



Embassy of Finland
Beijing



ESTABLISHING JOINT PROGRAMS IN CHINA

PUBLISHED BY CHE IN CONJUNCTION WITH
THE EMBASSY OF FINLAND BEIJING
JUNE 2021

This report is tailored to the needs of the Finnish Embassy in Beijing.

The copyright permits the Finnish Embassy to distribute the report and share the information herein to public Finnish HE institutions for internal use. Any form of sharing, resale and display of this report, in whole or partial, outside public Finnish HE institutions who have directly received this report from the Finnish Government will be considered a breach of copyright.

CONTENTS

01 OBJECTIVES

02 TRANSNATIONAL EDUCATION PROGRAMS

- 2.1 Definitions
- 2.2 Credit Transfer vs. Joint Program
- 2.3 Joint Program vs. Joint Institute vs. China campus
- 2.4 Why Establishing Joint Programs in China
- 2.5 Barriers and Motivations (by Chinese Education Providers)
- 2.6 Barriers and Considerations (by International Education Providers)
- 2.7 MOE Approval Process
- 2.8 Degree Recognitions

03 LEGAL IMPLICATIONS

04 FINANCIAL MODEL, TUITION AND PRC TAX

05 TRENDS & STATUS OF RECENT APPROVED MOE JOINT PROGRAMS

06 SUMMARY & CONCLUSIONS

01 REPORT OBJECTIVE

This report examines the history, current status and trends of joint programs in China by comparing Transnational Education Programs (TNE) including Credit Transfer, Joint Programs, Joint Institutes, and China Campuses, and by examining the motivations and incentives for both parties to enter such relationships. It explains the Chinese Ministry of Education (MoE)'s approval process, reviewal principles and the degree recognition system, as well as financial models, and tax and legal obligations. A snapshot of sampled approvals in terms of country of origin, discipline, and structure (2+2, 3+1) is also provided.

The report provides fundamental knowledge for education professionals to understand the landscape within which they operate and equips them with the most up-to-date information to capture opportunities, while minimizing risks when making major TNE program decisions.



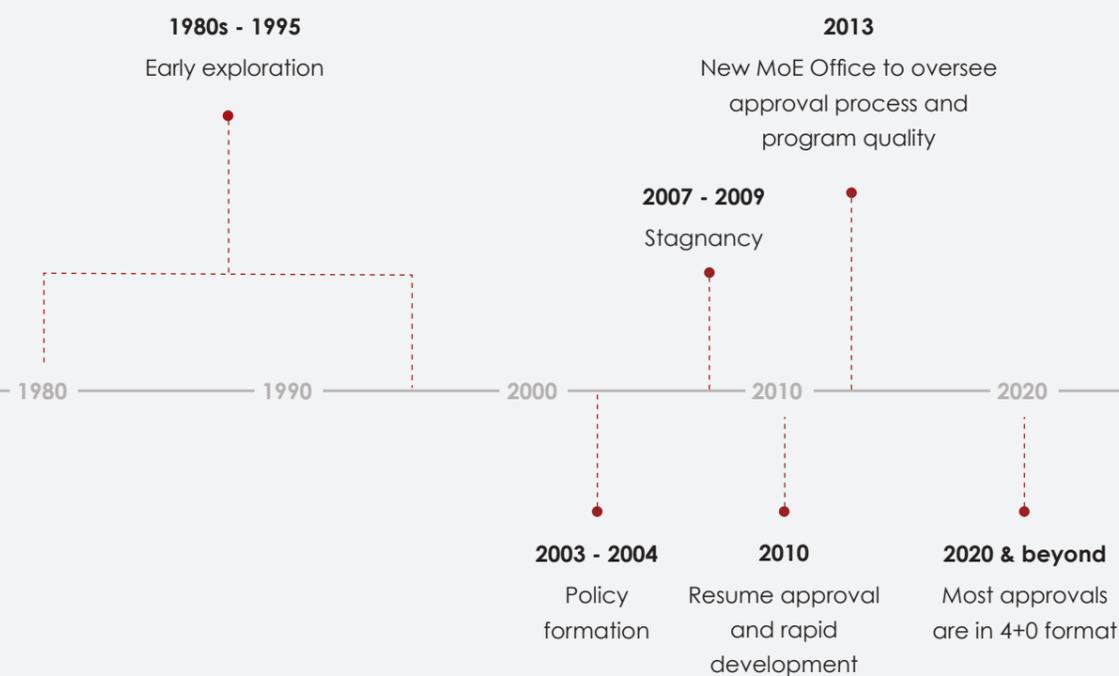
02 TRANSNATIONAL EDUCATION PROGRAMS (TNE)

2.1 DEFINITIONS

According to the Chinese Ministry of Education (MoE), a joint education program (JEP) is defined as a degree program jointly hosted by both a domestic education institution and a foreign education institution, whereby the foreign institution provides a minimum of one third of the curriculum and teaching resources.

