



Cross-Border Higher Education and Development

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Introduction

Education is an essential foundation for personal, social and economic success in a globalised economy. But how can developing countries offer enough education, particularly quality tertiary education, to their citizens to enable them to play a full part in creating and enjoying such success?

Many countries, particularly in the developed world, are competing to attract foreign students, or to establish a presence abroad. But they do not always realise that they could also benefit from their own students and academics going abroad or from hosting foreign educational programmes and institutions.

Mobility of students, academics, educational programmes and institutions in both directions should be considered in every country's strategy for building a better-educated citizenry. This is especially true for the developing world where countries are often unable to meet domestic demand for tertiary education, but it is also true for OECD countries when it comes to improving the quality of higher education.

This "capacity-building" approach to cross-border higher education aims to bridge the gap between supply and demand in developing countries, as well as to build these countries' domestic capacity to provide good quality higher education.

Some South-East Asian countries already encourage students to study abroad as well as take measures to attract foreign providers to offer courses on their soil. Indonesia, Malaysia, Singapore, Hong Kong China, Vietnam and China all encourage foreign academics, programmes and institutions to offer their services in their countries. Malaysia also provides extensive scholarships for postgraduate study or training of teachers, academics and civil servants, mainly in the United Kingdom and Australia. Thailand provides scholarships for students and employees in the public sector.

This *Policy Brief* looks at why and under what conditions this "Asian model" could be useful in other countries to enhance their tertiary education system and accelerate their economic development. ■

Why does cross-border education matter?

The idea of education for development tends to focus on the fundamental importance of basic education. But the capacity to succeed in today’s global knowledge economy depends at least partly on being able to make a high level of skills available to a large number of citizens.

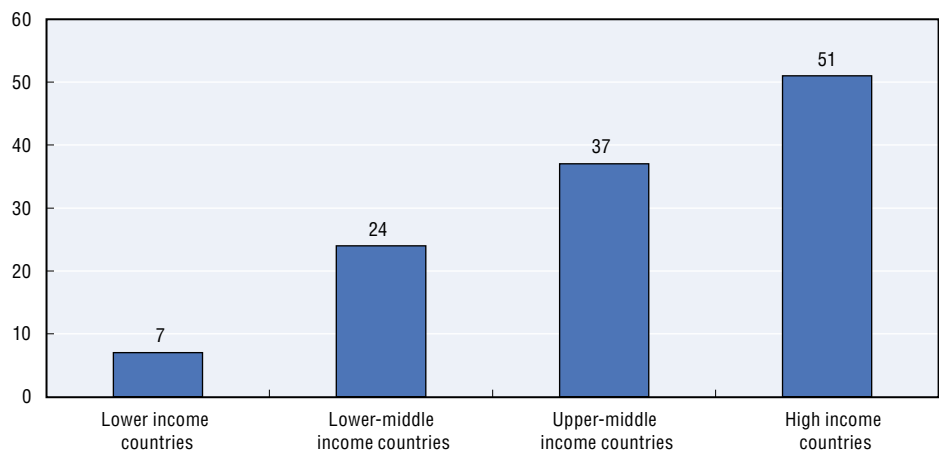
Higher education plays a crucial role by training a country’s workforce in all fields, from teachers equipped to give a good basic education to statisticians and policy analysts monitoring capacity development. Many developing countries do not have enough tertiary education places or staff to meet domestic demand. And in spite of progress in recent decades, many will have to continue to expand their systems if they are to catch up with richer economies (Figure 1).

Cross-border tertiary education can help a country expand its system more rapidly than if it had to rely on domestic resources alone. It can also help improve the quality, variety and relevance of domestic higher education systems – three key elements of effective higher education systems that require a critical mass of high-quality academics. Faculty and post-graduate students can obtain a high-quality education or develop their competencies overseas before returning to the university sector in their home country.

And it is not always necessary for the students to travel. Foreign universities can provide access to their programmes in the students’ home country. This links developing countries with cutting-edge knowledge and helps train an effective workforce, while at the same time adding a high-quality faculty to the domestic system.

