Market Intelligence Brief

RUSSIAN FEDERATION

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1. RUSSIA AT A GLANCE

Market background

- Russia's economy is heavily reliant on energy exports, which account for about 60 per cent of total exports and 25 per cent of government revenue. Falling energy prices in 2014 triggered a two-year recession.
- Russia emerged from recession in 2017 with annual GDP growth of 1.7 per cent, which accelerated to 2.3 per cent in 2018, supported by higher oil prices, a sound macroeconomic policy framework and a one-off boost from hosting the 2018 FIFA World Cup. Most economic forecasters are expecting slightly slower growth in 2019 and deceleration towards 1.5 per cent growth over the medium term.
- In its May 2018 Decree, the Russian government set a new roadmap for development, including ambitious goals to boost economic productivity and become one of the top five global economies, increase average life expectancy from 71 to 80 years by 2030, and halve poverty from 13.2 per cent to 6.6 per cent by 2024.

Local education trends

- In May 2018 the Ministry of Education and Science was split into the Ministry of Education (covering school education and vocational training) and the Ministry of Science and Higher Education (covering universities and research institutions). The change is expected to have a positive impact on the research capacity of universities.
- The Ministry of Education and Science launched Project 5-100 in 2013, a project to improve the standing of Russian universities in the global university rankings. As part of the initiative, 21 universities were selected to receive up to 1 billion roubles (around £12 million) per year to put towards improving research and teaching programmes. In the 2019 Times Higher Education (THE) World University Rankings, there were 4 Russian universities in the top 400 and 15 in the top 1,000.
- Owing to Russia's demographic decline, the number of students enrolled in higher education (HE) programmes plunged from 7.5 million in 2009/10 to 4.4 million in 2016/17 – a 40 per cent drop.
- Faced with a steep fall in the tertiary student population, Russia is keen to attract international students to fill vacant positions and to address skill gaps in the economy. The Russian government provides about 15,000 scholarships per year for foreign students to study in Russia.

International education

- According to UNESCO figures, the number of Russian students enrolled in HE programmes abroad reached 56,837 in 2016, up by nearly 12 per cent from five years earlier. Yet mobility to the major English-speaking study destinations has declined since the economic downturn in 2014.
- In the 2017/18 academic year, Russia was ranked the UK's 18th-largest HE recruitment market outside of the EU.
- The enrolment rate of Russian students in both UK universities and boarding schools has fallen sharply since 2014. Russell Group universities have bucked the trend, however, with enrolment numbers expanding slightly over the same time period
- The number of students enrolled in UK Transnational Education (TNE) programmes delivered in Russia has declined significantly in recent years, primarily owing to a decline in the distance-learning market. Russian students tend to rely on personal networks, independent research and

education fairs to inform their overseas study decisions. Agents play a relatively small role in the market.

- The digital marketing environment in Russia is complicated by internet censorship. At time of writing, the websites for LinkedIn and Dailymotion were blocked in Russia. Facebook, Google and other major social media platforms are not currently blocked. The social media landscape in Russia is dominated by local platforms, Vkontakte (VK) and Odnoklassniki (OK.ru); globally popular platforms such as Facebook do not attract a large audience.

2. INTRODUCTION

Since its rise as a cultural centre in the 16th century, Russia has played pivotal roles in politics, science and the arts. Although its influence waned after the collapse of the Soviet Union, it has since re-emerged as an influential actor in global affairs. Aided by its vast natural resources – including the world's largest natural gas reserves – Russia is currently ranked the 12th-largest economy in the world and has ambitions to join the top five economies by 2024.

Aside from its natural resources and its relatively large economy, Russia enjoys advantages in terms of human capital. It is one of the most highly educated countries in the world, with 54 per cent of Russians in the 25–64 age range holding university degrees. While the quality of HE is uneven across the country, there are a number of globally recognised institutions. Four Russian universities feature in the top 400 of the 2019 THE rankings and 15 are among the top 1,000. The government has the goal of raising the global rankings of Russian universities and is channelling funds to selected institutions to boost their research resources and enhance academic prestige.

As host to over 200,000 students in its HEIs and with 57,000 of its own students enrolled overseas in the 2017/18 academic year, Russia is a major player in international education. While the UK is one of the top five destinations for HE, the enrolment rate of Russian students in UK universities has halved over the past five years, primarily owing to a weakening of the Russian economy and a devaluation of the rouble. Meanwhile, UK universities are facing greater competition from institutions in China and Germany.

A recovery in the Russian student recruitment market will largely depend on the country's economic prospects, which remain uncertain. Over the past five years, sanctions imposed by Western countries and the collapse of global commodity prices have beset the Russian economy. Although economic growth resurged to 2.3 per cent in 2018, this uptick was primarily driven by one-off construction projects. In July the IMF forecast that economic growth will soften to 1.2 per cent in 2019.

The economy and the education sector also face challenges from a declining population. Although the birth rate has risen in recent years, it remains well below replacement rate and the population is forecast to continue to fall over the coming decades. A shrinking student-age population has already impacted the domestic HE system, forcing closures and mergers of universities. These population pressures will inevitably also have a bearing on outbound student numbers.

Russia is nonetheless likely to remain a significant source of international students for the UK, and the recruitment picture is likely to brighten considerably at times when higher commodity prices buoy the broader economy. The current HE policy environment in Russia is also supportive of research collaboration between UK and Russian universities, potentially including collaborative forms of TNE, with a research component and online modules. Russia's growing interest in student exchanges and language training and internship programmes also presents opportunities for future growth.

3. DEMOGRAPHICS

Russia's population peaked at 149 million in 1992, just after the dissolution of the Soviet Union.[1] While more than a decade of decline began to reverse after 2008, it began to decrease again in 2018, to just over 146 million.[2] The UN forecasts a further decline, to 133 million, by 2050, with other observers predicting an even more significant contraction.[3] Two main factors influence Russia's demographics:

- **Low birth rates**: In the years following the break-up of the Soviet Union, Russia's fertility rates were low, at about 1.3 births per woman. [4] However, by 2017 the fertility rate had increased to 1.75, the highest in Eastern Europe, but still below population replacement level and lower than the global average of 2.5.
- **Abnormally high death rates**: Russia has an annual death rate of 15 persons per 1,000, compared to 10 per 1,000 in the UK. Alcohol-related deaths are a significant factor, particularly for men. Average life expectancy stands below 71 years, compared to 75 years in other 'upper middle-income' countries, and women live to an average of 77 years, compared to just 66 years for men, one of the widest gender gaps in the world.[5]

While Russia has high levels of emigration, primarily to Europe and North America, this is counter-balanced by significant inflows of migrants from former Soviet Union countries, particularly Uzbekistan and Kyrgyzstan, as well as refugees from Armenia, Azerbaijan and Tajikistan. More recently, there has been an influx of refugees from Afghanistan, Angola, Ethiopia, Somalia and eastern Ukraine. According to the 2017 UN report on global migration, Russia hosts the fourth-largest population of migrants, after the US, Saudi Arabia and Germany.[6]

A key problem facing the country is the high rate of emigration among young people, which has caused population growth to stagnate and has dampened demand for a host of youth- and family-oriented products and services. A 2018 survey by the Russian Public Opinion Research Centre found that almost one-third of 18-to-24-year-olds indicated a strong desire to live in another country – up from one-quarter in 2017 – compared with just 10 per cent of all adults.[7]

Given that Russia has one of the highest levels of education in the world – 95 per cent of people aged 25-64 have completed upper secondary education, compared with an OECD average of 74 per cent – emigration of young people is causing a brain drain.[8] According to estimates by the Russian Presidential Academy of National Economy and Public Administration (RANEPA), around 40 per cent of the 100,000 or so Russians who emigrate each year have an HE qualification.

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1 https://data.worldbank.org/indicator/SP.POP.TOTL?locations=RU

2 "Russia's population declines for the first time in a decade", *The Moscow Times*, 21 December 2018.