Joint programs enable students to obtain an undergraduate or postgraduate degree, certificate or credits, from either or both domestic and foreign universities, without having to study abroad.

TABLE 1: HISTORY OF MOE APPROVALS



2.2 CREDIT TRANSFER VS. JOINT PROGRAM

Credit Transfer Programs (CTP) – sometimes referred to as Articulation Programs or Bridging Courses – can be differentiated from Joint Education Programs (JEP) by the following attributes:

- CTPs are an agreement made between two or more educational institutions, based on their course mapping. CTPs recognise certain studies undertaken at Chinese universities, and provide credits in the event that students continue their studies at a foreign institute.
- CTPs do not require the MoE's approval, but an endorsement from the MoE is still expected.
- CTPs often take the form of two years at the Chinese institution followed by two years at the foreign university (2+2); while joint programs require most, if not all, studies be conducted in China.
- It is possible to have a Credit Transfer component within any Joint Program if the Chinese student wishes to transfer to an offshore campus to complete his/her studies overseas. However a student in a credit transfer program will not be able to join another joint program structure.
- CTPs require minimal input from international institutions and are flexible in terms of curriculum and teaching; while JEPs require the international institution to provide a third of the total teaching resources as a minimum.
- CTP agreements are often not bilateral but multilateral, with multiple parties giving Chinese students a number of study abroad options.
- A CTP agreement can be signed as soon as both parties reach an agreement, while the establishment of JEPs can take up to one or two years.
- The international institution can only recruit from the Chinese institution's existing cohort.

Table 2: Comparison of Joint Program and Credit Transfer Programs

COMPARISON POINT	JOINT PROGRAM	CREDIT TRANSFER PROGRAM
Foreign Teaching Requirements	Foreign teaching input is highly visible and significant, one-third of the curriculum and teaching resources is required from abroad	Often there is no curriculum input by foreign parties; foreign teaching may be absent or very limited, with the exception of the language courses.
Government approval	MOE approval is required	MOE approval is not required
Time frame	Can take up to one year to set up.	Can be established as soon as both institutions have approved it.
Partnership Exclusivity	Students enrolled into joint programs must study within the joint program structure.	Studying in one particular foreign university is often one of the options for students enrolled in a Credit Transfer program.
Students recruiting	Program recruitment is through Gaokao or other open recruiting methods from society	The program can only recruit from Chinese university's existing students pool
Course format + Graduate outcome	In most cases only 3+1 structure is permitted; more often it is a 4+0 structure to allow students to complete the course without going abroad	Following a 2+2 or 3+1 format, only a subset of enrolled students will meet entry requirements to continue their study in a foreign university; others will complete their course in China

2.3 JOINT PROGRAM VS. JOINT INSTITUTE VS. CHINA CAMPUS

A Joint Institute is a collaboration established between one Chinese education institution and its international partner(s) at the faculty level, often containing three or more joint programs. The coordinated administrative structure of a joint institute allows multiple joint programs to be run. At the end of 2020, there were a total of 84 joint institutes in China, nearly half of which were established after 2019.

Most joint institutes operate within a Chinese university campus and are, legally a sub-division under their Chinese university partners. There are however eleven independent legal education entities in China. These "China campuses" of international institutions enjoy a relatively high level of independence both in their physical operation and their legal status.

- New York University, Shanghai
- Xian Jiaotong Liverpool, Suzhou
- The Chinese University of Hong Kong, Shenzhen
- Israel Institute of Technology, Guangdong
- Cheung Kong Graduate School of Business, Beijing
- Kean University, Wenzhou
- Duke University, Kunshan
- University of Nottingham, Ningbo
- BNU-HK Baptist University United Int. College, Zhuhai
- BIT-Moscow University, Shenzhen
- China Europe International Business School

2.4 WHY ESTABLISH A JOINT EDUCATION PROGRAM (JEP) AND JOINT EDUCATION INSTITUTE (JEI) IN CHINA

- ① **Collaboration Foundation**
- ② **Market Access & Presence**
- ③ **Scalable Recruitment**
- ④ **Research Scope & Opportunity**
- ⑤ **Access to Industry**

A JEP/JEI provides a framework for closer collaboration of institutions and stipulates resource commitment from both parties. Joint programs are more likely to remain on the agenda of senior management meetings of both parties.

