and under the responsibility of the province and the city of Yantai. Nevertheless, still a number of potential risks and problems can be identified for the completion of the infrastructure:

a) The desired equipment for and construction of the laboratories primarily dependent on the research focus of the full and associate professors to be appointed at UGY. As long as their names are not known the exact lay-out of the laboratories and their construction cannot be realized;

b) In the overview of the requirements for infrastructure, only the FMNS is considered, and those of the other faculties participating in Yantai are missing. For spatial sciences these requirements are limited, however for the medical oriented studies and research, e.g. Biomedical Engineering, the necessary assets are substantial and not accounted for. An additional problem is the absence of a University hospital. For Biomedical Engineering the presence of such a hospital is vital for the research performance of students and staff;

c) The fact that the province and the city have to supply the finances might obstruct the timely completion of the infrastructure.

Another factor that is vital for research progress is access to international literature and databases.
According to our Chinese partners internet communications to these sources will not be obstructed implying that research can be performed freely. In addition, adequate funding for the relevant IT infrastructure has been budgeted for (see financial paragraph).

**Funding**

Research needs a healthy combination of the three ways of funding to thrive: direct funding, research grant funding and contract funding. As direct funding from the University will be limited (like in the Netherlands), researchers should have access to national funding sources and be able to cooperate with companies/external organisations. Moreover, the possibilities for obtaining these funds should be sufficient as well as the amount of funds available.

Several sources for governmental funding at a local and national level are available to researchers at UGY. The set-up of these governmental funding schemes appears to be very similar to the Dutch system (e.g. personal grants, geared more towards the natural, medical and engineering sciences, reputation based). However, there are a number of challenges and limitations present to obtain these funds. These are:

a) Applications to the National Science Foundation have to be in Chinese. This means that the employment of a number of highly regarded Chinese researchers and/or cooperation with these researchers and/or the presence of competent postdocs is a prerequisite to be able to have access to and to successfully obtain these funds. If UGY is not able to recruit a number of these researchers or establish cooperation it will not be able to obtain sufficient funding and realize and maintain a good research reputation within China.

b) Some grants are only available to researchers of Chinese nationality (like the Excellent Youth fund of the NSFC. The Ministry of Science and Technology has indicated during the visit of the Director General of the ministry of OCW in May 2016 that for other grants all researchers and institutions are treated equal, although the Chinese language requirement will be maintained.

c) Most grants demand that the applicant/PI carries out the project at the location specified and is physically present for most of the time at this location during the project. This requires that for every research group some of the researchers should have permanent presence in China and perform research there.

For contract funding no such limitations appear to exist, although this is not 100% certain. However, in this case networking and relationships are very important to obtain funding. To establish such relations with Chinese industry again it is vital to have knowledgeable and experienced Chinese staff that speaks the language and is familiar with Chinese culture. The first two chemical and pharmaceutical companies from Yantai have already indicated their interest.

**5.2.3 Quality assurance systems and control**

The backbone of the Dutch quality assurance system for research (and also for education) is informed peer review. All Dutch Universities are obliged to follow the national guidelines for research quality assurance (the so-called Standard Evaluation Protocol) that specify the rules for and implementation of the informed peer review procedure. All research done in the Netherlands has to be evaluated every six years. To maintain our quality standards this approach should ideally also be applied in Yantai.

The Netherlands also has a highly regarded PhD system. PhD students are first and foremost researchers writing a thesis, and their research accounts for a large part of all research done at Universities. To assure the quality of the PhD thesis and the PhD defence each University has its own regulations for the conferral of a doctorate, regulations that determine the conditions for awarding a

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24 Based on a short survey by two UG employed Chinese researchers
PhD degree. Therefore, these regulations and the accompanying organisation of Graduate Schools that guards and executes these regulations should be exported to Yantai.

The obtained information so far does not imply any legal obstructions to use UG quality assurance systems and regulations for research. However, the verification of this information should be of high priority when the systems are further discussed and implemented at UGY.
6 Financial Implications

The agreement between Yantai city, CAU and UG lays the financial foundation for the campus. The city of Yantai will cover the costs for the construction, facilities and equipment of the campus research facilities, as well as budget deficits in the first three years. Tuition fees will cover the remaining costs, and additional research funding will be acquired. Dutch law states that no direct government funding may be invested.

When UGY is formally established, all costs made by UG for further preparation of this initiative in China and in Groningen, as for future quality insurance and the UG employees who will be temporary stationed in Yantai, will be invoiced to UGY.

The Dutch and Chinese education ministries have both approved the underlying budget for the initial phase. This means that the necessary research facilities can be realized, research led education can be offered and top-level research can be initiated. That is what makes this international joint University stand out from others. Over the last few months several multinationals have also expressed specific interest in the UG's plans. A number of companies have already agreed to allocate money for research in Yantai and to provide start-up packages for professors.

6.1 Funding

The total investment required to establish UGY is EUR 794 million over a period of ten years. This amount includes start-up costs (EUR 65.6 million) as well as regular operating costs (education and research activities) (EUR 728.4 million). Regular operating costs cover the salaries of academic and support staff, as the costs of support services, research materials, housing and marketing. The necessary investments in IT infrastructure and the construction and conversion of real estate are under the financial responsibility of the Chinese partners.

Funding will come from tuition fees, a contribution from the City of Yantai and from international corporations. The total tuition fees for Bachelor’s and Master’s students over the entire development period of ten years amounts to EUR 965.5 million and forms the primary source of funding for UGY. The tuition fee of EUR 12,500 is comparable to other Chinese branches of European Universities. The City of Yantai has agreed to contribute EUR 34 million to cover expenses in the first three years of the development period. UGY has indicated the intention to raise a total of EUR 25 million from Dutch and international industry to finance UGY research packages.

These funds will cover all expenses of both start-up and regular exploitation costs (education and research activities). The following years of the development period the available funds will cover all expenditure. An overview of the investments and funding throughout the ten-year development period is shown in Table 1. Additional research funding from research grants and industry contracts has not been taken into account in this budget proposal.

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25 As specified in the Agreement on Establishing the University of Groningen Yantai
Table 1. Investments and funding throughout the UGY development period

<table>
<thead>
<tr>
<th>Exploitation per fiscal year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>2,8</td>
<td>13,5</td>
<td>33,3</td>
<td>63,7</td>
<td>95,1</td>
<td>119,1</td>
<td>133,3</td>
<td>137,6</td>
<td>137,6</td>
<td>137,6</td>
</tr>
<tr>
<td>Total Costs Education</td>
<td>6,6</td>
<td>23,9</td>
<td>39,9</td>
<td>63,7</td>
<td>87,3</td>
<td>102,6</td>
<td>107,2</td>
<td>103,5</td>
<td>98,8</td>
<td>96,6</td>
</tr>
<tr>
<td>Start-up Costs (2016 till sept. 2017)</td>
<td>13,2</td>
<td></td>
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</tbody>
</table>

**Exploitation Balance (without revenue from Yantai City and Industry)**

<table>
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<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Yantai City</td>
<td>17,0</td>
<td>10,4</td>
<td>6,6</td>
<td>0,0</td>
<td>0,0</td>
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<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td><strong>Exploitation Balance incl. revenue from Yantai City</strong></td>
<td>-17,0</td>
<td>-10,4</td>
<td>-6,6</td>
<td>0,0</td>
<td>7,9</td>
<td>16,5</td>
<td>26,5</td>
<td>34,1</td>
<td>38,8</td>
<td>41,0</td>
</tr>
<tr>
<td>Additional revenue from Industry</td>
<td>0,0</td>
<td>2,0</td>
<td>3,0</td>
<td>5,0</td>
<td>5,0</td>
<td>5,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
<td>0,0</td>
</tr>
<tr>
<td><strong>Exploitation Balance incl. revenue from Yantai City and Industry</strong></td>
<td>0,0</td>
<td>2,0</td>
<td>3,0</td>
<td>5,0</td>
<td>12,9</td>
<td>21,5</td>
<td>31,2</td>
<td>34,1</td>
<td>38,8</td>
<td>41,0</td>
</tr>
<tr>
<td><strong>Exploitation Balance incl. revenue from Yantai City and Industry cumulative</strong></td>
<td>0,0</td>
<td>2,0</td>
<td>5,0</td>
<td>10,0</td>
<td>22,9</td>
<td>44,4</td>
<td>75,6</td>
<td>109,8</td>
<td>148,6</td>
<td>189,6</td>
</tr>
</tbody>
</table>

6.2 Start-up

UGY will be offering a number of degree programmes. The numbers and categories of the academic staff have been determined based on the ratios used within UG for comparable degree programmes, and form the basis for the projected costs of developing research, research facilities and recruiting the first PhD candidates. This requires using start-up packages that distinguish between academic staff who make use of laboratory facilities and those who do not. The total costs of these start-up packages amount to EUR 65,6 million, spread over a period of ten years. The breakdown of these costs is shown in Table 2.