3 Russian population to fall to 111m by 2050, *ThoughtCo*, 2 January 2019.

4 Fertility rate by country 2019, *World Population Review*, 2019.

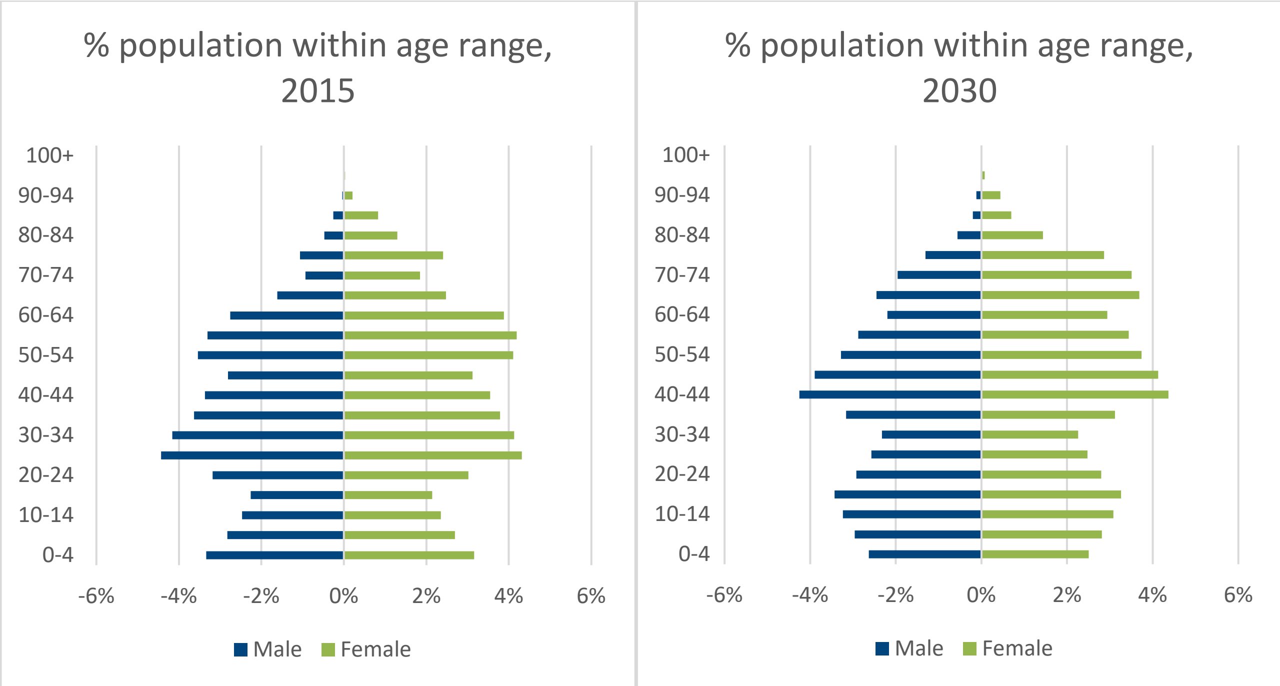
5 In which countries do women outlive men by more than a decade? *World Economic Forum*, 20 May 2016.

6 UN International Migration Report 2017, *United Nations*, p 6.

7 VCIOM website, *Russian Public Opinion Research Centre*

8 OECD Better Life report, *OECD*

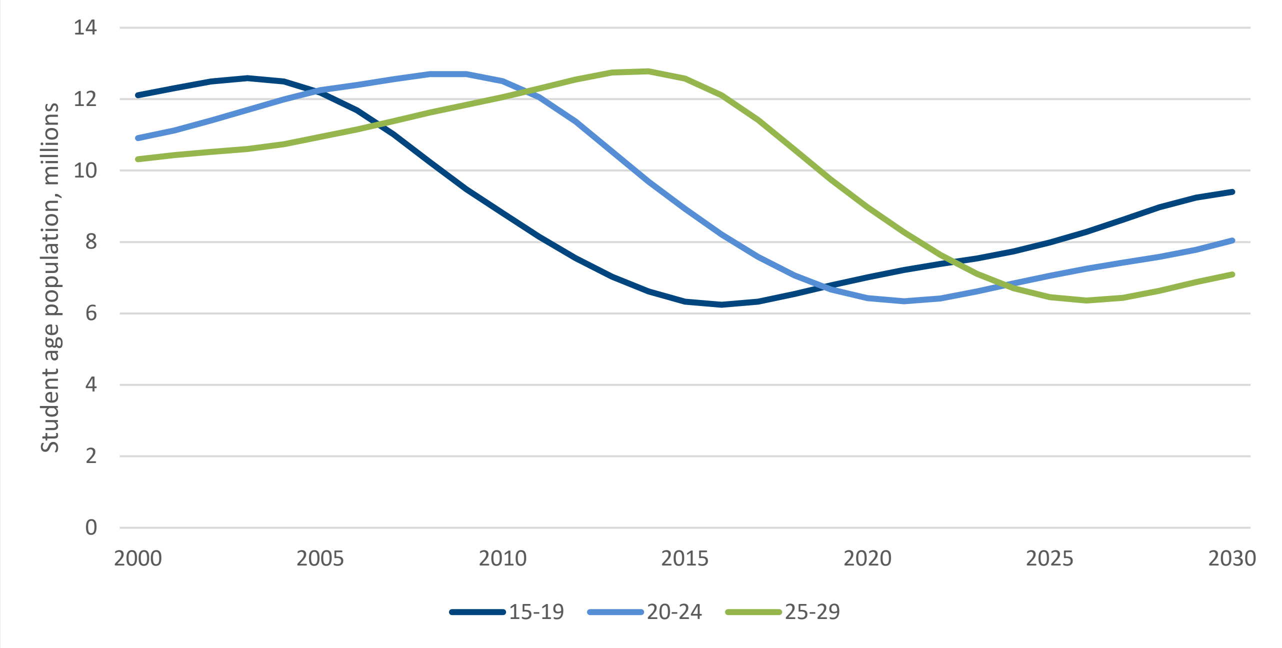
Figure 1: Russia's population pyramid, 2015 and 2030



Source: UN Population Division.

The population decline has important implications for current and future working populations, as illustrated in Figure 2, below. In 2015, 27 per cent of the population was aged 55 or over, indicating that a significant number of Russians are approaching, retirement age. The UN forecasts that 32 per cent of the population will be aged 55 or over by 2030. In the 2015 figures, there is a bulge in the population aged 25-39 years, but, as these workers move up the pyramid, there will be fewer younger workers to replace them. In 2015 the median age was 39 years, 2.5 years higher than in 2000, and it is expected to reach 43 years by 2030.

Figure 2: Russia's student-age population



Source: UN Population Division.

In terms of the future supply of tertiary-level students, the 15-19 age group has begun to expand after a decade of decline. The decline was primarily owing to the extremely low birth rate in the 1990s, which has since risen. As the 15-19 cohort ages, it will exert a follow-on expansion in the 20-24 and 25-29 cohorts. Therefore, the student age population should gradually recover over the next decade – although perhaps not sustainably.

Russia is the largest nation in the world in terms of land mass, sharing borders with 14 neighbours, with nine different time zones. Almost three-quarters of the population lives in urban areas, mostly concentrated in the far west of the country. The capital, Moscow, is home to an estimated 12.2 million residents (the 11th-biggest city in the world) and St Petersburg has about 5.2 million residents.[9]

Ethnic Russians account for 81 per cent of the population, but there are several other ethnic groups, such as the Tartar, Ukrainian, Bashkir, Chuvash and Chechen peoples. While Russian is the official national language, the government officially recognises 35 other languages. In total, there are about 100 minority languages spoken.

Russia is a secular state with freedom of religion guaranteed by the constitution since 1997. The Russian government does not release official statistics on the number of people practising different religions in the country but does keep track of the number of organizations affiliated with a particular religion. According to 2017 data from the Russian Federal Statistics Agency (Rosstat), Russian Orthodox Christian associations outnumber all other religions by far, followed by Islamic associations. Other Christian denominations, Judaism and Buddhism are also relatively popular.

[9] Population of cities in Russia, *World Population Review*, 2019.

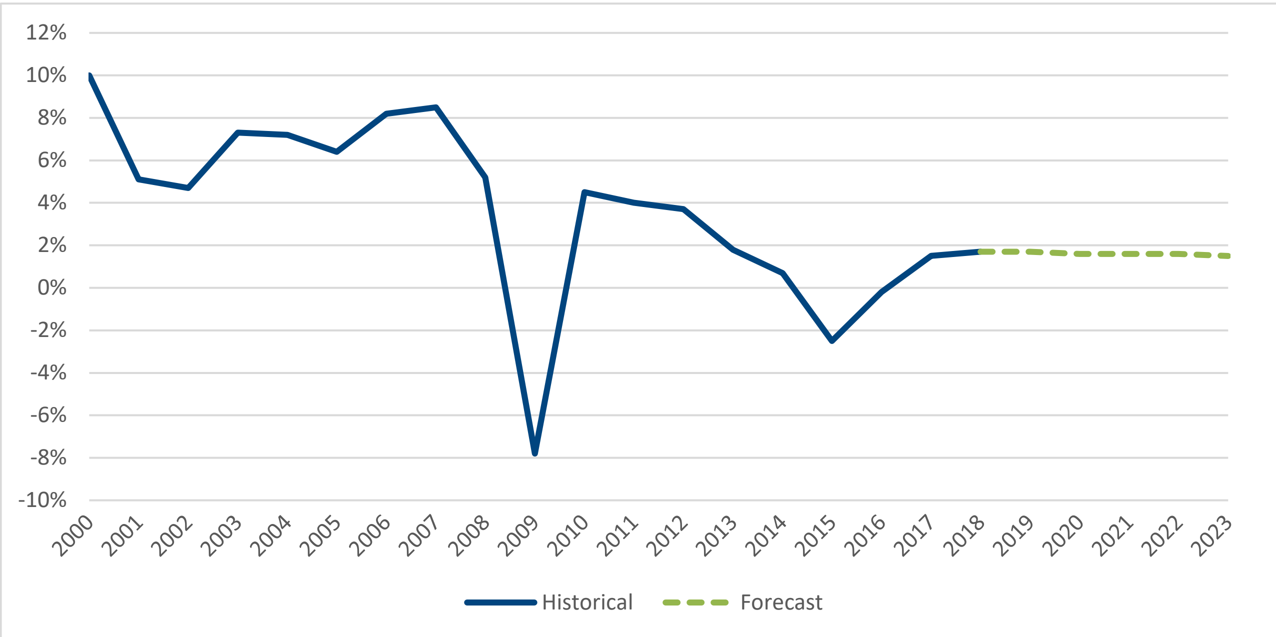
4. ECONOMICS

Russia's economy is heavily reliant on energy exports, which account for about 60 per cent of total exports and 25 per cent of government revenue. Because of this, falling energy prices over a two-year period (2014–16) triggered an economic recession in Russia. Economic sanctions imposed by the EU and the US have also weighed on economic activity. The sanctions were in response to Russia's annexation of Crimea and continued support of separatist factions in the Ukraine.[10] Russia responded to sanctions by banning food imports from the EU, the US, Australia, Canada and Norway.