All the MoE approved JEPs/JEIs are listed on the MoE website <http://jsj.moe.gov.cn/> (Chinese language only). The website is a starting point for many Chinese students and families when making their study decisions and brings higher visibility not only to the joint program itself, but also to each individual institution on the website.

At the undergraduate level, most recruitment is part of the Gaokao system, which is the most reliable path to achieve scalable recruitment in China and has long-lasting benefits.

Partnerships formed through JEPs often extend beyond the programs themselves, resulting in joint research and industry collaborations, with potential to leverage the overall network of the Chinese partner institution.

2.5 KEY MOTIVATIONS FOR CHINESE INSTITUTIONS ENTERING JOINT PROGRAMS

2.5.1 MOTIVATIONS

Approx. 1/3rd of the 2,000 Chinese universities and VET (Vocational Education and Training) providers are currently involved in at least one joint program, driven by the following motivations:

- Strong senior level connections (at university, or local government level)
- Strong interest driven by faculty staff
- Opportunity to improve the internal academic capacity of the Chinese university
- As a way of differentiating, increasing their competitiveness in the market, and better positioning themselves for higher student recruitment numbers and higher tuition fees
- An opportunity to meet administrative targets set by the local government, earning political achievement bonuses for the university leadership.
- Increased opportunity for international staff exchanges
- Providing more student scholarships

2.5.2 BARRIERS FOR THE CHINESE INSTITUTION

- Fewer suitable existing connections at either university level or faculty level
- Too many existing joint programs. The new proposal does not have any unique offering
- No internal champion to drive the program from concept through to approval
- Proposed program does not add value to the Chinese university (program is too insignificant, has an uncertain future, or does not bring prestige or revenue to the Chinese university)
- Unease with terms and conditions specified by foreign universities. For example, ownership of intellectual property
- Mismatch in partner university aims and objectives.

2.6 BARRIERS AND CONSIDERATIONS TO ENTERING JEP/JEI ARRANGEMENT BY AN INTERNATIONAL INSTITUTION

2.6.1 BARRIERS FOR THE INTERNATIONAL INSTITUTION

- Lack of understanding of JEP policies, regulations and operational realities at both the senior management and the faculty level
- Management forming a belief that the institution does not have sufficient teaching resources to meet the 1/3rd foreign input requirement and is reluctant to find alternative solutions
- Concern about intellectual property issues
- Management treating JEPs as a “slow investment return” compared to Credit Transfer and Recruiting through Agents, without appropriate internal financial models and figures to compare the costs for the three options
- Lack of experienced in-house HR resources to drive the process
- Not knowing how and where to start the process
- Fear of failure

2.6.2 KEY CONSIDERATIONS WHEN FINDING A SUITABLE CHINESE PARTNER

- Understanding the Chinese university's ranking, reputation, student background and quality
- Understanding the institution's overall internationalisation level and the capability of the particular faculty with which you are going to work
- Their internal approval and operation structure
- Understanding the local competition through feasibility studies
- Conducting due diligence on the potential Chinese partner.

2.6.3 HOW TO IDENTIFY A SUITABLE CHINESE INSTITUTION PARTNER

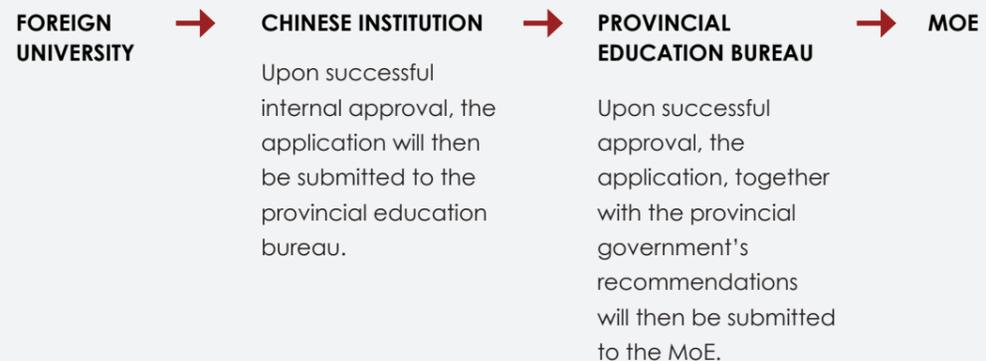
Ways in which foreign universities identify their Chinese university partners may include:

- Via an existing relationship that has been formed during joint research/publishing efforts, student/staff exchanges or personal connections within a faculty
- Selecting potential Chinese partners that have similar strengths or who focus in a particular field of study
- Geographic location and ranking considerations
- Understanding the complex relationship between a standard faculty which is fully owned by the institution, as opposed to an independent institute which is often partially owned by the institution

2.7 THE MOE'S APPROVAL & RENEWAL PROCESS

2.7.1 THE STANDARD APPROVAL PROCESS

Joint program applications are subject to three levels of approval by the following parties:



The MoE had delegated the approval of VET level of Joint Programs and Institutes fully to the Provincial Education Bureaus; and indicated its willingness to further decentralize approval authorization. However, to date the MoE is still responsible for final approvals.