In all countries, internationalisation allows institutions to compare themselves with their foreign counterparts, through direct competition to attract students and grants, but also, more importantly, through the feedback they get from domestic students going abroad and from international students. ■

Figure 1.
AVERAGE ENROLMENT RATE IN TERTIARY EDUCATION BY COUNTRIES’ LEVEL OF INCOME (2004) (RATIO OF TERTIARY EDUCATION STUDENTS TO THE POPULATION HAVING THE TYPICAL AGE TO BE ENROLLED IN TERTIARY EDUCATION)



Source: UNESCO Institute for Statistics.

Does it systematically help capacity development?

Cross-border tertiary education is not a panacea, however. If the foreign programmes on offer in a developing country are of low quality, for example, or if they are imported as a system totally separate from the domestic education network, they could at best leave the domestic system unimproved and at worst have a negative effect.

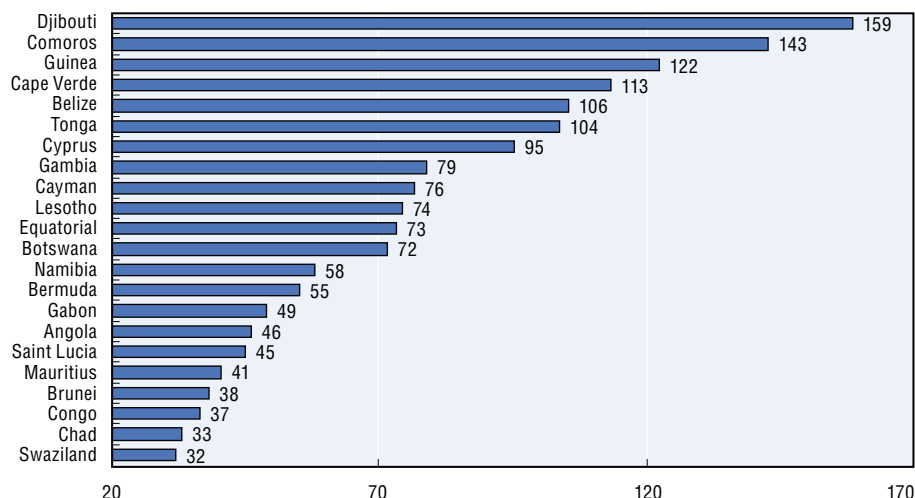
There are also potential risks in encouraging students to go abroad to study or to obtain foreign degrees at home. It could lead to a brain drain if the students prefer to stay or go abroad to work, or the education on offer may be irrelevant in the developing country. It could also lead to equity problems if only the wealthiest students are able to afford foreign higher education, at home or abroad.

These challenges have to be addressed with appropriate local strategies or regulatory frameworks for foreign (but also domestic) education provision. These frameworks should consider issues of accreditation, quality assurance, recognition of foreign qualifications, access to public funds for institutions and students, brain drain, etc.

There is some evidence that the oldest form of cross-border education, students going abroad to study, has helped capacity development. In 22 countries, domestic students studying abroad represent over 30% of the country’s higher education enrolments (see Figure 2). It is also widely recognised that the international mobility of students and scholars allows developing countries to access recent knowledge and research methodologies.

However, there is still little evidence that the newer forms of cross-border tertiary education have directly contributed to capacity development. Some countries have deliberately and consistently invited foreign education providers into their countries, but it is too early to assess the impact of this strategy.

Figure 2.
COUNTRIES WHERE THE NUMBER OF DOMESTIC STUDENTS ABROAD REPRESENTS OVER 30% OF THE SIZE OF THEIR DOMESTIC TERTIARY EDUCATION STUDENTS, 2004 (RATIO OF NATIONALS STUDYING ABROAD TO THE TERTIARY EDUCATION ENROLMENTS IN THE COUNTRY)



Source: UNESCO Institute of Statistics.

Malaysia, for example, views cross-border education provision at home as an important and positive component of its capacity development. Foreign providers offered 34% of the 899 bachelor and postgraduate programmes in Malaysia's private education sector in 2006 and the government has encouraged foreign research provision by allowing foreign providers to bid for domestic research funding. Other Asian countries also value foreign educational provision and use it in a strategic way.