<table>
<thead>
<tr>
<th>Start Up</th>
<th>Number</th>
<th>Amount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Professor with Lab</td>
<td>36,8</td>
<td>€1.000.000</td>
<td>€36.790.541</td>
</tr>
<tr>
<td>Associate Professor with Lab</td>
<td>36,8</td>
<td>€200.000</td>
<td>€7.358.108</td>
</tr>
<tr>
<td>Full Professor without Lab</td>
<td>61,3</td>
<td>€200.000</td>
<td>€12.263.514</td>
</tr>
<tr>
<td>Associate Professor without Lab</td>
<td>61,3</td>
<td>€150.000</td>
<td>€9.197.635</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>435,7</td>
<td></td>
<td><strong>€65.609.797</strong></td>
</tr>
</tbody>
</table>

6.3 Teaching and research

UGY education and research will be developed step by step over a period of ten years; with new Bachelor’s and Master’s degree programmes launched every year. The enrolment capacity of the preparatory year is 120 students per Bachelor’s programme and 65 students per Master’s programme. In the preparatory year the student/staff ratio is 20/1, after the preparatory year the student/staff ratio is 15/1. The structure of the academic staff and the coaching of the academic staff in education and research are based on UG ratios in comparable fields of study. Every full professor and associate professor supervises three PhD candidates. When fully operational (i.e. after ten
years), approximately 11,600 students will be studying and conducting research at UGY. This corresponds to approximately 8,200 Bachelor’s students, 2,800 Master’s students and 600 PhD students. UGY will be offering 20 Bachelor’s degree programmes and 17 Master’s degree programmes. Student enrolment throughout the ten-year development period is shown in Table 3.

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<tbody>
<tr>
<td>Number of new educational programmes</td>
<td>7</td>
<td>6</td>
<td>13</td>
<td>9</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Total number of educational programmes</td>
<td>7</td>
<td>13</td>
<td>26</td>
<td>35</td>
<td>37</td>
<td>37</td>
<td>37</td>
<td>37</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td>Total number of BSc, BA, MSc or MA students</td>
<td>675</td>
<td>1,893</td>
<td>4,203</td>
<td>6,893</td>
<td>9,042</td>
<td>10,497</td>
<td>11,010</td>
<td>11,010</td>
<td>11,010</td>
<td>11,010</td>
</tr>
<tr>
<td>PhD students</td>
<td>0</td>
<td>48</td>
<td>118</td>
<td>268</td>
<td>431</td>
<td>549</td>
<td>589</td>
<td>589</td>
<td>589</td>
<td>589</td>
</tr>
</tbody>
</table>

Table 3. Student enrolment throughout the development period

The regular operating costs of UGY are expected to increase on an annual basis in line with student enrolment, and will ultimately amount to EUR 794.0 million over the entire period. The expenses of academic and support staff amount to EUR 472.5 million, and the remaining expenses amount to EUR 321.5 million. The costs of UGY are based on the experience of UG, combined with information from CAU and other organizations that are active in China. A more detailed breakdown of these costs is shown in Table 4.

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</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Full professors (at UGY &amp; training at UG)</td>
<td>0.0</td>
<td>1.2</td>
<td>3.0</td>
<td>6.7</td>
<td>10.2</td>
<td>12.3</td>
<td>12.6</td>
<td>12.3</td>
<td>12.3</td>
<td>12.3</td>
</tr>
<tr>
<td>Associate professors (at UGY &amp; training at UG)</td>
<td>0.0</td>
<td>0.9</td>
<td>2.3</td>
<td>5.1</td>
<td>7.8</td>
<td>9.5</td>
<td>9.5</td>
<td>9.5</td>
<td>9.5</td>
<td>9.5</td>
</tr>
<tr>
<td>Assistant professors (at UGY + training at UG)</td>
<td>0.0</td>
<td>1.1</td>
<td>2.9</td>
<td>5.3</td>
<td>7.9</td>
<td>9.3</td>
<td>9.8</td>
<td>9.5</td>
<td>9.5</td>
<td>9.5</td>
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<tr>
<td>Total regular operating costs (teaching and research)</td>
<td>2.3</td>
<td>3.7</td>
<td>7.2</td>
<td>9.8</td>
<td>12.2</td>
<td>14.1</td>
<td>15.6</td>
<td>15.6</td>
<td>16.1</td>
<td>16.6</td>
</tr>
<tr>
<td>Support staff for education &amp; research</td>
<td>0.8</td>
<td>2.1</td>
<td>4.5</td>
<td>7.2</td>
<td>9.2</td>
<td>10.5</td>
<td>10.7</td>
<td>10.6</td>
<td>10.6</td>
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</tr>
<tr>
<td>Management</td>
<td>3.2</td>
<td>3.8</td>
<td>5.1</td>
<td>6.4</td>
<td>6.4</td>
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<td>6.4</td>
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<tr>
<td>Total direct personnel costs</td>
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<td>13.8</td>
<td>27.5</td>
<td>40.1</td>
<td>50.6</td>
<td>61.0</td>
<td>64.4</td>
<td>65.7</td>
<td>67.4</td>
<td>64.7</td>
</tr>
<tr>
<td>Teaching/examina costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teaching/examina costs (at UG)</td>
<td>0.8</td>
<td>0.9</td>
<td>1.7</td>
<td>2.6</td>
<td>3.2</td>
<td>3.7</td>
<td>3.7</td>
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<tr>
<td>Teaching/examina costs (at CAU)</td>
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<td>0.5</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
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<tr>
<td>Budget training staff</td>
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<td>1.1</td>
<td>0.8</td>
<td>0.6</td>
<td>0.2</td>
<td>0.0</td>
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<td>Scholarship</td>
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<td>2.4</td>
<td>2.8</td>
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<td>3.4</td>
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<td>Office costs</td>
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<td>4.1</td>
<td>5.4</td>
<td>6.3</td>
<td>6.6</td>
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<tr>
<td>Educational quality insurance</td>
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<td>0.2</td>
<td>0.5</td>
<td>0.9</td>
<td>1.3</td>
<td>1.4</td>
<td>1.4</td>
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<td>2.2</td>
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<td>Library costs</td>
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<tr>
<td>Costs for utilities, personnel in kind (at CAU)</td>
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Table 4. Regular operating costs (teaching and research)
The preparatory year, customary in Chinese education, and the accompanying staff requirements have been included in the budget. Academic staff members with no UG background will be trained for six months in Groningen on content, culture and approach to education and research, established by UG for UGY. The costs of this training are also included in the budget. The academic staff expenses are in line with the classification and salary levels of the (maximum) salary scale according to the Collective Labour Agreement of Dutch Universities (CAO). The costs of management, IT, laboratory teaching equipment and the library are derived from the ratios at UG. This budget also takes into account a grant programme and marketing costs. Energy expenses and the expenses of operating and managing the campus are based on information from CAU in Yantai. The first fifteen years, real estate will be made available 'free of charge'. These costs are therefore not included in the budget.

6.4 Financial risks
The development of UGY will fall under the responsibility of a Chinese legal entity. Appointments and other costs will be covered by UGY as far as possible so UG will not bear the financial risk of payment transactions. This way the financial risk run by UG can be limited regarding the costs incurred in developing UGY.

UGY has indicated its intention to raise EUR 25 million in funding from industry. If not successful this represents a financial risk.
7 Risk assessment

7.1 Dutch (higher education) legislation
It is essential to create a firewall between UG and UGY degree programmes. The chosen structure depends on the (timely) amendment to Dutch regulations on higher education. Degree programmes in Yantai cannot start on the scale and in the form that UG envisages, if the law is not changed in The Netherlands. This requires an assurance from the Ministry of OCW and the NVAO that the programmes at the Chinese campus will be accredited separately from programmes in the Netherlands. The Ministry is currently preparing an arrangement in discussions with the NVAO.

Based on the support of the Ministry of OCW the risk of this aspect is indicated as low.

7.2 Commitment of staff and students
Sufficient understanding and support for the Yantai plans needs to be created and expanded among the UG community (staff and students) as disquiet and a lack of clarity can undermine the confidence in the University administrators (Board of the University as well as the deans). To this end, both the Board of the University and the deans are engaged in regular and open communication aimed at securing and maintaining commitment for the initiative. UG must be able to count on sufficient numbers of high-calibre staff wanting to go to Yantai. UG is limited if this commitment is confined to, or goes no further than, ‘written’ support for the plans – in other words, if it is not translated into deeds. Ensuring the quality of staff will continue to be a key focus for the UG.

