

## Executive summary

In the last decade, new forms of cross-border post-secondary education have emerged. Cross-border education not only includes international student mobility, but also the mobility of educational programmes and institutions across borders. Behind these developments are four different, but not mutually exclusive, approaches to cross-border education: the mutual understanding, skilled migration, revenue-generating and capacity-building approaches.

The three regional analyses in this book document how differently cross-border post-secondary education has developed across OECD countries and regions. By and large, student mobility has been policy-driven in Europe and demand-driven in the Asia-Pacific region, while North America has mostly been a magnet for foreign students. Largely driven by institutions themselves, the revenue-generating mobility of programmes and institutions has been facilitated by institutional frameworks which grant substantial autonomy to higher education institutions and by the policies adopted by receiving countries.

The growth and diversification of cross-border education raises a number of questions for OECD governments and higher education institutions. How deep is the effect on OECD post-secondary education systems? Is access being widened? Are diversity and flexibility being increased? Are costs being lowered for students or governments? Is liberalisation an answer to the growing importance of private provision as well as the rise in the demand for post-secondary education? What are the main policy strategies and issues arising from these new opportunities and challenges?

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*Cross-border mobility of students is by far the major form of cross-border post-secondary education.*

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International student mobility to OECD countries has doubled over the past 20 years. In the mid-1990s, OECD countries received around 85% of the world's foreign students. **Europe is the largest receiving region, but North America ranks first in terms of openness to other regions**, in relative as well as absolute terms: Asian students represent 60% of its intake of foreign students.

About 57% of foreign students in OECD countries are from outside the OECD area. With 43% of all international tertiary-level students in the OECD area, **Asia heads the list of regions sending tertiary-level students abroad**, followed by Europe (35%), Africa (12%), North America (7%), South America (3%) and Oceania (1%). China, accounting with Hong Kong for

10% of all international students in the OECD area, has the most students abroad, followed by Korea (5%), India (4%), Greece (4%), and Japan (4%). About 70% of all Asian students abroad study in the three leading English-speaking destinations: the United States, the United Kingdom and Australia. The Asia-Pacific region is the only region for which the main form of cross-border education is the acquisition of a full degree on a fee-paying basis.

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*Programme mobility is the second most common form of cross-border post-secondary education, while institution mobility is still limited in scale.*

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Programme and institution mobility involves lower personal costs than studying abroad, and although such services might not offer the same cultural and linguistic experiences as foreign study, they are likely to meet a growing demand in the future. In the degree-granting sector, **the growth of for-profit cross-border education through programme and institution mobility is mostly driven by “traditional” public or private not-for-profit educational institutions**, which are increasingly offering private provision.

Programme mobility encompasses cross-border distance education (including e-learning), generally supplemented by face-to-face teaching in local partner institutions, but also traditional face-to-face teaching offered via a partner institution abroad. The relationships between foreign and local institutions are regulated under a variety of arrangements, from development assistance to for-profit arrangements. **Commercial arrangements are becoming prominent in the Asia-Pacific region**, mainly through **franchises and twinning arrangements**.

Institution mobility corresponds to foreign direct investment by educational institutions or companies. The typical form of institution mobility is the opening of foreign campuses by universities and of foreign learning centres by providers. It may also involve the establishment of a distinctly new rather than affiliated educational institution or the takeover of all or part of a foreign educational institution.

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*Four different, but not mutually exclusive, approaches to cross-border post-secondary education emerge.*

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**The mutual understanding approach encompasses political, cultural, academic and development aid goals.** It allows and encourages the international mobility of domestic as well as foreign students and staff through scholarship and academic exchange programmes and supports academic partnerships between educational institutions. Examples of countries using this approach so far are Japan, Mexico, Korea and Spain. The European Union’s Socrates-Erasmus mobility programme is another example of this approach.