Russia emerged from recession in 2017 with 1.7 per cent growth, which accelerated to 2.3 per cent in 2018, beating expectations. Growth was supported by stronger momentum in the global economy, higher oil prices (averaging US$70 in 2018, up from US$44 in 2016), an increase in construction activity and a one-off boost from hosting the 2018 FIFA World Cup.

According to Euromonitor, growth in 2018 was supported by a sound macroeconomic policy framework involving flexible exchange rates and inflation targeting. Furthermore, conservative fiscal policy, improved tax administration and a weaker rouble (which supports exports) turned the government budget balance from a 1.7 per cent deficit in 2017 to a 2.9 per cent surplus in 2018. Most economic forecasters are expecting slightly lower growth in 2019 and deceleration towards 1.5 per cent growth over the medium term.

Figure 3: Real GDP growth and forecast



Sources: IMF; Euromonitor.

A forecast real GDP growth rate of less than 2 per cent over the medium term reflects Russia's slowing growth potential. The World Bank points out that reforms are needed to address constraints on productivity growth, such as a weak investment climate, a lack of sufficient competition, barriers to

[10] "EU and US impose sweeping sanctions on Russia", *The Guardian*, 29 July 2014.

infrastructure connectivity, the relatively low innovation capacity of firms and a mismatch between available skills and those demanded by the labour market.[11]

In its May 2018 Decree, Russia set out ambitious goals to address many of these constraints, and set a goal of growing the economy from 12th in the world to one of the five largest economies by 2024, which would require GDP to double within six years.12 The decree also outlined other ambitions, such as increasing life expectancy to 80 years by 2030 and halving poverty from 13.2 per cent to 6.6 per cent by 2024. [13]

However, projected growth rates suggest that Russia will continue to lag behind other advanced economies. Euromonitor points to a combination of factors at work, including “obsolete infrastructure, an ageing population, the extensive influence of the state and institutional weaknesses that stifle dynamism”. Downside risks to growth mostly arise from external sources, such as possible expansion of sanctions, the rise in global protectionism, and the volatility of financial markets. Overall, the recovery will continue to be fragile, as it rests predominately on an upturn in commodity prices. The country's heavy reliance on oil and gas exports have, for the most part, brought prosperity to the Russian economy, leaving little incentive to diversify.

Unemployment rose from 4.8 per cent in 2018 to 5.2 per cent in 2017, with about one-quarter of the workforce employed by the state, but labour productivity remains very low. In the EU, small and medium enterprises (SMEs) account for 40 per cent of GDP; however, in Russia these firms contribute just 15 per cent of GDP.

Per-capita GDP peaked at just under US$16,000 in 2013, before contracting to US$8,900 in 2016 owing to the economic recession and depreciation of the rouble. It has since recovered to US$11,000 and is expected to rise over the forecast period.

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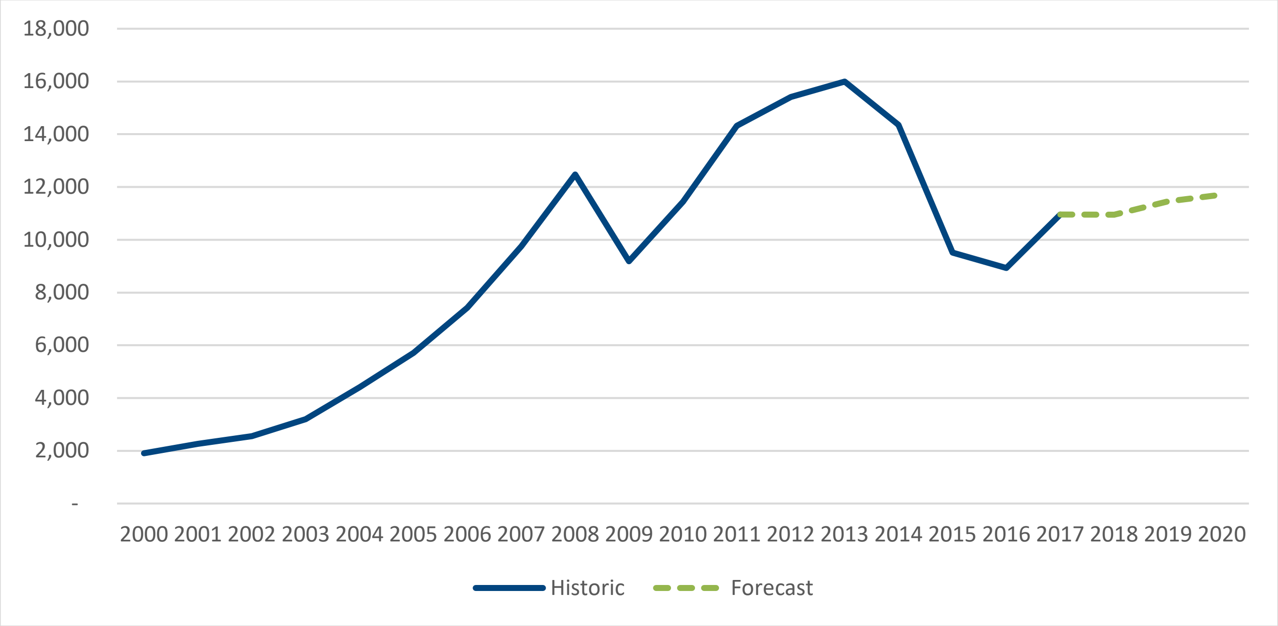
[11] Economic Overview, *World Bank*, April 2019.

[12] Executive Order On National Goals and Strategic Objectives of the Russian Federation through to 2024, *Putin. V*, 2018

[13] The share of the population with income per capita below the subsistence level of 10,000 roubles (£1,200) per month.

Figure 4: Russian GDP per capita, US$ (current prices)



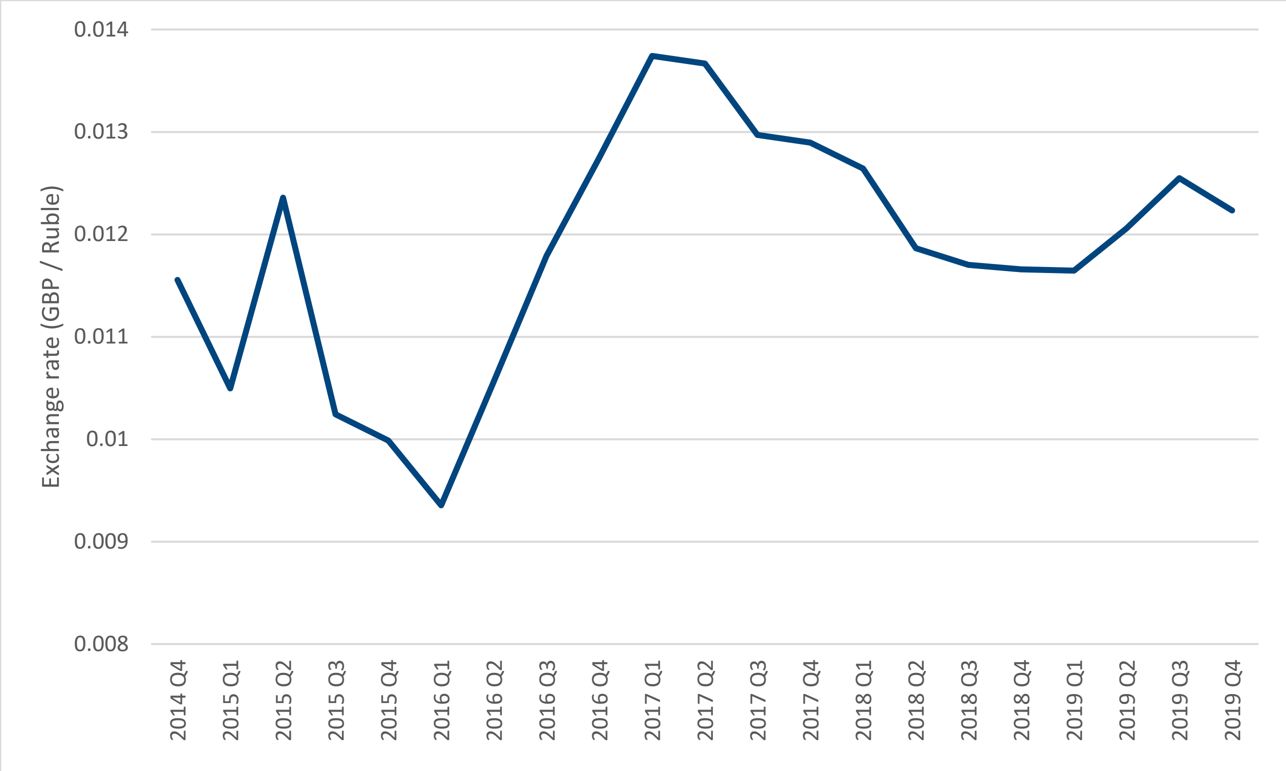
Source: IMF

Russia holds the world's largest natural gas reserves and Gazprom (the majority state-owned energy company) is building a 3,000-kilometre pipeline that will run from eastern Siberia to the Chinese border. The pipeline, expected to have an export capacity of 38 billion cubic metres per year, is Russia's most ambitious and costly energy project since the fall of the Soviet Union. Gazprom announced in February 2019 that the project is near completion and is expected to begin making deliveries in December 2019.