The board has discussed the plan for a campus in Yantai extensively with the University Council in 2015 and 2016. The parties in the University Council received a lot of information based on their questions, had the opportunity to express their concerns and to formulate their standpoints and the University Council voted on June 25th 2015 favour of opening an international joint University in Yantai.

During Spring and Summer of 2016 several brainstorm meetings with faculty staff members took place. Also, the deans of the involved faculties organized internal communication meetings for all staff members. Many questions were gathered and (for the greater part) answered.

For many employees UGY is rather distant from their own activities. Beyond that, they might consider it a threat for their own activities, given the time and effort required. The Board of the University as well as faculty management should be aware of this, clearly communicate and mitigate potential consequences of UGY for staff. This is essential as insufficient support is a strong risk factor.

Based on the fact that commitment of staff is crucial, this aspect is indicated as a high risk.

7.3 Funding
a. Student enrolment:
A certain enrolment is assumed for the various degree programmes. The enrolment will partly determine the financial feasibility of the new campus because it is student numbers that determine the level of revenues from tuition fees. If the enrolment falls short on the desired numbers, it will have to be adjusted using targeted measures in the form of additional recruitment.

Based on meetings of the Board of the University with the partners in China about enrolment numbers this aspect is indicated as a low/moderate risk.
b. Quality of intake:
The intake of Chinese students will have to be of high calibre – the cream of first-year students. In addition, the Bachelor’s programme in China will include a preparatory year in order to bring especially the English language proficiency of the Chinese students up to the required UG level. With regard to the intake of non-Chinese students, the UGY can also impose the regular entry requirements that apply to UG degree programmes.

Based on the fact that UGY can also impose the regular entry requirements that apply to UG degree programmes, this aspect is indicated as a low/moderate risk.

c. Position of UG in relation to the UGY legal entity, financially:
UG is financially separate from the Chinese legal entity UGY. Should UGY for whatever reason not succeed (i.e. ‘fall over’), there will be very limited financial links with UG. At present, the financial risk is limited to the initial costs incurred by UG, which are budgeted for. Strict monitoring through sound registration of incurred costs (costs of deploying UG staff and out-of-pocket costs) will ensure that the budget is not exhausted.

Once UGY is operational, there will be a risk with respect to off-setting the deployment of UG staff at and for the benefit of UGY. Sound offset agreements on this matter will be made in advance.

Based on above, this aspect is indicated as a low/moderate risk.

d. Temporary nature of the agreements:
By ensuring from the outset that the various Chinese authorities and CAU have as much commitment to and stake in the success and survival of the UGY campus as possible, UG can avoid a situation in which CAU, the city of Yantai or the Chinese Ministry of Education decides to end the partnership or go ahead without UG following expiry of the initial period outlined in the agreements.

The UGY will lease the campus facilities free of charge for the first 15 years, after which the situation will need to be reviewed. Although the partnership between CAU and the UG will be entered into for a period of 30 years, it is not known whether and how the lease on land and facilities will be taken into account in the operating costs after 15 years. This means that the effect on the operating costs is unforeseeable. An agreement needs has been made to the effect that the lease will not be permitted to jeopardise the continuity of the UGY.

Based on the above, this aspect is indicated as a low/moderate risk.

7.4 Quality and accreditation
All parties are aiming to make the UGY a highly reputable institution. This will only happen if the quality of the UG programmes offered at UGY is as it should be and if that quality can also be tested. This is already a requirement in terms of the criteria that apply to UG in relation to national and international accreditations (NVAO, AACSB, EQUIS). The position of the Board of Examiners and Programme Committee must be properly safeguarded. To achieve this, quality assurance as a whole will have to be properly regulated, not just for education, but also for research and the PDCA system, for example in the form of an Institutional Quality Assurance Audit. This must be done properly to safeguard UG degrees. By deploying sufficient numbers of staff with a UG background and by training other lecturers, together with a ‘one-for-one’ transfer of the UG quality assurance procedures, UG can ensure right from the outset that there are sufficient quality guarantees for the degree programmes and for how they are managed. The experience of Liverpool University shows that quality assurance must remain a constant focus. Constant vigilance by UG in this area will remain a necessity.
Based on above, this aspect is indicated as a moderate risk.

7.5 Staff and students
a. Staff care:
The wellbeing of UG staff who work in Yantai for a longer period of time is very important. Proper provisions will be made with regard to living and residing in Yantai, with guarantees for staff who have to return unexpectedly to Groningen.

Because UG will make proper provisions with regard to living and residing in Yantai, this aspect is indicated as a low risk.

b. Recruiting qualified staff:
First and foremost, the UG education model will be applied at UGY. While this will require sufficient qualified staff at UGY, it must not lead to an ‘exodus’ of qualified staff from UG. In addition, UGY lecturers who do not have a UG background will be ‘trained’ in Groningen for six months to familiarize themselves with the UG education and research system and culture. The aim is to achieve a mix of staff (1/3 Dutch, 1/3 Chinese and 1/3 other nationalities). A start needs to be made soon on securing additional teaching capacity, targeting the preparations up to September 2016 and subsequent deployment in education. The latter applies to both UGY and UG.

Based on the fact that recruiting qualified staff is crucial, this aspect is indicated as a high risk.

c. Student care:
If at any time UGY students can no longer be taught in Yantai and wish to complete their programme in Groningen, in view of the agreements and overlap in the degree programmes, UG will have to prepare for this influx.

Based on above, this aspect is indicated as a moderate risk.

7.6 Reputation
In formal terms, UG and UGY are two independent legal entities, even though UG’s name is linked to the activities of UGY. Should UGY for whatever reason not succeed (i.e. ‘fall over’), proper steps must be taken to prevent and/or limit any damage to UG’s reputation.

This means including a solid ‘firewall’ in the various agreements made, guaranteeing that any damage resulting from a possible collapse of the UGY legal entity will not be at the expense of UG. It also goes without saying that UG decisions on UGY that entail potential risks need to be carefully prepared and be part of the regular UG policy cycle and therefore be included in the PDCA system.

When above is arranged, reputation risk is minimized. However, UG should be aware that an international large-scale failure might have negative reputation effects nonetheless. Specifically the chosen large-scale entry mode implies a stronger risk of reputation loss.

Based on the importance of reputation, UG will take proper steps to prevent damage to UG’s reputation; this aspect is indicated as a moderate risk.

7.7 Governance/ Culture/ Intellectual property
a. Internal capabilities:
So far UG has limited experience with setting up international campuses. This can be overcome by hiring new international staff with this experience. If this is not done, there is a strong failure risk.
UG and CAU are determined to recruit new international staff, knowing the experiences of other international campuses are positive.

Based on above, this aspect is indicated as a moderate risk.

b. Commitment from the City of Yantai:
The city of Yantai will finance the facilities and bear the risk of initial losses. This means that, over and above the considerable importance attached to the success of the project, efforts must be made from the outset to maximize and maintain the involvement in, commitment to and stake in the project by the city of Yantai, Shandong province, the Chinese Ministry of Education and CAU.

Based on the fact that the commitment from the City of Yantai is high, this aspect is indicated as a low risk.

c. Knowledge of Chinese culture and regulations:
There are cultural differences between China and the Netherlands. Understanding each other’s view of mind is important and UG should pay careful attention to these differences. Therefore, knowledge of the Chinese culture should be boosted by educating UG staff involved. With a.o. support of the knowledge and expertise of our Confucius Institute UG will try to bridge the gap.

Currently, there is not enough knowledge about the practical effects of Chinese law and how Chinese legislation can be changed. Efforts are therefore being made to ensure that the Chinese authorities and CAU have as much commitment to and stake in the venture as possible. This is combined with obtaining/purchasing expertise on Chinese law. An assignment to support UG in this matter will be given to an external consultancy bureau with expertise on and in China, including legal expertise.

These risks are moderated by the fact that there are a number of other joint universities, the existence of a Chinese law regulating joint education and the role of the MOE in the approval of UGY.

Based on above, this aspect is indicated as a moderate risk.

d. Intellectual property:
A separate agreement needs to be made regarding intellectual property.

Based on the fact that the experiences of other international campuses are positive, this aspect is indicated as a moderate risk.

e. Academic freedom:
Academic freedom is an absolute, non-negotiable condition for UG to start a campus in Yantai, and it has been mentioned explicitly as a demand in a letter sent by the Dutch Ministry of OCW to its Chinese counterpart. Academic freedom is guaranteed in the Chinese law and this has been explicitly mentioned in the MOU. UG also requires unrestricted access to the internet for students and researchers to be able to do their work. Both are sensitive issues in China. The Chinese government censors the internet because certain websites do not concur with the Chinese government’s worldview, and the Chinese government often monitors regular Universities.