**The skilled migration approach** shares the goals of the mutual understanding approach but **gives stronger emphasis to the recruitment of selected international students and tries to attract talented students to work in the host country’s knowledge economy**, or render its higher education and research sectors more competitive. Scholarship programmes may remain a major policy instrument in this approach but they are supplemented by active promotion of a country’s higher

education sector abroad, combined with an easing of the relevant visa or immigration regulations. Examples of countries having adopted this approach are Germany, Canada, France, the United Kingdom (for EU students) and the United States (for post-graduate students).

**The revenue-generating approach** shares the rationales of the mutual understanding and skilled migration approaches, but **offers higher education services on a full-fee basis, without public subsidies**. Compared to domestic students, foreign students generate additional income for institutions that are encouraged to become entrepreneurial in the international education market. Under this strategy, governments tend to grant institutions considerable autonomy and seek to secure the reputation of their higher education sector and protect international students, for example through quality assurance arrangements. Examples of this approach are Australia, the United Kingdom (for non-EU students), New Zealand and the United States (for undergraduates).

**The capacity building approach encourages the use of foreign post-secondary education**, however delivered, **as a quick way to build an emerging country's capacity**. Scholarship programmes supporting the outward mobility of domestic civil servants, teachers, academics and students are important policy instruments as well as the encouragement of foreign institutions, programmes and academic staff to come and operate private for-profit ventures, generally under a governmental regulation which ensures their compatibility with the country's nation- and economy-building agendas. Twinning arrangements and partnerships with local providers are encouraged (and sometimes compulsory) in order to facilitate knowledge transfers between foreign and local institutions. Examples of this approach are mostly found in South-East and North Asia and in the Middle East (for example Malaysia; Hong Kong, China; China; Singapore).

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*Cross-border education represents an important source of export revenue and is included in the GATS negotiations.*

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Foreign students incur large expenditure on living, education and travel costs. Export revenue related to international student mobility amounted to **an estimated minimum of US\$30 billion in 1998**, or 3% of global services exports. In Australia and New Zealand, educational services rank, respectively, third and fourth in terms of services exports, and fourteenth and fifteenth in terms of exports as a whole.

**The issue of trade liberalisation in educational services has been included in the current negotiations under the GATS in the World Trade Organisation.** The mere possibility that certain types of education might fall within the scope of trade regulations and agreements has fuelled a heated debate on the nature of education, especially in OECD countries where it is mainly provided as a public service on a non-profit basis.

However, the growth of cross-border education is driven by factors other than the GATS and is thus likely to continue irrespective of the GATS in the short run. Whether a country decides to make GATS commitments on education or not, it will still need to deal with many of the issues and challenges that arise from these developments. Student visa requirements and policies regarding quality assurance, accreditation and recognition of qualifications are, for example, much more important than the GATS.

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*Cross-border post-secondary education represents one way of increasing access to post-secondary education but involves equity issues.*

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Countries facing a problem of unmet demand for tertiary education on a large scale should consider as one solution the facilitation of access for their citizens to the different forms of cross-border educational provision (student mobility, programme mobility, institution mobility).

On the other hand, although some of the gaps between different population groups may bridge mechanically as equity in access to tertiary education is achieved in the sending countries, the governments and other education stakeholders of receiving as well as sending countries willing to tackle the equity issue in cross-border post-secondary education could:

- improve financial support for participation in cross-border education through targeted and means-tested grants or student loan schemes;
- improve the provision of information on the benefits and costs of cross-border student mobility to students from lower educational and socio-economic backgrounds.

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*OECD countries adopt two broad strategies of funding regarding incoming international students.*

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**The first strategy** adopted by OECD countries **grants international students indirect subsidies**. Among other advantages, where there is decline in student numbers in a system or in certain fields, international students allow the reduction of the average cost of higher education (by increasing the teacher-student ratio) and the maintaining of variety in their educational offers.