The banking sector is relatively weak but stable, with lending growth resuming across most sectors. The financial system has been stabilised by a clean-up of the domestic banking system, a key aspect of which was the transfer of 1.1 trillion roubles of “distressed assets” from three large banks to the Central Bank of Russia. However, this further increased public dominance in the banking sector, since five banks control 60 per cent of the system's assets and state-owned entities account for nearly 70 per cent of Russian bank assets. As such, increasing competition in the financial sector is one of the priorities of the Central Bank’s financial sector development strategy for 2018–21.

The rouble depreciated against the pound from R1:£0.17 in July 2014 to R1:£0.09 in February 2016. While the nominal exchange rate fails to account for inflation in either country, depreciation of the rouble is generally indicative of a less favourable environment for studying abroad, since a weaker rouble makes study abroad more expensive. More recently, the rouble has been strengthening against the pound, recovering to R1:£0.125 by mid-2019. However, elevated geopolitical tensions, uncertainty in emerging markets and the threat of further sanctions suggest that the rouble is susceptible to depreciation going forward.

Figure 5: R:£ exchange rate 2015–19



Source: XE exchange rates

5. POLITICS AND POLICYMAKING

Russia nominally consists of 85 federal subjects, including republics, provinces, districts and cities of federal importance. Owing to the re-centralization of power under the rule of Vladimir Putin, Russia is often referred to as a 'quasi-federal' state and the autonomy of the regions is limited.[14]

Mr Putin has been Russia's dominant political figure for the last 19 years. He garnered sustained support from well over 50 per cent of voters throughout his first two presidential terms (2000–08), a four-year term as prime minister (2008–12), and another two terms as president, winning re-election in March 2018 with 77 per cent of the vote.

An important factor in Mr Putin's popularity at the beginning of his tenure was his handling of the second Chechen war in 1999 and the firm measures his government took against the oligarchs, or business-owners who rapidly accumulated wealth after the dissolution of the Soviet Union. According to the polls, the Russian public has largely viewed his handling of foreign affairs favourably. Examples include what Russian state media refer to as "reunification" with Crimea and the fight against Islamic State (IS) in Syria, where Russia backs the Syrian president, Bashar al-Assad.

However, Mr Putin's tenure has not been without opposition. His government has been accused of weakening democratic principles; interfering with the constitutional principle of press freedom; subjecting non-governmental organisations (NGOs) to harassment; and committing human rights violations.[15] In the Freedom House 2019 report on freedom in the world, Russia was considered 'not free', scoring a low 20 out of 100.[16]

In an effort to consolidate power and increase government control, Mr Putin and his administration have effectively given rise to an authoritarian-bureaucratic *nomenklatura* system.[17] The nomenklatura system allows a small group of powerful representatives in the Security Council to make most decisions, precluding the involvement of other federal or regional representatives and ensuring a pronounced role for the *siloviki* (politicians who first made their careers in the security services or the military). In this climate, the role of the judiciary has become weaker and the authorities have tightened control over the media and NGOs, thereby stifling most opposition voices. Russia was ranked 148th out of 180 countries for press freedom in 2018 (unchanged from 2017), owing in part to frequent detention of journalists and blocking of websites and apps.[18]

Putin and his government have also adopted an assertive foreign policy, often using nationalistic rhetoric to drum up public support. This foreign policy led to the annexation of Crimea and support of separatist factions in the Ukraine, actions that brought about a severe deterioration in relations with the EU and the US. In response, multiple countries have imposed sanctions upon Russia, including suspension from the G8 group of highly industrialised nations in 2014. In March 2018 tensions further increased after the alleged nerve agent attack by the Russian secret service on a former Russian spy in the UK, leading to further sanctions imposed by the UK, the EU and the US.

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[14] Education in the Russian Federation, *World Education News and Reviews*, 6 June 2017.

[15] Russia Country Profile, *BBC News*, 16 July 2018.

[16] Russia chapter, *Freedom in the World*, Freedom House, 2019.

[17] Russia Country Report 2018, *Bertelsmann Stiftung Transformation Index*, 2018

[18] World Press Freedom Index 2018, *Reporters without Borders*, 2018

6. EDUCATION

Pre-tertiary education

The Ministry of Education is responsible for developing and implementing government policy and legal regulations on education. The Ministry outlines the curriculum and allows regional authorities to run education systems within guidelines laid down by the state. Education is free and compulsory from the age of seven to the age of 17, including four years of elementary school, five years of lower-secondary education and two years of upper-secondary education along either a general university-preparatory track (84 per cent of pupils) or a vocational-technical track (16 per cent).[19]

The key school exam is the Unified State Exam (EGE), taken at secondary level to determine which pathway the students may take if progressing to HE. There are 14 subject exams available and prospective students must pass the exam corresponding to the subject they wish to study at university. Key subjects are Russian Language and Mathematics. The Unified State Exam was introduced in 2009 and enables students to apply to multiple universities at once, as opposed to taking university-specific exams.

In the OECD's 2015 Programme for International Student Assessment (PISA), Russia's 15-year-old secondary school students scored slightly above the OECD average in Literacy and Maths and slightly below the average in Science. Scores increased on the 2012 test, with a significant increase in Literacy scores.[20] The 2018 PISA results will be published in December 2019.[21]

Private education in Russia has been permitted since the early 1990s and the number of schools has increased significantly in recent years. Private institutions tend to be located in major cities such as Moscow. Private schools offer a wider curriculum and exam choice, along with an international outlook.

Language policy has changed in recent years, with increasing acceptance and expectation of English proficiency, particularly as Russia has hosted major recent international events such as the 2014 Winter Olympics and the 2018 FIFA World Cup. In September 2015 it became obligatory for all Russian school pupils to study two foreign languages before graduating and English is currently studied in 90% of schools.

Higher education

HE is widely accessible and, according to the OECD, Russia is developing a highly educated labour force and is one of the most educated countries in the world. According to UNESCO, the gross tertiary enrolment rate was 82 per cent in 2016/17 (89 per cent for females and 75 per cent for males) and almost 100 per cent of the population is literate.[22]

Russians aged 25 to 34 years are more highly educated than the OECD average, with 65 per cent of Russian women and 50 per cent of Russian men having a tertiary education qualification.[23] As in most OECD countries, women in Russia hold higher qualifications than their male counterparts, although the proportion of males enrolled at tertiary level has increased from 42 per cent in 2009/10 to 46 per cent in 2016/17.

Russia is home to some highly renowned education institutions that were world leaders in the Soviet era. However, quality deteriorated significantly as the sector was mismanaged, became overstretched and failed to modernise.

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[19] Russian Education System, *Ministry of Education and Science, National Information Centre on Academic Recognition and Mobility*.

[20] Results in focus, *OECD PISA*, 2015.

[21] Upcoming results, *OECD PISA*, 2018.

[22] Russian Education and Literacy, *UNESCO Institute for Statistics*.

[23] Russian Federation, *OECD Education at a Glance*, 2018.

According to the Russian Ministry of Education and Science, as of 2015/16 there were six types of HEI in Russia:

National university: Lomonosov Moscow State University and Saint Petersburg State University are the two national universities. This status brings with it special opportunities for public funding for the development of teaching and research. These well-funded elite institutions are under the direct control of the federal government, which appoints their rectors.

National research university/winner of national innovative programme: Universities with an emphasis on producing research and integrating regional research activities. Currently, there are 29 national research universities[24] and an additional 21 Project 5-100 universities.

Federal university: There are ten federal universities, all of which are leading HEIs and centres of research. Some were established following mergers of small local universities.[25]

University: An HEI with an emphasis on teaching, offering a wide range of programmes in many disciplines and carrying out some applied and fundamental research.

Academy: An HEI that delivers diverse programmes and conducts research in a certain area (e.g. agriculture, healthcare or the arts).

Institute: An HEI that trains students for a specific profession and conducts related research.

Along with the state sector, there is also a sector of HEIs run by municipal and regional authorities, as well as a sector of non-state HEIs. This last group is run by private and religious organisations.