2.7.2 REASONS WHY APPLICATIONS ARE REJECTED

After individual faculty approval, Joint program applications can be rejected at three levels: at the university level, at the regional education bureau level and by the MoE for several reasons:

- Non-encouraged majors (i.e. business, marketing, accounting, etc.)
- Lack of quality resources from foreign institutions, such as lower ranking, insufficient teaching and curriculum input
- The Chinese university does not have existing capacity for such a major
- Insufficient content in the collaboration agreement (e.g. unclear statement for the handling of dispute resolution, etc.)
- High number of applications received at the provincial level, but due to the restricted number of applications that can be submitted up to the MoE, some applications may never get passed upwards from the provincial level
- University needs to screen its internal applications, so it will only transmit applications with the best chance for the higher authority's approval.
- In principle, education providers that apply for a 2nd joint program, must attach an MoE evaluation report of its first JEP as part of its application. In other words, the MoE is expected to have sufficient time to assess the quality of the first joint program before it approves a 2nd.

2.7.3 THE RENEWAL PROCESS

All approved joint programs must be renewed after the first teaching cycle or first cohort of graduates.

The renewal is largely a self-assessment process combined with some selected onsite auditing based on criteria published by the MoE in 2004 including:

- The legality of the JEP – whether or not it has been involved in compulsory education and the special education of military and police forces as well as religion and politics
- Whether the formation of the board or committee and the appointment of senior management has been confirmed by regulations
- Whether or not the program has protected the rights and interests of staff members and students
- Satisfactory auditing of required documentation including internal management guidelines, teaching staff qualifications, curriculum outlines as well as the approval of tuition and tax lodgements.



2.8 QUALIFICATIONS & DEGREE RECOGNITIONS

2.8.1. DEGREE QUALIFICATIONS

Graduates from TNE programs can receive qualifications in a number of different configurations. The table below presents different level of commitments and value propositions by each of the partner institutions.

Table 3. Configuration of Degrees and Certificates by TNE Programs

QUALIFICATIONS	CHINESE EDUCATION PROVIDER		INTERNATIONAL EDUCATION PROVIDER		CONDITION
	DEGREE	CERTIFICATE	DEGREE	CERTIFICATE	
Dual Degrees	Yes		Yes		
Single Degree	Yes				
			Yes		
Degree + Certificate	Yes			Yes	MoE approval is required
		Yes	Yes		MoE approval is NOT required

2.8.2 WHO PERFORMS DEGREE RECOGNITION?

The Chinese Service Centre for Scholarly Exchange (CSCSE) is an affiliate organization of MoE - it is tasked with verifying and giving accreditation to degrees awarded overseas. This entity also provides degree recognition for international students who have received a Chinese degree and later apply to study outside China. Applications can be lodged online, through agents or onsite at their Beijing office.

There are two types of degree accreditation conducted by CSCSE:

①

Accreditation of degrees for students who **obtained their degree abroad** (i.e. enrolled in a foreign university and studied abroad). This will be first processed at the local Chinese consulate, then it will be submitted to the CSCSE upon the student's return to China.

②

Accreditation of a foreign degree that was obtained through a **joint program**.

CSCSE's accreditation policy has remained somewhat ambiguous. There are several categories of accreditation and rejection. They are listed below, in order of likelihood of accreditation:

- Programs (both undergraduate and postgraduate) that are approved by MoE will be accredited
- Quota students who enrolled into non-MoE endorsed credit transfer programs have many precedents of getting their overseas degree accredited
- Technically, students who receive credit for their overseas study require a minimum stay of one year abroad, and the foreign degree obtained must be credited by the authorities in that country, which must also have a bilateral agreement with the Chinese Ministry of Education.

2.8.3. WHY CHINESE STUDENTS NEED DEGREE RECOGNITION

Gaining accreditation in China is beneficial to Chinese graduates who received degrees from abroad for the following reasons::

- It is a pre-requisite for seeking employment in the government sector or state-owned organisations (including enterprises, institutions and universities)
- It is essential for those wishing to gain preferential treatment under China's household registration (i.e. the "hukou") system which determines the city you can reside in and receive government services and benefits.
- It is a requirement for applying for benefits such as funding support for a new start-up business. Funds are offered by local governments and industry zones to selected overseas returnees.