**The second, newer strategy often places cross-border post-secondary education in a broader reform agenda of funding and governance of post-secondary education**. So far, the introduction of this fee policy has preceded rather than followed (relatively) large enrolments of international students. International students' fees complement the public funding and other private funding of universities and help them to enhance their educational and research capacity. They also give them incentives to become more demand-driven and more entrepreneurial. Governments seeking to encourage their publicly funded post-secondary institutions to recruit large numbers of international students or undertake cross-border commercial activities should:

- provide them with effective incentives, including financial autonomy and the ability to control the use of the private resources generated by those activities;
- put effective guidelines and mechanisms in place to ensure accountability for any cross-border entrepreneurial activities of publicly funded higher education institutions.

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*Countries providing and receiving cross-border post-secondary education have a common interest in strengthening quality provision.*

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**The variety of higher education systems and the lack of transparent information** about and readability of those systems worldwide **leave room for low quality and even rogue providers** (degree mills) **and rogue quality assurance and accreditation agencies** (accreditation mills) to operate. While national quality assurance and accreditation systems partly resolve quality issues in cross-border student mobility, programme and institution mobility often fall out of their scope. Programme and institution mobility can carry quality risks to a greater or lesser extent, for example depending on its form (franchise, twinning arrangement, e-learning, etc.). While still limited in scale, fraud – that is the selling (or buying) of fake degrees – is also increasingly becoming an issue: it lowers the overall perception of the quality of cross-border post-secondary education.

Related though not similar to quality assurance, **the recognition of international degrees is important** for facilitating periods of study abroad and for allowing students holding foreign degrees to work in their own country or, more generally, in the international labour market.

New developments in cross-border post-secondary education raise new policy challenges:

- Learners need to be protected from the risks of misinformation, low-quality provision and qualifications of questionable validity by strong quality assurance and accreditation systems, which cover cross-border and commercial provision and non-traditional delivery modes.
- Qualifications should be understandable internationally and transparent in order to increase their international validity and portability and to ease the work of recognition arrangements and credential evaluators.
- National quality assurance and accreditation agencies need to intensify co-operation at international level in order to increase their mutual understanding.

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*Cross-border post-secondary education can help emerging economies and developing and transition countries to build or strengthen their capacity in post-secondary education.*

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**Cross-border post-secondary education may be as important economically to importing as to exporting countries.** Some Asian countries have shown how cross-border post-secondary education could be used for their economic development.

Cross-border education is indeed one way of increasing domestic access to post-secondary education, which ultimately contributes to growth and development. While student and scholar mobility facilitates the building of international networks, which are essential to access up-to-date knowledge, partnerships of local and foreign universities in programme and institution mobility induce spillovers and can help improve the quality of local provision. Finally, commercial provision of cross-border post-secondary education can allow the building of capacity more quickly than with domestic or development assistance resources only, and grants receiving countries more negotiating power to dictate their conditions.

However, **developing countries should be aware of some of the risks it also involves:**

- Developing countries should ensure that foreign provision meets their needs and quality requirements, and that it leads to actual spillovers.
- Cross-border student mobility might in some cases involve a risk of “brain drain” for the sending country: while the return of highly skilled migrants depends (among other factors) on the job opportunities in their home country as well as on the migration policies of both sending and receiving countries, cross-border education without student mobility might alleviate the risks of brain drain and create job opportunities at home for domestic mobile students.
- The commercial provision of cross-border post-secondary education is one important means by which developing countries can build their domestic capacity in post-secondary education. However, trade is not likely to play a major role and help in countries where solvent demand is insufficient. Development assistance in education should thus be encouraged in the least developed countries.

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*Cross-border post-secondary education needs policy coherence.*

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Because cross-border educational activities bring into play many actors and policy areas in a country, **an effective policy strategy regarding cross-border post-secondary education must** take into account this diversity and **ensure the highest co-ordination, or compatibility, between several policy agendas** such as: quality assurance and recognition policy; development assistance in education; other domestic educational policies; cultural policy; migration and visa policy; trade policy; economic policy.