Over time, Russia has seen the emergence of a healthy private HE sector, following the legalisation of private education in 1992. Private universities tend to supplement public education with more specialised, niche offerings, rather than compete directly with the bigger state-funded universities. However, as demonstrated by Project 5-100 funding for state universities and the closure of many private universities, the Russian government does not prioritise the development of the private sector.

Historically, Russia's universities made independent admissions decisions but, since 2009, the Russian government has mandated the use of the EGE in the admissions process. This was implemented to address corruption in the process and to increase participation in HE. Only two universities – Moscow State University and St Petersburg State University – have been exempted and continue to administer their own admissions tests. Prior to 2009, applicants often had to travel to universities across the country to sit entrance exams, which was costly and time-consuming. But, as of 2015, students could sit the EGE in any of 5,700 testing centres throughout Russia, as well as in 52 countries abroad. Foreign students are admitted based on separate institutional admissions requirements and typically must take the Test of Russian as a Foreign Language (TORFL).[26]

In 2003 Russia became a signatory to the 1999 Bologna Declaration, a series of ministerial meetings and agreements between European countries to ensure comparability of the standards and quality of HE qualifications. Russia has since adopted many of the Declaration's quality assurance provisions. Internal quality assurance systems have been established at most of Russia's universities, and there are several independent accreditation agencies operating in Russia. However, accreditations from European agencies are presently not recognised by the Russian government,[27] including those on the European Quality Assurance Register (EQAR).

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[24] List of research universities, *Russian Federal Education Portal*.

[25] The 10 Federal universities are: Siberian Federal University, Immanuel Kant Baltic Federal University, Far Eastern Federal University, Kazan (Volga Region) Federal University, Crimean Federal University, Northern (Arctic) Federal University Lomonosov, North-Eastern Federal University, North Caucasian Federal University, Ural Federal University, South Federal University. Source: Russian Education Federal Portal.

[26] Education in the Russian Federation, *World Education News and Reviews*, 6 June 2017.

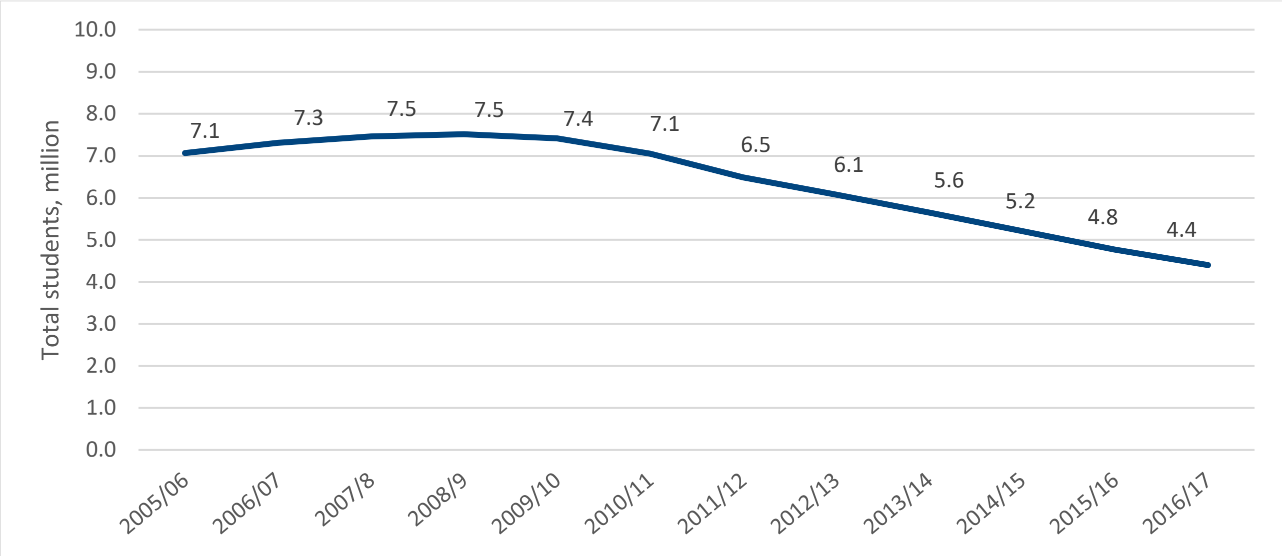
[27] Russia, *European Quality Assurance Register*.

Prior to the introduction of the Bologna three-cycle degree structure in 2003, tertiary education in Russia consisted mainly of long, single-cycle degree programmes of five to six years' duration, leading to the awarding of a "Specialist Diploma". In 2007 the single-cycle specialist programme was replaced by a two-cycle degree system consisting of an undergraduate bachelor's degree and a graduate master's degree in many fields of study. Specialist degrees continue to be primarily awarded in professional disciplines such as Law, Engineering and Medicine, as well as Astronomy, Cinematography and Computer Security.[28]

The Russian academic year runs from September to May/June and is divided into two semesters, with examinations held at the end of each. A typical bachelor's degree programme takes four to five years to complete. A master's degree takes a further two years and a PhD an additional three years. Tuition fees for international students to study in a public university range from about £1,700 to £3,300 per year.[29]

The language of teaching in Russian universities is mainly Russian. Some medical courses can be taught in English or French (General Medicine, Dentistry and Pharmacy). The tuition for the courses taught in English or French is 25-50 per cent higher than for those taught in Russian.

Figure 6: Number of students enrolled in bachelor's, specialist and master's programmes



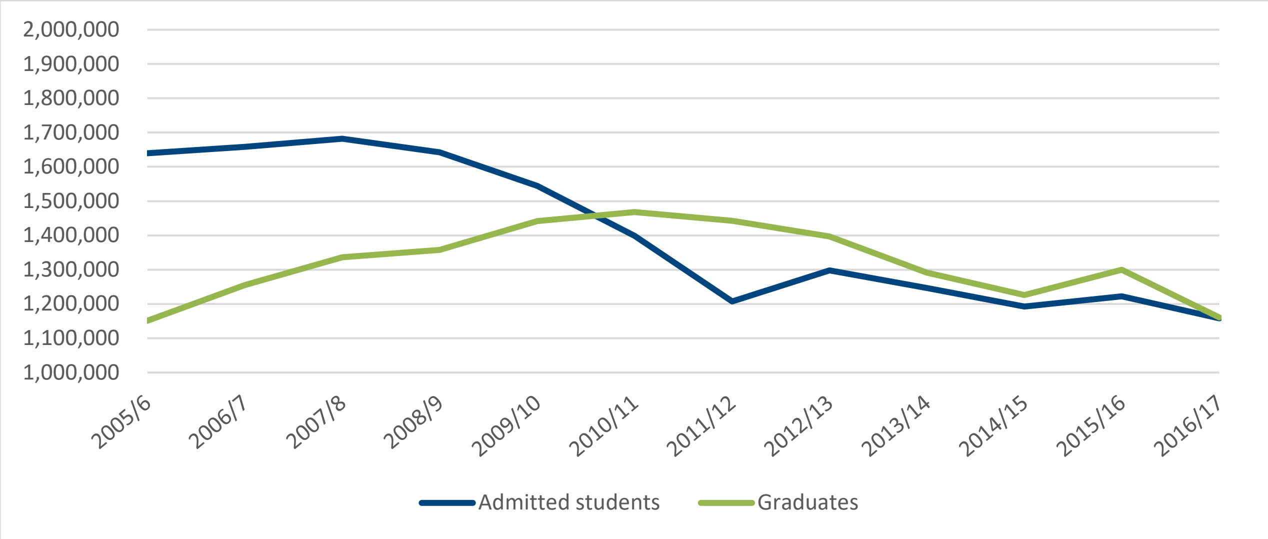
Source: Rosstat.

Owing to Russia's population decline, the number of students enrolled in HE programmes plunged from 7.5 million in 2009/10 to 4.4 million in 2016/17, a 40 per cent drop. Declining student enrolments have coincided with a decrease in the number of Russian HEIs. Owing to mergers or liquidations of ineffective HEIs in recent years, the total number of HEIs (public and non-public) decreased from 1,115 in 2010 to 818 in 2016. Non-public HEIs represent about 40 per cent of total HEIs and enrol about 15 per cent of students.

[28] Education in the Russian Federation, *World Education News & Reviews,* 2017

[29] Russian universities tuition costs, *studyinrus.com.*

Figure 7: Entrants and graduates of bachelors, specialist and master's programmes



Source: Russian Federal Statistics Agency.

The number of new entrants to HE programmes has declined from 1.7 million in 2007/08 to 1.2 million in 2016/17, a trend that is expected to continue. Since 2010/11 the number of graduates has exceeded the number of new entrants, although the number of graduates is also declining.