Within the walls of an International joint University, however, these freedoms are tolerated, as is the experience of American Universities operating in China. Their International joint Universities are ‘islands of freedom’, they assert, where the Chinese government does not interfere with the programmes, the education methods, or the hiring policy. These Universities have also secured exceptions ensuring unrestricted internet access, including sites that are blocked in China, such as Google, Twitter, Facebook and Youtube. UG aims to follow the example of New York University, which uses a Virtual Private Network (VPN), both on and off campus, to give its students access to Google Apps for Education. A VPN service encrypts the internet traffic and reroutes it, so that its
users may gain access to websites and online services otherwise blocked by a particular nation. However, VPN services may be blocked too. Off campus, the rules of Chinese society apply, meaning that UG cannot guarantee academic freedom or freedom of speech there.

The following three issues have been settled in an agreement between CAU and UG:
- Guaranteed academic freedom for all UG programmes and research, including unrestricted access to information and the internet.
- Quality control of the programmes according to Dutch norms and agreements with the Dutch accreditation organisation (NVAO) and the Dutch Ministry of Education.
- The administrative structure of the Yantai campus.

Based on the fact that the experiences of other international campuses are positive, this aspect is indicated as a moderate risk.

7.8 Infrastructure

a. Facilities:
A number of facilities are needed in Yantai in order to fulfil the standard UG conditions. The Chinese already have a list of UG conditions relating to accommodation and IT. The facilities will be developed gradually, scaling up as required. For this reason, it is expected that there will be sufficient time and scope to create the necessary facilities. In terms of accommodation, this also applies to the anticipated arrival of UGY students at UG in a particular phase.

Based on the fact that facilities are crucial, this aspect is indicated as a high risk and requires continuous attention.

b. Resources:
Efforts are being made to secure sufficient resources and facilities so the ambition to develop programmes based on strong research lines can be achieved from the outset. The City of Yantai and Shandong Province have indicated their strong support and this was confirmed during the site visit and evaluation meeting at the request of the MOE of China. The risk is that facilities will not be ready and UG would be asked to launch UGY as an education institution. UG regards the ability to develop high-calibre research as a non-negotiable condition for the success of UGY.

Based on the fact that resources are crucial, this aspect is indicated as a high risk.

7.9 Concluding Risk Assessment

Based on above outline, UG assessed the risk factor (high, moderate or low) per indicated risk element. See a summary in Table 2.
### Table 2: Assessed risk per potential risk factor

Concluding, there are four aspects indicated as high risks and demand full attention from the Board of the University:

1. Commitment of staff
2. Recruitment of qualified staff
3. Facilities
4. Resources
8 Implementation

8.1 HR implications

Our aim is the flexible deployment of UG staff, enabling them to go to Yantai for shorter or longer periods of time. UG wants to have an international mix of staff in Yantai. UG aims to station two Groningen staff members per degree programme in Yantai for a longer period. They will be supplemented by Groningen staff who come to provide support for shorter periods of time. There will be no obligation to teach in Yantai, not for current staff and not for new staff, unless specifically recruited for this task.

UG hasn’t started recruiting staff yet. Staff will only be selected after consulting with the faculties and service units concerned. In the autumn of this year UG will work with the faculties involved to draw up a recruitment plan to ensure that UG has sufficient qualified staff available for the degree programmes in Yantai. UG staff who go to Yantai for a short period will do so on a secondment basis. In the case of staff who go to Yantai for longer periods, UG will have a look into the best arrangement for them. UG will draw up an expat policy in which fiscal regulations will be taken into account. The policy will be based on current conditions of employment. Newly recruited staff for Yantai will be employed by UGY. There is no obligation for UG staff to go. Everyone is free to decide for him or herself whether they wish to go to Yantai. UG sees it as an excellent opportunity to gain international experience, but the decision is to be made by the individual staff member.

The text below provides a brief overview of preconditions. The information primarily concerns stays with duration of less than a year.

8.1.1 Visa and permits

A visa is required to be permitted to work in China. There are four types of stays in China, depending on their duration:
1. Short stay – less than 30 days (for example to teach guest lectures)
2. Short-term stay – up to 90 days with the possibility of extension (for example to teach for a semester)
3. Long-term stay – up to one year
4. Residency – more than one year

This distinction is related to the type of visa that the Chinese government will issue. Depending on the duration of the stay, the person in question may also need certain permits, including a work permit and a residence permit. The application procedure for these permits includes a medical test. UG will cover the costs of visa and permit applications and will declare the expenses to UGY. If the costs of the medical test are not reimbursed by the staff member’s health insurance company, then UG will pay these costs as well.

8.1.2 Legal position

A stay in China that lasts less than one year will not have any consequences for a staff member’s terms of employment at UG. If the employment contract is still in force after the staff member returns from China, he or she will have a return guarantee for the same position that he/she had before leaving for China.

All agreements that are made with the staff member in the context of the stay in China will be confirmed in writing and saved in his/her personnel file.

8.1.3 Bonus

Staff members who spend more than 30 days in China may qualify for a monthly personal allowance,
the amount of which has not yet been determined. The allowance is taxed at the special (high) rate. However, alternative agreements may also be made, for example paying out an allowance for an extra conference visit instead of this gross allowance. The advantage of such a conference allowance for the staff member is that it can be paid net.

8.1.4 Social insurance premiums and salary tax
Travel does not affect social insurance premiums. Staff members who travel abroad will continue to be insured against incapacity for work and unemployment. They will also continue to accrue retirement pension (AOW) and surviving dependants’ benefit (ANW). Other rules may, however, apply to staff members who reside abroad for more than a year, depending on their main residence. Someone who primarily lives in China (i.e. he or she no longer has a house or household in the Netherlands and his/her family no longer resides in the Netherlands) will no longer have these insurance policies in the Netherlands.

The rules differ for each individual situation. A special helpdesk will be set up, to which staff members must report in good time before their departure. The helpdesk will be able to assist them, for example by checking the consequences for the AOW and ANW accrual of an accompanying partner.

Social security contributions and taxes will be paid in China for each day that a staff member works in China. The University in Yantai will arrange this for the staff member. Staff members who are staying in China for a longer period of time and need help completing their tax returns in the Netherlands can consult the helpdesk. The helpdesk staff can refer them to expert support if necessary – a special contract will be signed with a specialist firm to this end.

8.1.5 Health and travel insurance
Staff members who travel to China for less than a year will usually be able to keep their Dutch health insurance. They will, however, have to check this with their own insurance company in good time. In addition, the UG’s collective travel insurance offers coverage for medical care abroad, accidents, repatriation, evacuation, luggage, cancellation and an alarm service for all travel up to one year. An accompanying partner and/or children will also be covered by the UG travel insurance, on condition that they are reported in advance by the staff member and approval has been granted by the UG. Vacation (in China or elsewhere) will not be covered by the UG travel insurance – staff members are responsible for their own travel insurance during vacations.

8.1.6 Travel expenses and accommodation allowance
Travel expenses
Travel expenses to Yantai and back will be reimbursed based on the costs actually incurred. The costs of a return ticket will be reimbursed if a return ticket is demonstrably cheaper than a single ticket.

Trips to the Netherlands during short-term stay, long-term stay and residency
Staff members who will be working in China for a longer period of time will be able to make occasional trips to the Netherlands to visit family or have their partner come over to China. Depending on the duration of the stay, staff members may qualify for reimbursement of an extra trip to the Netherlands in addition to their journey to China and back. Discussions are currently being held about which travel provisions will be offered.

If a staff member is accompanied to China by his/her partner for a longer period of time, the costs of two trips to the Netherlands per year will be reimbursed for the staff member and the partner. Any accompanying children must be reported in good time so that agreements can be made.
Accommodation allowance
An accommodation allowance will be granted on the basis of market prices in Yantai. The amount has not yet been determined. UGY has agreed to offer assistance in finding accommodation.

8.1.7 Registering with the Embassy in China
Embassies recommend that residents register with their embassy abroad so that they can receive assistance in the event of an emergency.
Staff members from outside the EU but with a Dutch residence permit should report to the University of Groningen International Service Desk. Reporting is important with an eye to their Dutch residence permit.

8.2 Recruitment of Students
University of Groningen Yantai (UGY) is responsible for recruiting its own students. UGY will devise a recruitment plan in consultation with UG. Students are not being recruited as yet.