In South Africa, however, the impact of foreign provision is far smaller and has experienced some hitches. Its four foreign educational providers, from Australia, the Netherlands and the United Kingdom, enrolled only 0.5% of all tertiary education students in 2000. And in 2003, South Africa's Higher Education Quality Committee did not reaccredit three of the four foreign MBA programmes where 88% of students in foreign programmes were concentrated, while it has banned franchised educational programmes because of quality concerns.

There is thus mixed evidence of the benefits of cross-border education. However, this does not imply that new forms of cross-border education will not have a positive impact in the medium term, or that a marginal effect is not important. It is often because of what happens at the margin that systems evolve. The growth of cross-border education worldwide has for example put quality assurance and the regulation of private provision under new scrutiny, even where the phenomenon is still limited or inexistent. This awareness-raising is definitely a step towards capacity development. ■

Could cross-border education increase brain drain?

One concern about cross-border education is that it could increase a brain drain from developing countries, rather than increase the circulation of skills between countries. The data on this are incomplete, but do suggest a link. Almost half of the people admitted to Australia in recent years under its skilled migration programme hold an Australian degree, for example. In Canada, it is estimated that between 15% and 20% of foreign students stay on to work there, while in New Zealand, 13% of the foreign students entering

Box 1.

GUIDELINES FOR QUALITY PROVISION IN CROSS-BORDER HIGHER EDUCATION

The OECD and UNESCO have developed non-binding guidelines to encourage governments and other stakeholders to respond to the growth of cross-border higher education. The guidelines are designed to help students get easy access to reliable information on higher education offered outside their home country or by foreign providers in their home country. They call on governments and other stakeholders to make qualifications more transparent and to provide greater clarity on procedures for their international recognition.

The guidelines are based on three main principles:

- *Mutual trust and respect among countries and recognition of the importance of international collaboration in higher education.*
- *Recognition of the importance of national authority and the diversity of higher education systems.*
- *Recognition of the importance of higher education as a means for expressing a country's linguistic and cultural diversity and for nurturing its economic development and social cohesion.*

the country between 1998 and 2005 had obtained a residence permit in 2006. In Norway, 18% of the foreign students from outside the European Economic Area (EAA) studying there between 1991 and 2005 stayed on, double the rate of EAA students who have stayed on.

In the United States, the average stay rate for foreign recipients of science and engineering doctorates four to five years after earning their degree rose from 41% to 56% between 1992 and 2001. The figures skyrocketed to 96% per cent for Chinese doctorate recipients from 65% and to 86% per cent for Indians from 72%, but for other countries more students are returning home after completing their studies.

OECD data on stocks of migrants (rather than flows) show that the main sufferers from the brain drain are essentially African and Caribbean countries. More than 70% of Jamaican and Guyanese nationals holding higher diplomas are living and working in an OECD country. On the other hand, despite their high stay rates in the United States after they finish their studies, Indian and Chinese nationals account for less than 3% of the expatriates holding a higher degree in OECD countries.

Of the 113 countries for which information is available, 27 have expatriation rates of their tertiary educated people to the OECD area of over 20%, including nine over 50%. Although holding a degree from a country generally makes it easier to get a residence permit, no consistent pattern can be found between high levels of student mobility and expatriation rates. ■

Why is quality important?

There is no common definition of quality in tertiary education, and certainly no common measure of it. But if people want to be educated in one country and work in another, what they are learning needs to be compatible, and credentials earned in one country need to be recognised by another. This in turn means that quality assurance has become increasingly important. Systematic quality assurance practices provide information to governments, students, employers and society about tertiary education institutions and

Box 1. (cont.)

GUIDELINES FOR QUALITY PROVISION IN CROSS-BORDER HIGHER EDUCATION

Specific recommendations include:

- An invitation to governments to establish comprehensive quality assurance and accreditation systems for cross-border higher education, recognising that this involves both sending and receiving countries.
- An invitation to higher education institutions and providers to ensure that the programmes they deliver across borders and in their home country are of comparable quality and that they take into account the cultural and linguistic sensitivities of the receiving country.
- An invitation to student bodies to get involved as active partners at international, national and institutional levels in developing, monitoring and maintaining the quality provision of cross-border higher education.

Progress on implementing these guidelines is currently being monitored.