03 LEGAL OBLIGATIONS & SOCIAL RESPONSIBILITY

China has experienced decades of legislative vacuum in a wide range of areas. To resolve this issue, China constantly issues "regulations" to fulfil urgent needs. However, some of these "regulations" issued by various administrative departments can be conflicting, too generalized or lacking in consistency.

3.1 LEGAL GROUND

- 1995 Sino-Foreign Cooperative Education Temporary Measures
- 1998 The Higher Education Law of the People's Republic of China (CFCRs)
- 2003 Sino-Foreign Cooperative Education Regulations
- 2004 The Implementing Details
- 2017 Foreign NGO Law
- 2020 Measures for the Hiring and Management of Foreign Teachers (Draft for Solicitation of Comments)
- Others: Company Law, Contract Law, Intellectual Property Law, Advertising Law & Employment Law

3.2 EXPECTATIONS

JEPs & JEs are required to be executed within the legal and regulative framework of the People's Republic of China. This includes maintaining a stable financial position, remaining uninvolved with religions, maintaining an approved tuition fee, recruitment quotas and fulfilling its contractual obligations with all stakeholders. Socially, JEPs and JEs are expected to take responsibility for students' wellbeing and endeavour to create a better future for the students.

3.3 BREACHES

Legal and administrative measures developed in the last twenty years enable penalties to apply to organizations on both sides, as well as to individuals who breach rules and regulations. They are divided into two major categories: administrative penalties and criminal charges.

The following government departments may be involved in executing any penalties and charges: Education Department, Public Security Bureau, Tax Bureau, Pricing Bureau, Labour Bureau, Commerce Bureau, Intellectual Property Bureau, Arbitration authorities and Courts.

3.3.1 PENALTIES FOR ORGANISATIONS:

- Administrative sanctions
- Fines
- Recruiting permit revoked
- For those charged with a criminal offence, a sanction will be imposed to prevent them establishing joint programs for ten years.

3.3.2 PENALTIES FOR INDIVIDUALS:

- Demotion within the Chinese university or government departments
- A ten-year ban on joining any boards
- Criminal charges

3.3.3 ADMINISTRATIVE PENALTIES MAY APPLY FOR THE FOLLOWING BREACHES

- Poor quality programs and disorganised management
- Licenses or degrees issued to those who do not meet the required standards
- Inaccurate course promotion to the public and misleading the public
- Recruiting prior to MoE approval
- Charging tuition higher than what has been approved

3.3.4 CRIMINAL OFFENCES MAY APPLY FOR THE FOLLOWINGS:

- Corruption
- Trading licenses and degrees as commodities
- Providing fake documentation

3.4 COMMONLY ASKED LEGAL QUESTIONS

The most commonly asked questions include: the language (Chinese vs. other) of the contract, arbitration vs. court system, legal jurisdiction and intellectual property issues. These concerns should be raised with legal professionals who are familiar with the Chinese legal system and practices.

For independent legal entities, there are additional legal obligations and complexities. Tangible and intangible investment, share structure, conformation of the Board, hiring and firing of senior management, borrowing and default legality are all concerns outside the scope of this report.

04 FINANCIAL MODEL, TUITION AND PRC TAXES

4.1 FINANCIAL MODEL

4.1.1 FINANCIAL MODEL FOR JEPS/JEIS

- Revenue sharing model: both parties agree on a revenue sharing model beforehand, based on their own structure and the evaluation of each party's contribution
- Each institution largely manages its own costs and minimises its financial exposure in the joint entity. Under this model, the international institution normally receives a fixed fee to minimise its risk. This is the most commonly adopted method in recent years
- In some cases, it may be possible to receive government subsidies including scholarships, free rental and tax preferential status in the first few years of establishment.

4.1.2 FINANCIAL MODEL FOR CREDIT TRANSFER ARRANGEMENTS

- In most cases, credit transfer programs involve none or very little money exchange between the two countries' institution; however, to ensure the forex conversion rate meets expectations, the international institutions may consider meeting the cost of their own staff travel, or pay for this via a 3rd party.
- In some cases, both parties may agree upon a "joining fee" to screen students' willingness and financial ability to pay for studying abroad, and to motivate students to exert greater academic efforts in order to meet the credit transfer requirements. This also helps to increase the motivation of the operators.

4.2 TUITION & PRICING STRUCTURE

All joint programs' costs should be submitted to the Local Commodity Pricing Bureau (Wu Jia), who will determine the final tuition based on the costs, the local consumption level and the outcome of the institutions' bilateral negotiations.