8.3 Planning /time schedule

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<td>General Administrative Measure (AMvB)</td>
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<td>Recruitment of staff and students</td>
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<td>Implementation of support organization (finance, legal, education, research)</td>
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<td>Developing preparatory year(s)</td>
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9 Conclusion/Summary

UG wants to be the first Dutch and continental European University to open an international joint University in China. Therefore, UG will set up a new initiative in collaboration with CAU, named the University of Groningen Yantai (UGY). UGY will be one of only ten so called international joint Universities in China. A unique feature of UGY is that it intends to be a real research University where significant research activities in close collaboration with business will be conducted and extensive PhD programmes will be offered. A large part of the campus for UGY has already been developed by CAU and the city of Yantai. The campus aims to attract talented students, top researchers, and high profile research projects. The new initiative should be self-sufficient and will not receive funding from CAU or UG. A substantial amount of start-up funding is provided by the city of Yantai.

Taking all research, analysis and considerations into account the establishment of UGY will help further transform UG from an international University to a global University. UG is set to exploit its full potential and UGY will make UG attractive on many levels, for many different stakeholders, i.e.:
- For scientists as it opens up new opportunities in several fields of research and allows for excellent opportunities for collaboration with large international, Chinese, and Dutch companies.
- For young scientists as it creates tenure track positions.
- For UG students and postdocs as it creates attractive internship positions.
- For Dutch and European students who are interested in an Asian experience.

Besides realizing a strong international presence and thereby strong international brand, it will most likely have a positive and relevant effect on UG’s reputation. This could attract the necessary increase of international students.

But, UG should also take into account that it lacks some key experience, which must be acquired, and as China has a very different culture there is a risk of failure with such an international activity.

9.1 Opportunities and risks
The establishment of UGY will bring about certain opportunities and risks. Considering and acknowledging these thoroughly will enhance a successful realization of this business case and in a sustainable and effective way.

9.1.1 Foreseen opportunities
- **The opportunity to enhance the reputation of UG in China, East Asia and worldwide**

- **Opportunities to regulate the number and quality of Bachelor and Master students coming to UG**

- **Opportunities for UG students for exchange to UGY with secure credits**

- **Opportunities for young scientists to start or continue their academic career**

- **New networks and collaborations;**
  - The realization of UGY gives the UG scientific staff direct access to a large Chinese research and industrial network, offering ample opportunities for collaborations in new and emerging research fields.
  - CAU is known as one of the best agricultural Universities in the world and ranks number 4 globally. This makes it particularly interesting for UG, as agrifood is one of the spearheads in its strategic plan. Great opportunities are foreseen to collaborate in this field.
  - Opportunities to collaborate other Chinese partners, such as China Academy of Sciences
Institutes, linking with the existing joint programs of NOW and KNAW with their Chinese partner organisations.

- **International visibility and research capacity;** the establishment of UGY will enhance the international visibility of research staff both at UG and UGY. This is expected to have a positive effect on reputation leading to enhanced research output and funding opportunities, both in second and third stream funding schemes.

- **Broader research surroundings;** operating in China opens up a new or larger scale societal challenges, a different population and different ecosystems, offering a wealth of new research opportunities, possibilities to test hypotheses in different circumstances and possibilities to do comparison studies.

- **Cross-disciplinary research;** setting up a University from scratch creates chances to do things “differently” compared to the formal structures at UG.

**9.1.2 Foreseen risks**

- **Dutch (higher education) legislation;** degree programmes in Yantai cannot start on the scale and in the form that UG envisages, if the law is not changed in The Netherlands. This requires an assurance from the Ministry of OCW and the NVAO that the programmes at the Chinese campus will be accredited separately from programmes in the Netherlands. The Ministry is currently preparing an arrangement in discussions with the NVAO and UG, so this aspect is indicated as a low risk.

- **Commitment;** sufficient understanding and support for the Yantai plans needs to be created and expanded among the UG community. To this end, both the Board of the University and the deans are engaged in regular and open communication aimed at securing and maintaining commitment for the initiative. UG must be able to count on sufficient numbers of high-calibre staff wanting to go to Yantai. But gaining commitment from staff might remain difficult. The Board of the University as well as faculty management should be aware of this, clearly communicate and mitigate potential consequences of UGY for staff. Since the quality and commitment of staff is crucial, this aspect is indicated as a high risk.

- **Funding;**
  - Student enrolment: enrolment will partly determine the financial feasibility of UYG because it is student numbers that determine the level of revenues from tuition fees. Based on meetings of the Board of UG with the partners in China this aspect is indicated as a low/moderate risk.
  - Quality of intake: the intake of Chinese students will have to be of high calibre – the cream of first-year students. With regard to the intake of non-Chinese students, the UGY can also impose the regular entry requirements that apply to UG degree programmes. Based on the fact that UGY can also impose the regular entry requirements that apply to UG degree programmes, this aspect is indicated as a low/moderate risk.
  - Position of UG in relation to the UGY legal entity, financially: UG is financially separate from the Chinese legal entity UGY. Should UGY for whatever reason not succeed, there will be very limited financial links with UG. At present, the financial risk is limited to the initial costs incurred by UG, which are budgeted for. Once UGY is operational, there will be a risk with respect to off-setting the deployment of UG staff at and for the benefit of UGY. Sound offset agreements on this matter will be made in advance. Based on upfront securities, this aspect is indicated as a low/moderate risk.
  - Temporary nature of the agreements: by ensuring from the outset that the various Chinese authorities and CAU have as much commitment to and stake in the success and survival of
the UGY campus as possible, UG can avoid a situation in which CAU, the city of Yantai or the Chinese Ministry of Education decides to end the partnership or go ahead without UG following expiry of the initial period outlined in the agreements. Based current agreements, this aspect is indicated as a low/moderate risk.

- **Quality and accreditation;** the quality of the UG programmes offered at UGY must be of the highest quality, that can also be tested. This is already a requirement in terms of the criteria that apply to UG in relation to national and international accreditations (NVAO, AACSB, EQUIS). To achieve this, quality assurance as a whole will have to be properly regulated, not just for education, but also for research and the PDCA system, for example in the form of an Institutional Quality Assurance Audit. Constant vigilance by UG in this area will remain a necessity. Based on current knowledge, this aspect is indicated as a moderate risk.

- **Staff and students;**
  - Staff care: the wellbeing of UG staff who work in Yantai for a longer period of time is very important. Proper provisions will be made with regard to living and residing in Yantai, with guarantees for staff who have to return unexpectedly to Groningen. Because UG will make proper provisions with regard to living and residing in Yantai, this aspect is indicated as a low risk.
  - Recruiting qualified staff: first and foremost, the UG education model will be applied at UGY. UGY lecturers who do not have a UG background will be ‘trained’ in Groningen for six months to familiarize themselves with the UG education and research system and culture. The aim is to achieve a mix of staff (1/3 Dutch, 1/3 Chinese and 1/3 other nationalities). As recruiting qualified staff is crucial, this aspect is indicated as a high risk.
  - Student care: if at any time UGY students can no longer be taught in Yantai and wish to complete their programme in Groningen, in view of the agreements and overlap in the degree programmes, UG will have to prepare for this influx. This aspect is indicated as a moderate risk.

- **Reputation;** should UGY for whatever reason not succeed proper steps must be taken to prevent and/or limit any damage to UG’s reputation. This means including a solid ‘firewall’ in the various agreements made, guaranteeing that any damage resulting from a possible collapse of the UGY legal entity will not be at the expense of UG. It also goes without saying that UG decisions on UGY that entail potential risks need to be carefully prepared and be part of the regular UG policy cycle and therefore be included in the PDCA system. Based on the importance of reputation, UG will take proper steps to prevent damage to UG’s reputation; this aspect is indicated as a moderate risk.

- **Governance/ Culture/ Intellectual property;**
  - Internal capabilities: UG’s limited experience with setting up international campuses can be overcome by hiring new international staff with this experience. If this is not done, there is a strong failure risk. Since UG and CAU are determined to recruit new international staff, this aspect is indicated as a moderate risk.
  - Commitment from the City of Yantai: the city of Yantai will finance the facilities and bear the risk of initial losses. This means that efforts must be made from the outset to maximize and maintain the involvement in, commitment to and stake in the project by the city of Yantai, Shandong province, the Chinese Ministry of Education and CAU. Based on the fact that the commitment from the City of Yantai and Shandong Province is high and has been confirmed towards the MOE of China during the site visit and evaluation, this aspect is indicated as a low risk.
  - Knowledge of Chinese culture and regulations: there are cultural differences between China and the Netherlands. Furthermore, currently there is not enough knowledge about the practical effects of Chinese law and how Chinese legislation can be changed. Efforts are
therefore being made to ensure the Chinese authorities and CAU have as much commitment to and stake in the venture as possible, combined with obtaining/purchasing expertise on Chinese law. And an assignment will be given to an external consultancy bureau with expertise on and in China, including legal expertise. This aspect is indicated as a moderate risk.