Key policies related to education

In 2012 the Ministry of Education and Science launched an initiative to improve the international reputation of Russian HEIs. Project 5-100 aimed to elevate at least five universities into the global top 100 universities. Twenty-one universities were selected to receive up to 1 billion roubles (£12 million) each year from public funds to improve their world league table rankings. Moscow State University and St Petersburg State University, two of Russia's best universities, are not participating in Project 5-100 as they are funded separately. The objective has since been revised to target success in individual subject rankings, given the specialist nature of many Russian institutions. Key aims of the project include:

- **Increase research potential.** Between 2012 and 2017 Russia's scholarly output (as measured by Scopus) has more than doubled.[30] This momentum may already have been evident prior to Project 5-100, as Russian-language research output is under-represented in international journals. Project 5-100 seeks to ensure that more Russian research is available in English.
- **Produce world-class intellectual products and educational programmes.** The 2012 THE World Rankings included two Russian universities: Moscow State University (276–00) and St Petersburg State University (350–400). The 2019 THE rankings include four universities in the top 400, five in the 400-600 band, two in the 600-800 band and four in the 800-1,000 band — a total of 15 universities in the top 1,000. ITMO, which specialises in information technology and engineering, is now firmly in the top 100 universities in the THE Computer Science subject rankings.
- According to the THE, rankings report some commentators argue that much of the research published in the country's around 2,000 Russian-language journals goes unrecognised, owing to the methodologies used in compiling global league tables. But others argue that Russia's low standing in league tables is the result of underinvestment over decades and a dysfunctional system for encouraging academic talent.[31]

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[30] SCI Scopus.

[31] "Russia's universities: rebuilding "collapsed stars", *Times Higher Educational Supplement*, 22 January 2015.

- **Integrate innovation into HE, develop general and extra-curricular education, and stimulate interest in both scientific and artistic subjects.** In general, Russian universities are changing how they view themselves, moving away from the image of 'training organisations' towards being research organisations. The decision in 2018 to allow most of the 5-100 universities to grant their own degrees is a sign that Russian universities are gaining more autonomy from the Education Ministry.
- **Have at least 10 per cent of professors at universities being international professors and no less than 15 per cent of students being international students**. The top 1,000 ranked 5-100 institutions are improving steadily on these metrics. However, a large proportion (>60 per cent) of international students are from former Soviet Union countries. Efforts to recruit international staff are hampered both by the language barrier – as most potential overseas recruits do not speak Russian – and the relatively poor salaries on offer.[32] The 2019 THE World Rankings show that Project 5-100 has yet to achieve its goal, with none of the selected 21 universities making it into the top 100. Yet select universities did move up the rankings – the Higher School of Economics, for example, moved from the 351-450 band to the 301–350 band.

In May 2018 the Ministry of Education and Science was split into the Ministry of Education (covering education up to university level and vocational training) and the Ministry of Science and Higher Education (covering universities and research institutions). The change sought to address the lasting Soviet-era distinction between HEIs that teach and those that produce research, and it is expected that the research capacity of universities will be expanded as a result. There have, however, been some concerns that vocational education and training may be neglected and also concerning the separation of the administration of secondary and tertiary education.

International student recruitment

Overall inbound trend

Rosstat publishes data on foreign students in Russia. According to Rosstat, the number of foreign students enrolled in bachelor's, master's and specialist programmes in Russian public HEIs increased from 195,551 in 2015/16 to 207,356 in 2016/17, a 6 per cent increase, representing 5.3 per cent of all students enrolled in these institutions. The main source country was Kazakhstan (52,336), followed by Uzbekistan (18,018), Ukraine (17,074), Turkmenistan (16,832) and Tajikistan (14,124).[33]

The number of foreign students enrolled in bachelor's, master's and specialist programmes in Russian private HEIs fell from 46,947 in 2015/16 to 37,241 in 2016/17, a 20 per cent decrease, and represented 7 per cent of all students enrolled in these institutions. The main sending countries were Kazakhstan (15,067), Belarus (4,492), Uzbekistan (4,208) and Ukraine (3,270). Overall, Russia receives far more international students than it sends abroad.

More than 60 per cent of foreign students in Russia come from the Commonwealth of Independent States (CIS), where Russian HE has a good reputation and Russian language proficiency is high. Geographic proximity also plays a role. The Russian government encourages regional student exchanges to extend its influence in the region.

UNESCO, using a broader tertiary enrolment definition, reports a significantly higher figure, of 243,752 international students in Russia in 2016. In addition to the CIS countries, UNESCO lists China (10,693), India (5,250), Malaysia (2,459) and Vietnam (1,447) as other significant source countries.[34] There has long been difficulty attracting European and North American students to study and faculty to teach at Russian institutions, owing to linguistic, cultural and political barriers, as well as the comparatively low rankings and visibility of Russian institutions. However, Russia presents a high-value, low-cost option for students from developing and emerging economies.

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[32] Is Russia's 5-100 Project working? *THE World University Rankings*, October 2018.

[33] Russia in figures 2017, *Rosstat.*, 2017

[34] Student flow, *UNESCO Institute for Statistics*.

Project Atlas reports that Russia hosted 313,089 international students in 2017/18, with Kazakhstan as the largest source, sending 71,826 students, China as the second-largest source (27,127 students) and India the ninth-largest source (9,861 students). This includes non-degree students and credit mobility. The governments in both Russia and China have in recent years taken steps to boost student exchange numbers between the two countries. Russian universities are, for example, offering dual-degree programmes to Chinese students and Russian language learning centres have been established in China.

According to Project Atlas, 65 per cent of international students in Russia were studying at undergraduate level and 35 per cent at postgraduate level. The main subject areas of study were Engineering, Business and Management, and Humanities.[35]

In 2015 Russia's top 15 institutions, which made up the Global Universities Association, announced an initiative to streamline the recruitment of foreign applicants and jointly to recruit at least 15,000 international students to Russia annually. Based on the creation of a network of education recruitment agents, the plan also involves direct recruitment in some key markets in South-east Asia, the BRICS (Brazil, Russia, India, China and South Africa), the Middle East and Africa.

In 2017 Russia unveiled an ambitious recruitment programme to expand international enrolment in the country's HEIs by 40 per cent, to nearly 310,000, by 2020, and a longer-term strategy targeting 710,000 students by 2025.[36] The new plans involve enhanced support services for international students, additional English-medium degree programmes, and a wider range of joint programmes, pathway options, summer programmes and online programmes.

After his re-election in March 2018, Mr Putin set the goal of doubling the number of foreign students in Russian universities by 2024. Every year, the Russian government funds about 15,000 scholarships for international students to study at Russian state institutions.[37]

Studying in Russia has become easier for foreign students owing to implementation of the Bologna process, yet there are still difficulties when it comes to recognising the three-year undergraduate programmes and one-year master's programmes that are common in Europe. The lack of programmes taught in English is also a barrier to recruitment, as is the requirement to undertake a one-year foundation programme in both specific and general subjects, with a strong focus on Russian language and history. However, government initiatives enhancing the appeal of Russia as an international study destination are progressively addressing some of these concerns.

Overall outbound trend

Between 2011/12 and 2016/17, UIS data indicate that the number of outbound Russian degree students increased from 50,854 to 56,837, just 1.3 percent of Russia's 4.4 million HE students in 2016/17. The top five destinations in 2016/17 were the Czech Republic (5,771) the US (5,157) the UK (3,974), France (3,555) and Finland (2,799).[38]

China and Germany are also important destinations, but as UIS data only tracks degree-seeking students, it does not rank them as top destinations. However, according to Project Atlas data, which include non-degree-seeking students and credit mobility, China and Germany are the top two destinations for Russian students, hosting 19,751 and 14,939 students, respectively, in 2017/18.[39] This reflects the strong growth in exchange programmes, language-training programmes and internships that has accompanied the strengthening of Sino-Russian and German-Russian co-operation in recent years.

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[35] Russia, *Project Atlas,* 2019

[36] Russia aims to triple international enrolments by 2025, *ICEF Monitor*, 28 June 2017.

[37] Russian government scholarships, *Study in Russia.*

[38] Student flow, *UNESCO Institute for Statistics.*

[39] Explore data: Russia, *Project Atlas.*

Russia is an active participant in the EU's Erasmus+ programme, sending 2,333 students abroad and receiving 1,382 students on the programme in 2016/17.[40]

With the exception of the English component, the Russian Certificate of Secondary Education is considered to be broadly equivalent to UK GCSEs or Australian secondary graduation certificates, meaning that further study, such as A-levels or bridging programmes, is required for entry to undergraduate programmes in these countries. Russian students holding an undergraduate bachelor's degree or Specialist Diploma may be considered for postgraduate study in the UK or Australia.

In 2014 the government introduced a Global Education Programme that seeks to facilitate human capital development in Russia and remedy shortages of skilled professionals across five priority areas: Science, Education, Medicine, Engineering and Social Management.[41] Scholarship funding of 2.7 million roubles (£32,500) per academic year is provided for Russian graduate students at 288 selected foreign universities, 33 of which are in the UK.[42] Grant recipients are required to return to Russia within three years to take up employment in one of a number of selected positions. As of April 2019, there were 710 programme participants and 233 graduates of the programme employed in Russian companies, HEIs and scientific organisations.

Moscow, St Petersburg, Kazan, Ekaterinburg and Novosibirsk have been recognised by the British Council as five cities with high potential for student recruitment. All of them are economically successful cities with high income and populations over 1 million.

UK recruitment

The number of Russian students in the UK peaked at 4,270 in 2014/15 after nine consecutive years of growth. An economic recession in 2015 and 2016, together with depreciation of the rouble, led to a decline in students studying in the UK. It remains to be seen whether the economic rebound in 2017 and 2018 will result in a revival of student mobility to the UK and elsewhere.