The full text is available at: www.oecd.org/dataoecd/27/51/35779480.pdf.

programmes. Such information increases accountability, transparency, and helps policy makers, institutional leaders, students and employers make informed decisions. To help address this issue, the OECD has developed *Guidelines for quality provision in cross-border higher education* (see Box 1).

There is increasing international agreement on the general principles of quality assurance and convergence on the methods for measuring it. But collecting accurate, timely and appropriate data remains a challenge. Quality assurance requires both financial and human resources and to be meaningful, it must not only provide information, but be linked to both rewards and sanctions. Rewards are needed to provide incentives for good performance and stimulate cultures of quality, and sanctions for poor performance are needed to protect stakeholders.

Many countries have quality assurance systems for their own domestic education networks, but have not even begun to consider how to address the cross-border issue. While policy makers should consider how quality assurance mechanisms can help to serve a regulatory role for local cross-border provision, they should look more broadly at their overall quality assurance system. ■

Can commercial education build capacity?

Concern about cross-border education sometimes comes from its increasingly commercial nature and its potential imbalance between rich and developing countries. Commercial arrangements are more likely to increase access quickly, as development aid and scholarship programmes typically face budget constraints. Moreover, commercial arrangements to some extent give countries and individuals more bargaining power to get the education they want – provided they have adequate resources to purchase the services. But any private educational provision can raise social inequity if it is not supported by specific scholarship or loan schemes. Should they be only affordable to an elite, commercial cross-border educational programmes would ultimately hinder capacity development.

There is also the risk that as cross-border education becomes an export industry in some donor countries, development assistance for cross-border education will drop for all countries. Certainly, in low-income countries, commercial cross-border education is unlikely to develop unless there is a large enough upper middle class who can afford it. For example, while exports of education services increased in Australia in the 1990s to become its second highest services export item in 2006, amounting to USD 9 billion, its official development assistance to post-secondary education decreased from USD 246 to 4 million between 1995 and 2005. The trends in countries with a revenue-generating approach to the internationalisation of higher education contrast with those in countries with a different strategy: for OECD donor countries overall, aid to post-secondary education more than doubled in current prices over the same period.

If a country chooses to use commercial cross-border education in its capacity development strategy, one option is to enter into international trade agreements, such as the General Agreement on Trade in Services (GATS) of the World Trade Organisation (WTO). By creating a more transparent and

predictable legal framework, the GATS can improve the investment climate and help attract foreign investment in higher education.

In light of the regulatory requirements that higher education services entail, concerns have been raised in relation to the potential effects of the GATS on governments' ability to ensure adequate provision of these services. This is intensified by the fact that the GATS is a relatively young Agreement and some of its provisions have yet to be tested in practice.

If GATS commitments have not been made in a particular sector, only limited disciplines apply which do not impinge on governments' ability to regulate the sector. Once specific commitments are made, more significant obligations kick in, the most important of which for higher education relates to treating nationals and foreigners alike (national treatment).

In light of some uncertainties surrounding the scope of the GATS, particularly with respect to the exclusion of services provided under governmental authority, national treatment obligations may lead to unintended consequences. Governments may for instance find themselves required to extend to foreign providers financial and other benefits typically granted to public universities, or face penalties under WTO rules.

Pending a clarification of the scope of the Agreement, Members can schedule appropriate limitations by, for example, making specific commitments to the private sector or excluding publicly-funded institutions. The GATS allows for wide flexibility in this regard. It is thus crucial to carefully examine its provisions and tailor specific commitments to national policy objectives. ■

Where do we go from here?

The mobility of students and academics has long been part of countries' capacity development strategies. Programme and institution mobility could now also contribute and lead to positive spillovers in tertiary education and their economy.

Whatever development strategy they chose, countries should consider whether cross-border tertiary education should be part of it, and if yes, how.

Cross-border tertiary education can indeed be a helpful capacity development tool. An appropriate regulatory framework in importing countries is important to reap its benefits. Addressing the cross-border challenges and opportunities will typically lead to reconsidering tertiary education policies as a whole and not only foreign provision.

And given its cost to some developing countries, donor countries and agencies should consider helping the poorest countries to do so as part of their development aid strategies. ■

For further information

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For further reading

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The OECD Policy Briefs are prepared by the Public Affairs Division, Public Affairs and Communications Directorate. They are published under the responsibility of the Secretary-General.