- Intellectual property: a separate agreement needs to be made regarding intellectual property. Based on the experiences of other international joint Universities, this aspect is indicated as a moderate risk.

- Academic freedom: academic freedom is an absolute, non-negotiable condition for UG to start a campus in Yantai, and it has been mentioned explicitly as a demand in a letter sent by the Dutch Ministry of OCW to its Chinese counterpart. Academic freedom is guaranteed in the Chinese law and this has been explicitly mentioned in the MOU. UG also requires unrestricted access to the internet for students and researchers to be able to do their work. Both are sensitive issues in China. Within the walls of an International joint University, however, these freedoms are tolerated, as is the experience of American Universities operating in China. Off campus, the rules of Chinese society apply, meaning that UG cannot guarantee academic freedom or freedom of speech there. The most important issues have been settled in an agreement between CAU and UG. Based on the fact that the experiences of other international campuses are positive, this aspect is indicated as a moderate risk.

- Infrastructure;
  - Facilities: a number of facilities are needed in Yantai in order to fulfil the standard UG conditions. The Chinese already have a list of UG conditions and facilities will be developed gradually, scaling up as required. It is expected that there will be sufficient time and scope to create the necessary facilities. Because facilities are crucial, this aspect is indicated as a high risk.
  - Resources: efforts are being made to secure sufficient resources and facilities so the ambition to develop programmes based on strong research lines can be achieved from the outset. The City of Yantai and Shandong Province have indicated their strong support and this was confirmed during the site visit and evaluation meeting at the request of the MOE of China. The risk is that facilities will not be ready and UG would be asked to launch UGY as an education institution. UG regards the ability to develop high-calibre research as a non-negotiable condition for the success of UGY. Because resources are crucial, this aspect is indicated as a high risk.

Concluding, there are four aspects demanding full attention from the Board of UG:
1. Commitment of staff
2. Recruitment of qualified staff
3. Facilities
4. Resources
Appendix 1: List of foreign Universities Active in China (not complete)

<table>
<thead>
<tr>
<th>Institution Name</th>
<th>Host Country</th>
<th>Home Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Southeast University-Monash University Joint Graduate School (Suzhou)</td>
<td>China</td>
<td>Australia</td>
</tr>
<tr>
<td>SHU-UTS SLIC Business School</td>
<td>China</td>
<td>Australia</td>
</tr>
<tr>
<td>The Chinese University of Hong Kong, Shenzhen</td>
<td>China</td>
<td>China (Hong Kong SAR)</td>
</tr>
<tr>
<td>Beijing Normal University - Hong Kong Baptist University United International College</td>
<td>China</td>
<td>China (Hong Kong SAR)</td>
</tr>
<tr>
<td>Sino-German College Applied Sciences of Tongji University</td>
<td>China</td>
<td>Germany</td>
</tr>
<tr>
<td>Sino-German College Applied Sciences of Tongji University</td>
<td>China</td>
<td>Germany</td>
</tr>
<tr>
<td>Beijing-Dublin International College at BJT</td>
<td>China</td>
<td>Ireland</td>
</tr>
<tr>
<td>DUT—RU International School of Information Science &amp; Engineering at DUT</td>
<td>China</td>
<td>Japan</td>
</tr>
<tr>
<td>Sino-Dutch Biomedical and Information Engineering School of Northeastern University</td>
<td>China</td>
<td>Netherlands</td>
</tr>
<tr>
<td>Ulsan Ship and Ocean College at Ludong University</td>
<td>China</td>
<td>South Korea</td>
</tr>
<tr>
<td>Bangor College of CSUFT</td>
<td>China</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Xi’an Jiaotong-Liverpool University</td>
<td>China</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>China Medical University – The Queen’s University of Belfast Joint College</td>
<td>China</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>SWJTU-Leeds Joint School</td>
<td>China</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>The University of Nottingham Ningbo China</td>
<td>China</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>HBU-UCLan School of Media, Communication and Creative Industries</td>
<td>China</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Shanghai International College of Fashion and Innovation, Donghua University</td>
<td>China</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Surrey International Institute Dongbei University of Finance and Economics</td>
<td>China</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>University of Pittsburgh, USA</td>
<td>China</td>
<td>United States</td>
</tr>
<tr>
<td>Sun Yat-sen University-Carnegie Mellon University Joint Institute of Engineering at Sun Yat-sen University</td>
<td>China</td>
<td>United States</td>
</tr>
<tr>
<td>Duke Kunshan University</td>
<td>China</td>
<td>United States</td>
</tr>
<tr>
<td>Fort Hays State University (Beijing)</td>
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<td>United States</td>
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<tr>
<td>Fort Hays State University (Liaoning)</td>
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<td>United States</td>
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<tr>
<td>Hopkins-Nanjing Center for Chinese and American Studies</td>
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<td>United States</td>
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<tr>
<td>Wenzhou-Kean University</td>
<td>China</td>
<td>United States</td>
</tr>
<tr>
<td>LNU-MSU College of International Business</td>
<td>China</td>
<td>United States</td>
</tr>
<tr>
<td>Faculty of International Media, Communication University of China</td>
<td>China</td>
<td>United States</td>
</tr>
<tr>
<td>New York University Shanghai</td>
<td>China</td>
<td>United States</td>
</tr>
<tr>
<td>Institution Name</td>
<td>Host Country</td>
<td>Home Country</td>
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<td>---------------------------------------------------------</td>
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</tr>
<tr>
<td>Sichuan University-Pittsburgh Institute</td>
<td>China</td>
<td>United States</td>
</tr>
<tr>
<td>Shanghai Jiao Tong University SJTU-UM Joint Institute</td>
<td>China</td>
<td>United States</td>
</tr>
<tr>
<td>Lomonosov Moscow State University</td>
<td>China</td>
<td>Russia</td>
</tr>
<tr>
<td>Vancouver Film School</td>
<td>China</td>
<td>Canada</td>
</tr>
<tr>
<td>University of Western Ontario</td>
<td>China (Hong Kong SAR)</td>
<td>Canada</td>
</tr>
<tr>
<td>The University of Chicago Booth School of Business - Hong Kong Campus</td>
<td>China (Hong Kong SAR)</td>
<td>United States</td>
</tr>
<tr>
<td>Manchester Business School - East Asia International Centre</td>
<td>China (Hong Kong SAR)</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Savannah College of Art Design - Hong Kong</td>
<td>China (Hong Kong SAR)</td>
<td>United States</td>
</tr>
</tbody>
</table>
10 Risk management Yantai

The risks as described in the Business Case Yantai are printed below. In yellow the subsequent risk management comments from the Board of the University are presented.

Dutch (higher education) legislation
It is essential to create a firewall between UG and UGY degree programmes. The chosen structure depends on the (timely) amendment to Dutch regulations on higher education. Degree programmes in Yantai cannot start on the scale and in the form that UG envisages, if the law is not changed in The Netherlands. This requires an assurance from the Ministry of OCW and the NVAO that the programmes at the Chinese campus will be accredited separately from programmes in the Netherlands. The Ministry is currently preparing an arrangement in discussions with the NVAO.

Based on the support of the Ministry of OCW the risk of this aspect is indicated as low.

Risk management
The Minister of Education, Culture and Science of the Netherlands has submitted a proposal to change the Dutch law on Higher Education (WHW). This proposal is currently under review of the Council of State. The Board of UG expects that the advice of the Council of State will be made public at the end of September 2016. This new law and the associated regulations will introduce the possibility to create a firewall between UG programmes in Groningen and those offered in Yantai. The Office of the University and the Ministry of Education work together on this issue. The university and the Minister have the same goal in this respect, namely safeguarding the quality of education and establishing an effective governance structure for transnational education without endangering the accreditation of programs in the Netherlands. Regular meetings between the Ministry and UG have taken place and a working group consisting of civil servants from both organisations has been set up. The UG has also been advised on legal issues by a variety of law firms and accountants. The advice of those lawyers and accountants has been used to draft the contracts (MoU) between UG and its Chinese partners in such a way that Dutch regulations do apply.

The Board of UG is satisfied that Dutch Higher Education legislation will be changed soon to accommodate the offering of UG programmes in Yantai. The Board of UG is also pleased with all the safeguards that have been created in this respect.

Commitment of staff and students
Sufficient understanding and support for the Yantai plans needs to be created and expanded among the UG community (staff and students) as disquiet and a lack of clarity can undermine the confidence in the University administrators (Board of the University as well as the deans). To this end, both the Board of the University and the deans are engaged in regular and open communication aimed at securing and maintaining commitment for the initiative. UG must be able to count on sufficient numbers of high-calibre staff wanting to go to Yantai. UG is limited if this commitment is confined to, or goes no further than, ‘written’ support for the plans – in other words, if it is not translated into deeds. Ensuring the quality of staff will continue to be a key focus for the UG.