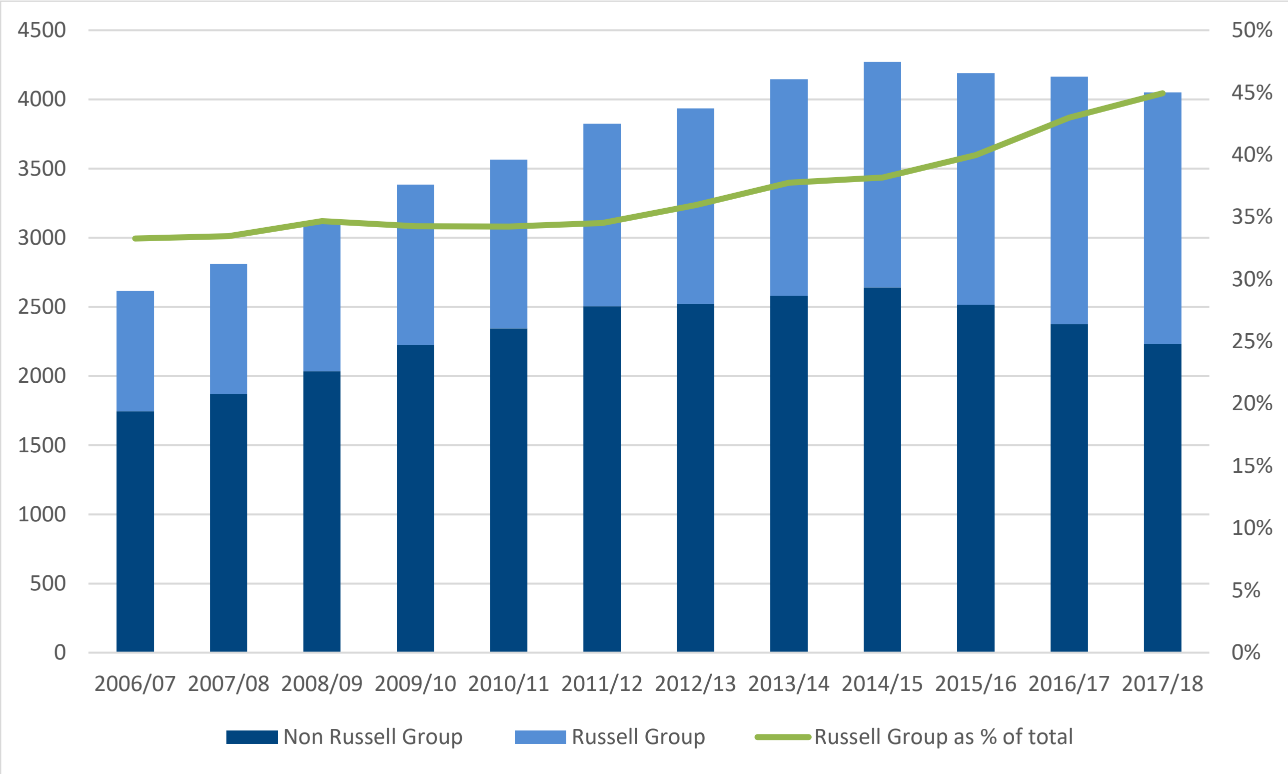
It should be noted that a significant number of Russian nationals domiciled in the UK are enrolled in HE programmes and these students are not captured in the HESA data.

40 Statistical Annex, *Erasmus+ Annual Report 2017.*

41 About the programme, *Global Education state programme.*

42 List of 288 leading foreign education organisations, *Global Education state programme.*

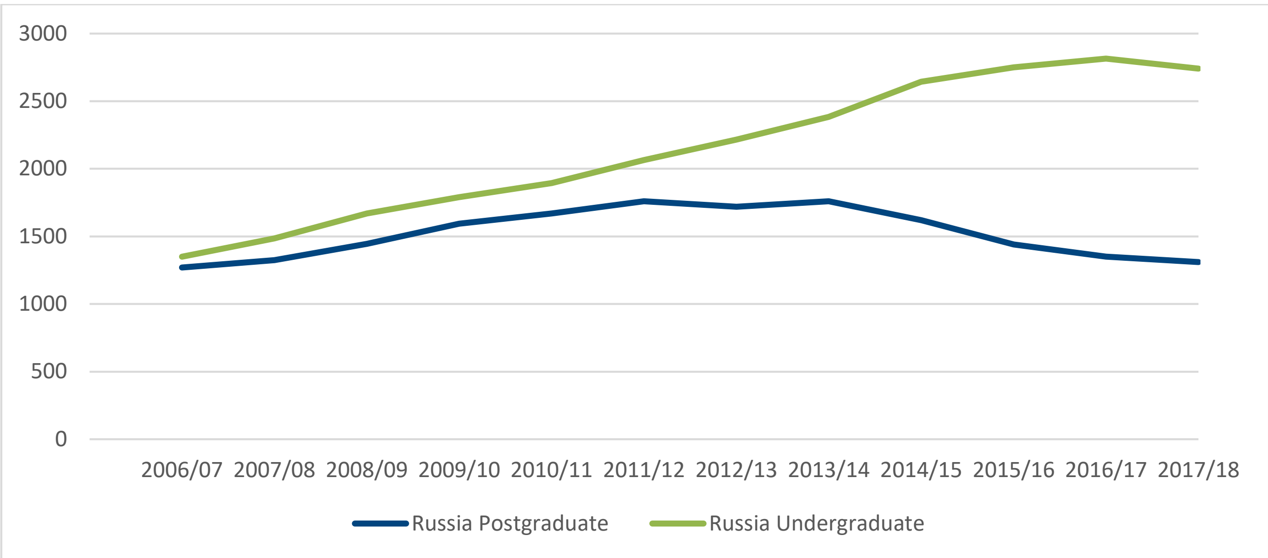
Figure 8: Russian students enrolled in HE programmes in the UK



Source: HESA.

While overall numbers have decreased in recent years, recruitment by Russell Group institutions has continued to grow, resulting in their proportion of students increasing from 35 per cent in 2006/07 to 45 per cent in 2017/18.

Figure 9: Postgraduate and undergraduate Russian students in the UK

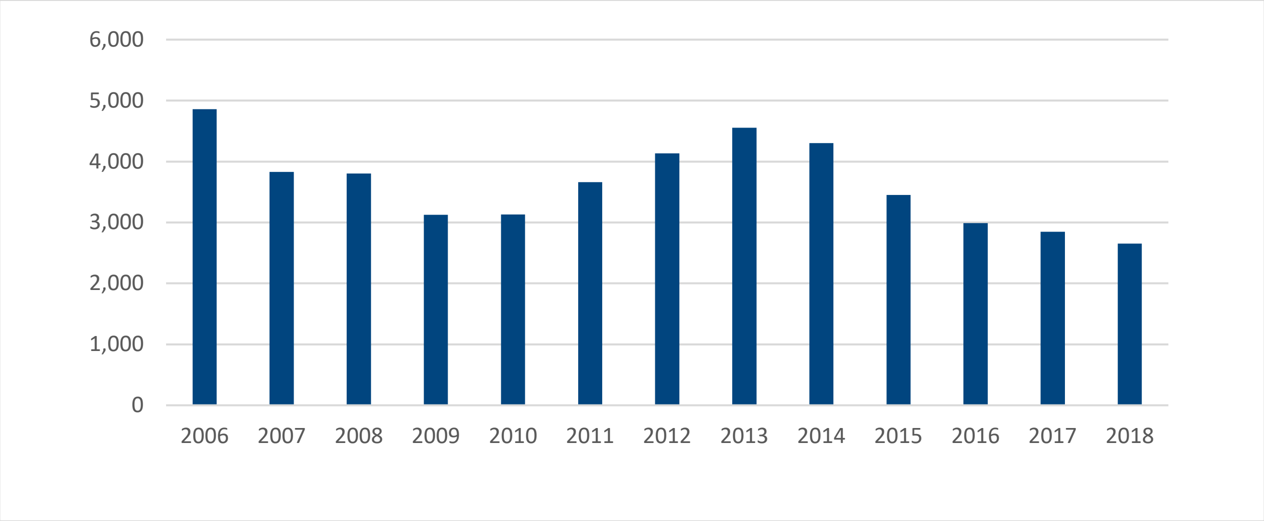


Source: HESA.

Most of the decrease observed from 2015/16 onwards has occurred at postgraduate level, although the number of undergraduate students did decrease for the first time in 2017/18. Postgraduate students as a proportion of the Russian student population in the UK decreased from 48 per cent in 2006/07 to 32 per cent in 2017/18.

Since 2009 visa-issuance data have proven a reasonably accurate predictor of Russian student mobility in the following year. Based on the number of tier-4 visas issued to Russian nationals in 2018, the decrease in recruitment observed over the past three years appears to have continued in 2018/19.

Figure 10: Tier-4 (study) visas issued to Russian nationals



Source: UK Home Office.

Demand for short-term study visas has exhibited strong growth since 2016 and increased by 52% in the three years from 2016 (10,687) to 2018 (16,299). The demand for English language training programmes in the second quarter of 2019 increased by 15 per cent year on year, reaching almost 12,000 in the three-month period.