Table 4. Tuitions Range of Joint Programs in China (per annum) in Euro

	LOWEST TIER	MID-TIER	HIGH TIER	HIGHEST TIER
Tuition	€1,300 - 3,200	€3,200 - 6,500	€6500+	€39,000 - 75,000

Most international institutions find their China teaching component only shows at best a narrow profit margin, with breaking even being a common goal. The benefit for foreign partners is converting more students to study at their home campus to complete bachelor studies or continue their post-graduate studies.

4.3 LOCAL TAXES

Chinese local taxes apply in three areas:

①

The joint program/institute itself as an operating organization

②

International staff who are based in or frequently travel to China

③

Payments made by the joint program/institute to the international partner

4.3.1 THE TAX LANDSCAPE FOR JEP/JEI

China charges two types of taxes: VAT and profit tax. The tax applied to JEPs/JEIs depends on the nature of the Chinese and international party (public vs. private, quota students or non-quota students, issuing degree or certificate, etc.). The key determinant is the dialogue between the Chinese partner and its local tax bureau, as regional policies can differ significantly. In 2020, the state tax bureau issued VAT exemptions to all Chinese degree programs, despite some programs having been charged tax previously.

4.3.2 TAX FOR INDIVIDUAL INTERNATIONAL STAFF MEMBERS

Any international staff members who spend more than 183 days in China will be considered as Chinese tax residents, regardless of whether their salary was received in China or overseas. Preferential tax treaties have been offered for staff working on JEPs/JEIs, with tax rebates on housing expenses, children's education and language study. This rebate, however, will be revoked after 2022.

4.3.3 REPATRIATION

There are two reasons for fund repatriation (transfer of funds by the joint program to the international partner):

①

Curriculum royalties

②

Payment to personnel

Taxes will be paid by the Chinese institution to tax bureaus in their city / provinces. The international institution should understand its overall tax obligations to ensure a fair and lasting relationship. The most common tax rate on royalties is 10%, while personal individual income tax is on a sliding scale from 3% to 45%. In the event that a non-tax resident receives payment directly from the Chinese entity, a 90 day China residency rule applies.

05 TRENDS AND THE STATUS OF CURRENT MOE APPROVED PROGRAMS

Currently there are over 2,000 joint programs operating in China. Approximately half of them are at degree education level or above and half are at diploma (VET) level, with over 600 Chinese institutions and 800 international education providers being involved. There were 700,000 Chinese students studying abroad before the pandemic and at least 550,000 Chinese students are enrolled in a joint study program in China at any given time.

Over 200 joint programs have been voluntarily terminated. The MoE approves two batches of around 30 joint programs/institutes each year in March and September. We use a sampled study of the MoE's 134 "double top tier universities"¹ to understand the dynamics of Joint Programs today.

TABLE 6. MOST POPULAR JOINT PROGRAMS BY DISCIPLINE*

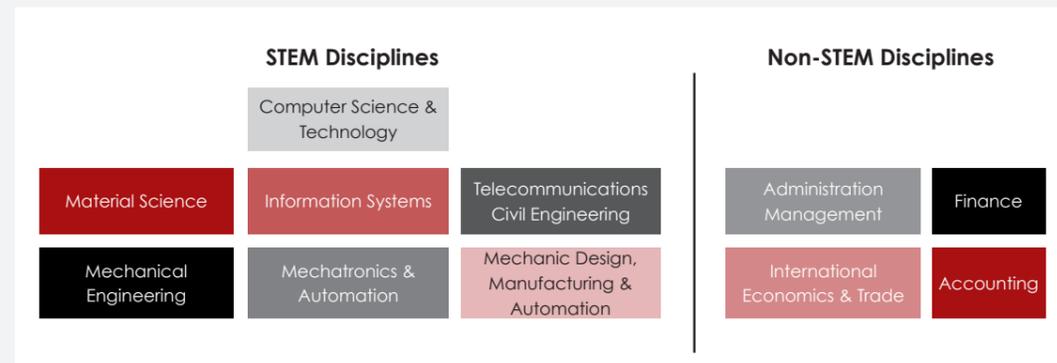
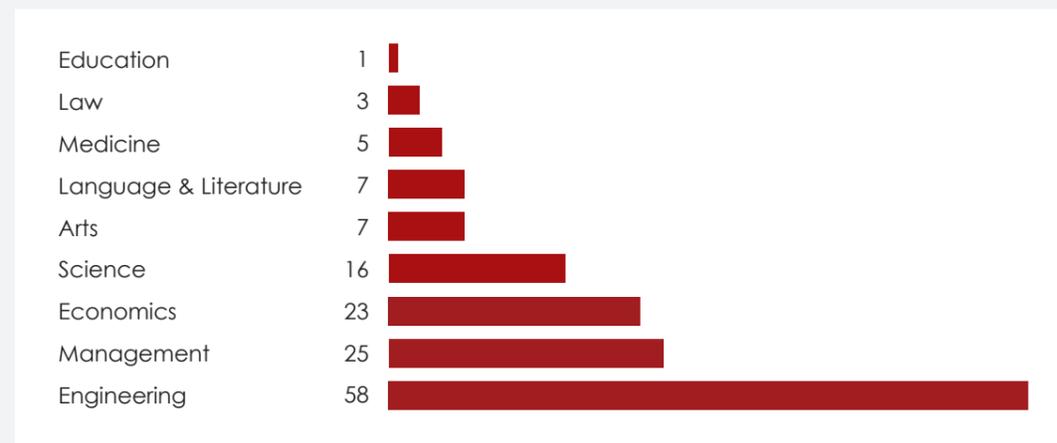