The board has discussed the plan for a campus in Yantai extensively with the University Council in
2015 and 2016. The parties in the University Council received a lot of information based on their questions, had the opportunity to express their concerns and to formulate their standpoints and finally the University Council voted in favour of opening an international joint University in Yantai.

During Spring and Summer of 2016 several brainstorm meetings with faculty staff members took place. Also, the deans of the involved faculties organized internal communication meetings for all staff members. Many questions were gathered and (for the greater part) answered.

For many employees UGY is rather distant from their own activities. Beyond that, they might consider it a threat for their own activities, given the time and effort required. The Board of the University as well as faculty management should be aware of this, clearly communicate and mitigate potential consequences of UGY for staff. This is essential as insufficient support is a strong risk factor.

Based on the fact that commitment of staff is crucial, this aspect is indicated as a high risk.

**Risk management**

The Board of UG has recently asked the involved faculties to conduct a survey to assess the willingness of staff to participate in UGY. Surveys have focussed on staff involved in the start-up phase of UGY. The results of those surveys show that there is a lot of enthusiasm, and in fact more than enough staff are willing to participate. Therefore, selection procedures will be put in place to assure that sufficient, but not too many staff will transfer to Yantai. The Board of the University and the deans will stay engaged in regular and open communication with staff and students, university council and faculty councils about the progress of these procedures.

Hiring new staff for UGY will not be difficult given the numbers of PhDs and Postdocs looking for jobs. European and American Universities with branch campuses in China have confirmed that hiring competent staff is not a problem, and this has been confirmed by recruitment firms.

The Board of UG would like to stress again that staff at UG will in no way be forced to work in Yantai.

Students are also committed to the project Yantai. A group of students wrote a worthwhile proposal about the idea to involve Dutch student assistants during the first year in Yantai. The Board will discuss this idea with our partner in China. The Board concludes that there is a lot of enthusiasm within the student community to participate in UGY.

**Funding**

a. **Student enrolment:**
A certain enrolment is assumed for the various degree programmes. The enrolment will partly determine the financial feasibility of the new campus because it is student numbers that determine the level of revenues from tuition fees. If the enrolment falls short on the desired numbers, it will have to be adjusted using targeted measures in the form of additional recruitment.

Based on meetings of the Board of the University with the partners in China about enrolment numbers this aspect is indicated as a low/moderate risk.

**Risk management**

UG has consulted extensively with its partner CAU, relevant local authorities and other foreign universities in China. All agree there is a more than sufficient market for UGY. Competent Chinese authorities (ministry of education/province/city) also stress the fact that there is a market for UGY.
b. Quality of intake:
The intake of Chinese students will have to be of high calibre – the cream of first-year students. In addition, the Bachelor’s programme in China will include a preparatory year in order to bring especially the English language proficiency of the Chinese students up to the required UG level. With regard to the intake of non-Chinese students, the UGY can also impose the regular entry requirements that apply to UG degree programmes.

Based on the fact that UGY can also impose the regular entry requirements that apply to UG degree programmes, this aspect is indicated as a low/moderate risk.

Risk management

UG will indeed impose entry requirements at UGY. Entry requirements in Yantai will be at the same level as in Groningen. UG rules on quality will apply equally at UGY.

With regards to the quality of the intake and the quality of education, UG has made several contracts with its partners. On top of this UG will also sign a separate agreement with UGY and CAU after UGY has become a legal person. This so-called "education agreement" provides the necessary safeguards regarding the governance of UG programmes offered at UGY. This education agreement has been drafted in close collaboration with the Ministry of Education in The Netherlands.

c. Position of UG in relation to the UGY legal entity, financially:
UG is financially separate from the Chinese legal entity UGY. Should UGY for whatever reason not succeed (i.e. ‘fall over’), there will be very limited financial links with UG. At present, the financial risk is limited to the initial costs incurred by UG, which are budgeted for. Strict monitoring through sound registration of incurred costs (costs of deploying UG staff and out-of-pocket costs) will ensure that the budget is not exhausted.

Once UGY is operational, there will be a risk with respect to off-setting the deployment of UG staff at and for the benefit of UGY. Sound offset agreements on this matter will be made in advance.

Based on above, this aspect is indicated as a low/moderate risk.

Risk management

This risk has been separately assessed by PWC and Clifford Chance. Both assess this risk as low and they deem the contracts made to provide sufficient protection.

d. Temporary nature of the agreements:
By ensuring from the outset that the various Chinese authorities and CAU have as much commitment to and stake in the success and survival of the UGY campus as possible, UG can avoid a situation in which CAU, the city of Yantai or the Chinese Ministry of Education decides to end the partnership or go ahead without UG following expiry of the initial period outlined in the agreements.

The UGY will lease the campus facilities free of charge for the first 15 years, after which the situation will need to be reviewed. Although the partnership between CAU and the UG will be entered into for a period of 30 years, it is not known whether and how the lease on land and facilities will be taken into account in the operating costs after 15 years. This means that the effect on the operating costs is unforeseeable. An agreement needs has been made to the effect that the lease will not be permitted to jeopardise the continuity of the UGY.

Based on the above, this aspect is indicated as a low/moderate risk.
Risk management

Based on the site visit and evaluation the agreement will be adapted to the effect that the lease will not be permitted to jeopardise the continuity of the UGY over these 30 years. Therefore UG IP (the education programs and quality control methodology) as well as the use of the campus and facilities will be free of charge for 30 years.

Quality and accreditation

All parties are aiming to make the UGY a highly reputable institution. This will only happen if the quality of the UG programmes offered at UGY is as it should be and if that quality can also be tested. This is already a requirement in terms of the criteria that apply to UG in relation to national and international accreditations (NVAO, AACSB, EQUIS). The position of the Board of Examiners and Programme Committee must be properly safeguarded. To achieve this, quality assurance as a whole will have to be properly regulated, not just for education, but also for research and the PDCA system, for example in the form of an Institutional Quality Assurance Audit. This must be done properly to safeguard UG degrees. By deploying sufficient numbers of staff with a UG background and by training other lecturers, together with a ‘one-for-one’ transfer of the UG quality assurance procedures, UG can ensure right from the outset that there are sufficient quality guarantees for the degree programmes and for how they are managed. The experience of Liverpool University shows that quality assurance must remain a constant focus. Constant vigilance by UG in this area will remain a necessity.

Based on above, this aspect is indicated as a moderate risk.

Risk management

Based on the discussions above on Dutch law and quality assurance the board is satisfied that this risk is sufficiently manageable.

Staff and students

a. Staff care:
The wellbeing of UG staff who work in Yantai for a longer period of time is very important. Proper provisions will be made with regard to living and residing in Yantai, with guarantees for staff who have to return unexpectedly to Groningen.

Because UG will make proper provisions with regard to living and residing in Yantai, this aspect is indicated as a low risk.

Risk management

Staff provisions are set out in a separate section of the business case (part 8.1). Our aim is the flexible deployment of UG staff, enabling them to go to Yantai for shorter or longer periods of time. UG will draw up an expat policy in which fiscal regulations will be taken into account. The policy will be based on current conditions of employment. Also proper arrangements for international childcare and schools will be put in place. The text in section 8.1 provides a brief overview of preconditions. The information primarily concerns stays with duration of less than a year.

b. Recruiting qualified staff:
First and foremost, the UG education model will be applied at UGY. While this will require sufficient qualified staff at UGY, it must not lead to an ‘exodus’ of qualified staff from UG. In addition, UGY lecturers who do not have a UG background will be ‘trained’ in Groningen for six months to familiarize themselves with the UG education and research system and culture. The aim is to achieve
a mix of staff (1/3 Dutch, 1/3 Chinese and 1/3 other nationalities). A start needs to be made soon on securing additional teaching capacity, targeting the preparations up to September 2016 and subsequent deployment in education. The latter applies to both UGY and UG.

Based on the fact that recruiting qualified staff is crucial, this aspect is indicated as a high risk.

**Risk management**

UG has made a survey of staff willing to work in Yantai (see above under commitment of staff) and will hire an international recruiter specifically for this task. In the following weeks staff will be able to discuss their intentions towards working in UGY with senior faculty management. In the autumn of this year UG will work with the faculties involved to draw up a recruitment plan to ensure that UG has sufficient qualified staff available for the degree programmes in Yantai as well as to organize the replacement of staff in Groningen and to create additional capacity for the organisational tasks remaining in Groningen. The Board of UG recently had a meeting with an international recruitment organisation in order to develop a recruitment plan.