Subject areas

Business & Administration is by far the most popular subject area for Russian students in the UK, with one-third studying at postgraduate level and two-thirds at undergraduate level. However, new enrolments in such programmes declined by nearly 20 per cent between 2013/14 and 2017/18. Postgraduate business programmes were hardest hit, with new enrolments falling by 45 per cent over the same time period.

Social Studies (driven by the sub-category of Economics), Creative Arts & Design, and Engineering & Technology are also popular. Education and Law have the highest proportions of students enrolled at postgraduate level, at 83 per cent and 47 per cent, respectively.

There have been a few relatively bright spots: Languages was the fastest growing field of study at undergraduate level, with a 20 per cent increase in enrolments compared to the previous year. At postgraduate level there was strong growth in both education and biological sciences, increasing by 50 per cent and 43 per cent respectively over the same time period.

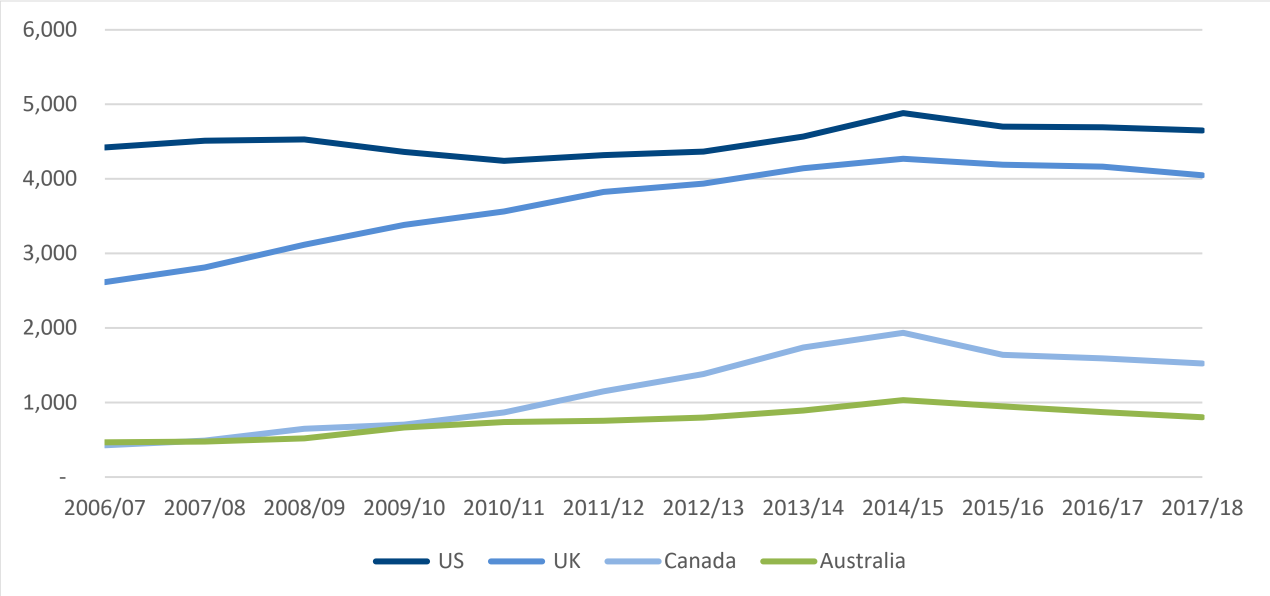
Figure 11: New UK enrolments according to subject area, YoY change

		Undergraduate			Postgraduate		
	Total new UK enrolments in 2017/18	New UK enrolments in 2017/18	Change from previous year	5-year trend	New UK enrolments in 2017/18	Change from previous year	5-year trend
Business & administrative studies	1240	830	-8.3%		410	-7.9%	
Social studies	535	405	-6.9%		130	-13.3%	
Creative arts & design	335	265	1.9%		70	0.0%	
Engineering & technology	275	170	3.0%		105	5.0%	
Languages	215	150	20.0%		65	-7.1%	
Biological sciences	195	145	7.4%		50	42.9%	
Computer science	185	120	-4.0%		65	0.0%	
Law	160	85	-5.6%		75	-11.8%	
Architecture, building & planning	135	95	11.8%		40	14.3%	
Historical and philosophical studies	135	95	11.8%		40	-11.1%	
Physical sciences	130	75	-6.3%		55	-8.3%	
Mathematical sciences	125	70	-12.5%		55	10.0%	
Mass communications and documentation	125	90	-21.7%		35	-30.0%	
Subjects allied to medicine	95	65	18.2%		30	20.0%	
Education	90	15	-40.0%		75	50.0%	
Medicine & dentistry	45	25	0.0%		20	33.3%	
Combined	30	30	0.0%		0	0.0%	
Agriculture & related subjects	10	5	0.0%		5	0.0%	
Veterinary science	5	5	*		0	0.0%	

Source: HESA

Competitor activity

Figure 12: Student mobility to the UK's main competitors



Sources: HESA; IIE; Stat Canada; Austrade.
Notes: US data excludes OPT; 2017/18 data for Canada is estimated based on 2017 study visa issuance; Australia 2017 data is compared against 2017/18 data for the other countries.

According to national data sources (which differ from the UIS data discussed above owing to methodological differences), the US and UK have followed noticeably similar growth paths over the past seven years: both peaked in 2014/15 and have followed a slight downwards trend since. Canada had been increasing its market share until the Russian economy slumped in 2015, but interest in Canada as a study destination has increased in recent years owing to, among other factors, a relaxation of the immigration rules. The number of Russian students in Australia is comparatively small, although the ability to work 40 hours per fortnight on a student visa is an advantage. It is also worth noting that Germany and the Czech Republic present some competition as they both appeal to students by providing free education.

As previously discussed, China and Germany are major destinations for Russian students on credit mobility study programmes, though such visits are generally for a relatively short duration of one semester or less and tuition fees are often waived.

Transnational Education

Russia is not a major host of international branch campuses. It hosts branch campuses of the Stockholm School of Economics, which offers MBA programmes; the US-based Touro College and University System, which offers qualifications through the Moscow University Touro; and the German-Russian Institute of Advanced Technologies. The overall number of such operations is, however, relatively small.[43]

However, Russia is a major player in TNE in post-Soviet countries, where Russian state universities currently operate 36 branch campuses, most of them located in Armenia, Kazakhstan and Kyrgyzstan. Unlike in the UK or Australia, where TNE is primarily driven by the sector, outbound TNE from Russia is directed by the government and aimed at fostering economic, political and socio-cultural integration in the post-Soviet space.

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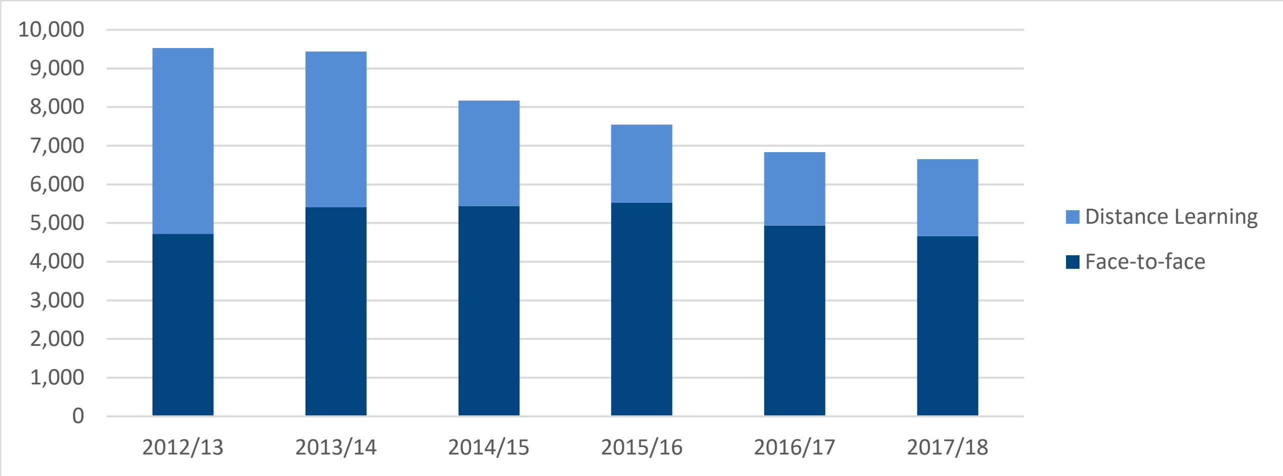
[43] C-Bert, Cross-border education research team: international branch campus listing, updated 20 January 20 2017.

Figure 13: Students enrolled on UK TNE programmes in Russia



Source: HESA.

The number of students enrolled on UK TNE programmes delivered in Russia has declined significantly in recent years, primarily owing to a decline in the distance-learning market, down by 2,805 students between 2012/13 and 2017/18. This appears to be in contention with increasing acceptance and interest in online education more generally in Russia, and possibly has more to do with the overall decline in the tertiary-level student population and increased availability of spaces in domestic institutions. The market for European TNE programmes in Russia is well established and competitive. Market leaders includes Germany, France, Finland and the UK.