TABLE 5. JOINT PROGRAMS BY FIELDS*



¹ Double Top Tier Universities are a ranking given by the MoE to top universities and/or to top quality courses with the aim of growing these courses/universities to reach top global rankings. These universities are in the process of replacing the previous university categories – the 985 universities and the 211 universities, none of which are looking at individual courses.

*based on sample studies on "Double Top Tier Universities". Source: EOL

TABLE 7. JOINT PROGRAMS BY COUNTRY OF ORIGIN (OF INTERNATIONAL INSTITUTION)

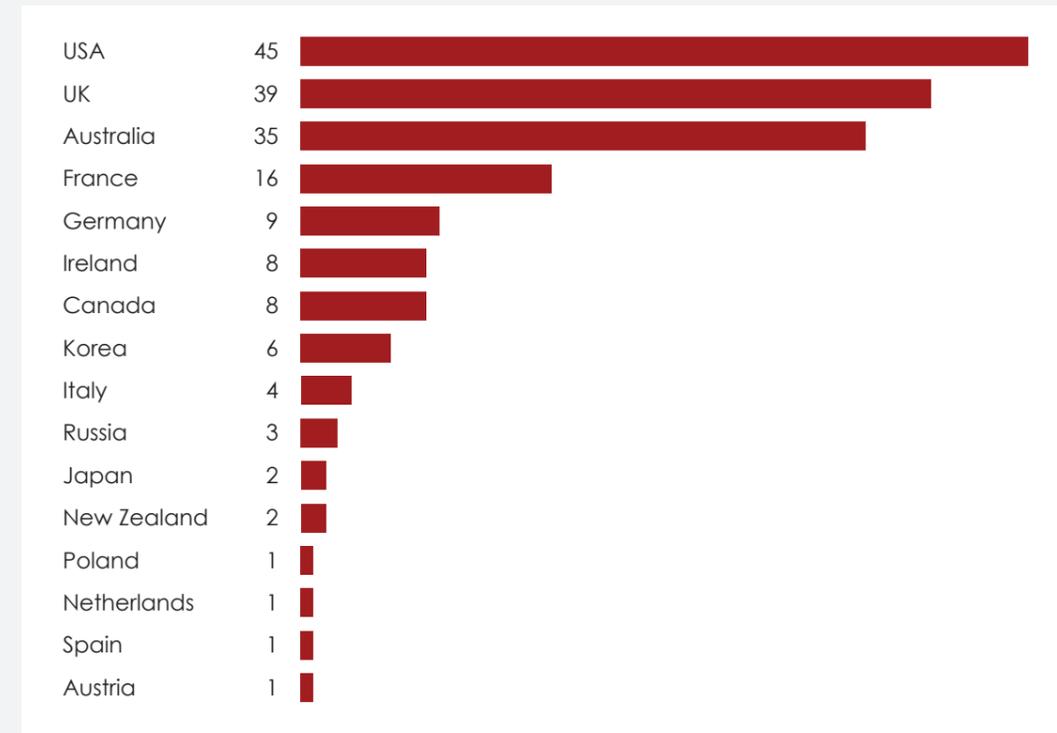
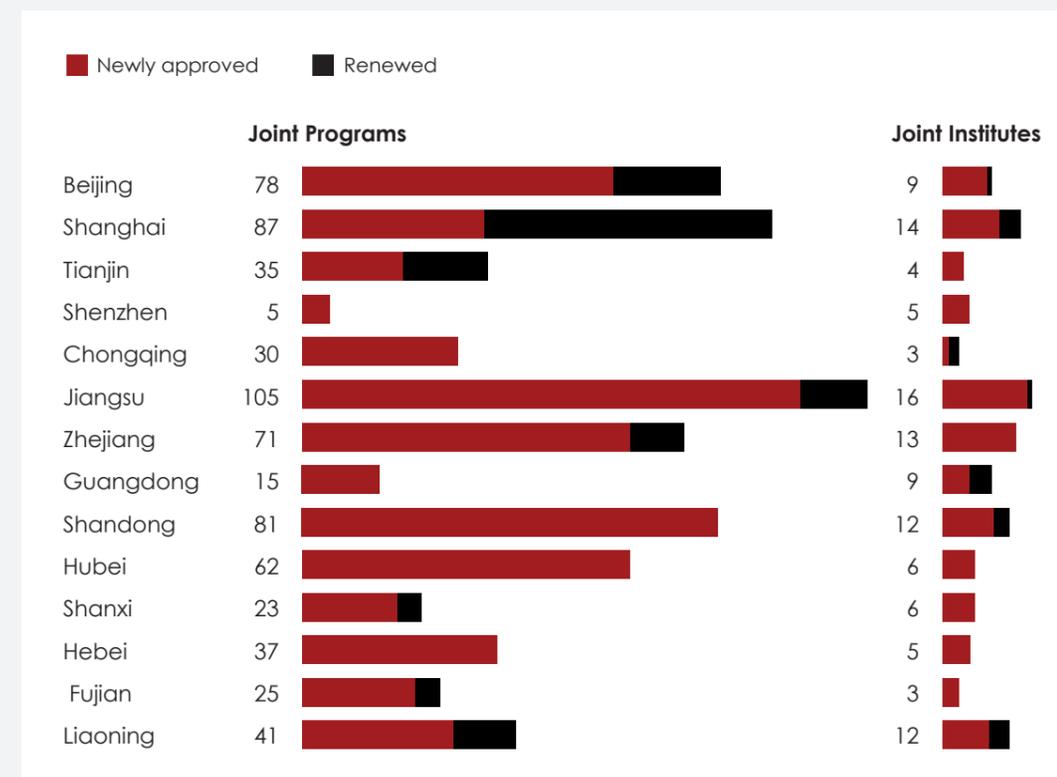