Conversely maintaining the quality of provision in Groningen, while at the same time establishing programmes in Yantai will be a major task that will require the full attention of senior university management. The board of UG provides extra support for those Faculties and Departments starting programmes in Yantai, this support will be financed by UGY and is a significant part of the agreement on the establishment of UGY. The board will make sure that UGY will compensate UG at full cost basis, and has signed a contract with CAU and UGY on that basis. The board therefore guarantees Faculties will be able to continue their academic provision at the same level as at present.

c. **Student care:**

If at any time UGY students can no longer be taught in Yantai and wish to complete their programme in Groningen, in view of the agreements and overlap in the degree programmes, UG will have to prepare for this influx.

Proper arrangements have been made regarding the termination of UGY. Both Chinese and Dutch educational law have sufficient provisions in the eventuality of a closure of UGY.

Based on above, this aspect is indicated as a moderate risk.

**Risk management**

Proper arrangements have been made regarding the termination of UGY. Both Chinese and Dutch educational law have sufficient provisions in the eventuality of a closure of UGY.

**Reputation**

In formal terms, UG and UGY are two independent legal entities, even though UG’s name is linked to the activities of UGY. Should UGY for whatever reason not succeed (i.e. ‘fall over’), proper steps must be taken to prevent and/or limit any damage to UG’s reputation.

This means including a solid ‘firewall’ in the various agreements made, guaranteeing that any damage resulting from a possible collapse of the UGY legal entity will not be at the expense of UG. It also goes without saying that UG decisions on UGY that entail potential risks need to be carefully prepared and be part of the regular UG policy cycle and therefore be included in the PDCA system.

When above is arranged, reputation risk is minimized. However, UG should be aware that an international large-scale failure might have negative reputation effects nonetheless. Specifically the chosen large-scale entry mode implies a stronger risk of reputation loss.
Based on the importance of reputation, UG will take proper steps to prevent damage to UG’s reputation; this aspect is indicated as a moderate risk.

**Risk management**

All agreements signed between CAU, UG and other parties in China include firewalls, not only for UG, but also for CAU. The new Dutch Law on TransNational Education (TNE) also includes firewall provisions. In the unlikely case of a large scale failure, obviously UG will need to communicate properly to the international community that these are occurrences beyond its power and thus mitigate any negative reputational consequences.

**Governance/ Culture/ Intellectual property**

a. Internal capabilities:
So far UG has limited experience with setting up international campuses. This can be overcome by hiring new international staff with this experience. If this is not done, there is a strong failure risk. UG and CAU are determined to recruit new international staff, knowing the experiences of other international campuses are positive.

Based on above, this aspect is indicated as a moderate risk.

**Risk management**

UG has already involved a number of experts for this purpose, both Chinese and Dutch, with experience in cross-cultural ventures in China and Europe. The board of UG will hire more experienced staff in the coming months.

The presence of the Groningen Confucius Institute will enable us to have also in house training courses for staff and their dependents to bridge intercultural differences.

b. Commitment from the City of Yantai:
The city of Yantai will finance the facilities and bear the risk of initial losses. This means that, over and above the considerable importance attached to the success of the project, efforts must be made from the outset to maximize and maintain the involvement in, commitment to and stake in the project by the city of Yantai, Shandong province, the Chinese Ministry of Education and CAU.

Based on the fact that the commitment from the City of Yantai is high, this aspect is indicated as a low risk.

**Risk management**

The commitment from the City of Yantai is very high, as again proven during the site visit in July 2016

c. Knowledge of Chinese culture and regulations:
There are cultural differences between China and the Netherlands. Understanding each other’s view of mind is important and UG should pay careful attention to these differences. Therefore, knowledge of the Chinese culture should be boosted by educating UG staff involved. With a.o. support of the knowledge and expertise of our Confucius Institute UG will try to bridge the gap.

Currently, there is not enough knowledge about the practical effects of Chinese law and how Chinese legislation can be changed. Efforts are therefore being made to ensure that the Chinese authorities and CAU have as much commitment to and stake in the venture as possible. This is combined with
obtaining/purchasing expertise on Chinese law. An assignment to support UG in this matter will be given to an external consultancy bureau with expertise on and in China, including legal expertise. These risks are moderated by the fact that there are a number of other joint universities, the existence of a Chinese law regulating joint education and the role of the MOE in the approval of UGY.

Based on above, this aspect is indicated as a moderate risk.

**Risk management**

Sufficient expertise on Chinese law exists and legal expertise is hired whenever required. In China there is a flourishing practice of European law and accountants’ firms in this respect. Regular meetings take place between UG and UK universities with a branch campus in China (like Nottingham and Liverpool). Also for this aspect the presence of the Groningen Confucius Institute will enable us to have in house training courses for existing as well as newly hired staff and their dependents to bridge intercultural differences.

d. Intellectual property:
A separate agreement needs to be made regarding intellectual property.

Based on the fact that the experiences of other international campuses are positive, this aspect is indicated as a moderate risk.

In the agreement IP regarding the educational programs has been taken care of. For IP resulting from research the same rules will apply as for all our other projects in collaboration with other international partners in China or elsewhere. Foreground IP belongs to the partner who brings in this IP, staff employed by UG abides by UG rules, i.e. the IP belongs to UG, staff employed directly by UGY will abide by UGY rules, i.e. the IP will belong to UGY.

e. Academic freedom:
Academic freedom is an absolute, non-negotiable condition for UG to start a campus in Yantai, and it has been mentioned explicitly as a demand in a letter sent by the Dutch Ministry of OCW to its Chinese counterpart. Academic freedom is guaranteed in the Chinese law and this has been explicitly mentioned in the MOU. UG also requires unrestricted access to the internet for students and researchers to be able to do their work. Both are sensitive issues in China. The Chinese government censors the internet because certain websites do not concur with the Chinese government's worldview, and the Chinese government often monitors regular Universities.

Within the walls of an International joint University, however, these freedoms are tolerated, as is the experience of American Universities operating in China. Their International joint Universities are ‘islands of freedom’, they assert, where the Chinese government does not interfere with the programmes, the education methods, or the hiring policy. These Universities have also secured exceptions ensuring unrestricted internet access, including sites that are blocked in China, such as Google, Twitter, Facebook and Youtube. UG aims to follow the example of New York University, which uses a Virtual Private Network (VPN), both on and off campus, to give its students access to Google Apps for Education. A VPN service encrypts the internet traffic and reroutes it, so that its users may gain access to websites and online services otherwise blocked by a particular nation. However, VPN services may be blocked too. Off campus, the rules of Chinese society apply, meaning that UG cannot guarantee academic freedom or freedom of speech there.

The following three issues have been settled in an agreement between CAU and UG:
- Guaranteed academic freedom for all UG programmes and research, including unrestricted access to information and the internet.
- Quality control of the programmes according to Dutch norms and agreements with the Dutch accreditation organisation (NVAO) and the Dutch Ministry of Education.
The administrative structure of the Yantai campus.

Based on the fact that the experiences of other international campuses are positive, this aspect is indicated as a moderate risk.

Risk management

See above, these issues have been covered in the agreements. In the meantime, we have identified partners that can arrange for unrestricted access to the internet.

Infrastructure

a. Facilities:
A number of facilities are needed in Yantai in order to fulfil the standard UG conditions. The Chinese already have a list of UG conditions relating to accommodation and IT. The facilities will be developed gradually, scaling up as required. For this reason, it is expected that there will be sufficient time and scope to create the necessary facilities. In terms of accommodation, this also applies to the anticipated arrival of UGY students at UG in a particular phase.

Based on the fact that facilities are crucial, this aspect is indicated as a high risk and requires continuous attention.

Risk management

Complete guides and handbooks setting out UG standards for the development of infrastructure have been made available and translated into English and Chinese. UG experts are in frequent contact with specialists from CAU and the City of Yantai in this respect. Detailed plans have been developed for the necessary renovations, for the IT infrastructure and for the construction of the research building. A continuous monitoring system will be put in place immediately after a positive decision, when the renovations and construction will be put in motion.

b. Resources:
Efforts are being made to secure sufficient resources and facilities so the ambition to develop programmes based on strong research lines can be achieved from the outset. The City of Yantai and Shandong Province have indicated their strong support and this was confirmed during the site visit and evaluation meeting at the request of the MOE of China. The risk is that facilities will not be ready and UG would be asked to launch UGY as an education institution. UG regards the ability to develop high-calibre research as a non-negotiable condition for the success of UGY.

Based on the fact that resources are crucial, this aspect is indicated as a high risk.

Risk management

See above. All preparations for the renovations, the IT infrastructure and construction have been made to allow an immediate start after a positive decision. The time schedules indicate that renovations and IT infrastructure can be completed ahead of the time of the start of the first year in September 2017 and construction of the research building can be completed in time for a start-up of the labs in April 2018, in time for the start of the actual UG programs in September 2018.