TABLE 8. SNAPSHOT OF APPROVALS BY THE MOE (AS OF MAY 2021)



06 SUMMARY & CONCLUSION

Both joint programs and joint institutes can be successful choices in today's environment, whether through revenue-sharing or conversion of students to offshore campuses. Key factors for success are:

Identifying and screening opportunities carefully

Strong buy-in and support from senior management and faculties

An experienced execution team with local knowledge

CREDIT TRANSFER VS. JOINT PROGRAM

Credit Transfer is the most appropriate for high-ranking universities or highly sought after courses. Joint Programs take a long time to establish but can potentially serve both institutions for decades.

Table 9. Pros and Cons of Joint Program and Credit Transfer

	INVESTMENT	OPERATIONAL COSTS	MOE APPROVAL	RECRUITING CERTAINTY
Credit Transfer	Minimum	Unpredictable	Not required	Low
Joint Programs	1/3 of the teaching and curriculum contribution	More predictable	Required	Certain

CURRICULUM DESIGN

Designing a successful joint program curriculum requires a good understanding of the target student cohort, particularly language requirements, prerequisite knowledge and interest in domestic or global content, among others.

LOCATION

Whether you are considering top tier cities, lesser-known places or special trade-free zones, there is no one answer for the best location. Each opportunity needs to be assessed on a case-by-case basis, taking into consideration local market competition, the partners' reputation and know-how and the administrative operational environment.



THIRD PARTY INVOLVEMENT

Third parties have been involved in the establishment of TNE programs in the last two decades. A third party may add value to the initial stage or have an ongoing operational involvement. It is important that education providers fully understand the role the third party plays in the structure, and that education providers maintain control and require full transparency.

FEASIBILITY AND DUE DILIGENCE

It is important to allocate time and resources to conduct feasibility and due diligence research to understand the operating environment as well as your Chinese partners' history, reputation and capability.

LEGAL AND TAX

This report is only able to provide a glance of the complexity of legal and tax issues; It is highly recommended to engage professionals who have experience in China.

CHE



CHINA HIGHER ED

Through our B2B platform of over 20,000 professionals in the tertiary education industry across the world, CHE is a one-stop provider of China-related education services and information.

Our clients, readers and subscribers come from 50+ countries and represent over 6,000 higher education institutions, government agencies and education service providers.

✉ Suite 06-202, 6/F, Tower A, Sino Ocean International Center, 56 East 4th Ring Road (Middle), Chaoyang District, Beijing, 100025

☎ +86 (10) 8586 6220

@ info@chinahighereducation.org

in China Higher Ed

🐦 @ChinaHigherEd

🗨️ CHE Connect

Website



WeChat



www.chinahighereducation.org