

EDUCATION IN APPLIED ECONOMICS IN CENTRAL ASIA:
PROBLEMS AND OPPORTUNITIES

I. M. (Mac) Destler
March 17, 2000

This report is in response to USAID/CAR's request that I survey the state of economics, business, and public policy education in Central Asia. I am grateful to Gary Linden for suggesting the project, and to Gary, Mission Director Glenn Anders, Tom Morris, and Marcus Johnson for their advice and support. Many others provided help and assistance on specific countries, and they are recognized in the Appendices (A-E) which accompany this report. I must, however, thank Vivian Walker, Gavin Helf, Harriett Destler, and Steve Schmida for their overall advice and comments on earlier drafts.

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I. Introduction

This final report is in fulfillment of Purchase Order 115-0-00-00-00035-00 dated December 6, 1999, under which USAID/Central Asia called upon me to conduct an assessment of . . . university-level economic, business and public policy education possibilities in each of the five Central Asian Republics. From that date through early March 2000, I visited general and specialized institutions in each country, and consulted also with experts engaged in the educational reform process. What follows is a description of what I did, what I found, what conclusions I drew, and what steps USAID might take in this key area of national and regional development.

The premise of this study is that prosperous market economies depend on professionals--in business and in government--who know how markets operate and how to increase national productivity through private entrepreneurship and supportive government oversight. As James W. Fox put it in his recent report to USAID/Central Asia, The critical issue is not to produce a few economists with world-class capabilities . . . but to create a large number of people with basic understanding of economic principles and the capacity to apply them to local circumstances.² Professional education is an obvious means to the end, and probably the most effective means.

To learn about the situation on-the-ground, I paid over 50 visits to 47 degree-granting and training institutions in eleven urban areas: twelve (12) institutions in Kazakhstan, seven (7) each in Kyrgyzstan, Tajikistan and Turkmenistan, and fourteen (14) in Uzbekistan. To each I posed a broad range of questions: about students and faculty, tuition and salaries, subjects taught and jobs-for-graduates sought, libraries and computers, corruption and reform. In selecting these forty-seven from the much larger number of possibilities, I sought advice and assistance from USAID staff, USIS, Soros and Eurasia foundations, IREX, and others with expertise. Inevitably, though, my exposure to Central Asian higher education has been more broad than deep, and the conclusions are based on my qualitative judgement, subject to revision as more information comes to light.

In addition to this overall report, I have prepared (1) a summary of findings and recommendations and (2) attachments for each of the five countries. I also stand ready to answer questions and provide further information and assistance.

1. Professor, School of Public Affairs, University of Maryland; Fellow, Institute for International Economics.

2. USAID Economic Strategy in Central Asia, Draft, November 10, 1999, p. 7. In addition, he added, This may raise the level of public debate on economic issues and play a constructive role in better economic policies in the longer term.

II. Higher Education in Central Asia: Deterioration and Reform

In the course of my research, I met many committed Central Asian professionals and a number of true educational entrepreneurs. Their work offers grounds for hope, and provides USAID reformer allies to work with. But notwithstanding their efforts, the general state of higher education in Central Asia is abysmal. Universities are seriously underfunded, a product of severe cutbacks in public spending since the breakup of the Soviet Union. One result is that the level of most professors' basic salaries is extraordinarily low: as little as \$5-10/month at state universities in Tajikistan and Kyrgyzstan; less than \$100/month just about everywhere except the leading private universities in Kazakhstan.³ Another effect is that buildings are run down and poorly heated--the state universities in particular.

Corruption is widespread, including the selling of admissions and grades. It seems particularly severe in Turkmenistan, which has arbitrarily limited the size of entering university classes (inflating the under-the-table value of admissions), but in all countries students appear able, at many institutions, to buy good grades from professors or deans. This undercuts the credibility of degrees issued by these institutions. The problem, by all accounts, predates the collapse of the Soviet Union, but I encountered a widespread belief that it has worsened since independence. The situation seems particularly bad at the national universities that are supposed to be, and may once have been, the centers of academic quality.⁴

Two reforms have served to mitigate these effects. One is the licensing of private universities that charge tuition--in Kazakhstan, Kyrgyzstan, and Tajikistan, in descending order of their prevalence. The second is authorizing state universities (in all save Turkmenistan) to charge tuition also: to admit contract (paying) as well as budget (state-financed) students. These reforms give new energy and resources to higher education, and seem to reduce corruption by creating legitimate markets for higher education services. Both represent substantial change from the Soviet norm--that the state was responsible both for providing higher education and for funding it.

This combination of deterioration and reform has produced a melange of institutions, some quite entrepreneurial, that offer higher education in applied economics.

3. Apparent exceptions also are American University in Kyrgyzstan and Technological University, Dushanbe. (Salary numbers are based on information conveyed orally during interviews.)

4. An exception is the University of World Economy and Diplomacy (UWED), perhaps the best institution of higher education in Uzbekistan. It was founded in 1992, and is under the authority of the Ministry of Foreign Affairs, not the Ministry of Education.

III. Institutions with Economics/Business Programs: Four Basic Types

Most of the programs within the scope of this study are in business, management and finance. It is here that the major institutional and curriculum innovations have taken place. By contrast, this survey uncovered no true public policy (as opposed to public administration or management) programs in the region. There are institutions specializing in economic education: KIMEP in Kazakhstan is an innovative example; Tashkent State Economic University (TSEU) and Turkmen Institute of National Economy had their origins in Soviet times.. But as the following lists and examples will show, the interesting Central Asian education in applied economics is found mainly in business and/or management schools or programs.

The 47 institutions visited fall into four categories, with some inevitable overlap. The first, and most promising overall, consists of 15 public and private institutions that are both specialized and licensed to offer academic degrees, listed in rough order of quality and reform potential. (*Table I*)

The second type of institution is the university within which economic and business education is a component--frequently a priority, but nested in a broader curriculum. I visited 21 of these. They divide, in turn, into two types: comprehensive universities, and specialized universities. (*Table IIa/b*)

I. *Specialized, government-licensed economics/business/management schools & universities. (*denotes private)*

KAZAKHSTAN

*Kazakhstan Institute of Management, Economics and Strategic Research (KIMEP)

*Adilet Law School#

*Kazak-American College, Ust-Kamenogorsk

*International Academy of Business (IAB, formerly Almaty School of Management)

*International Business School (IBS, formerly at KazGAU)

*Turan University (also teaches law)

*[Akmola] Institute of Management, in Astana
Kazakh State Academy of Management (KazGAU)

KYRGYZSTAN

Academy of Management under the President

*Academy of Finance and Management

TAJKISTAN

*Tajik Institute of Management (TIM), in Kairakkum

TURKMENISTAN

Turkmen State Institute of National Economy (TINE)

UZBEKISTAN

Tashkent State Economic University (TSEU)

International Management Training Center (IMTC),
Samarkand##

Tashkent Institute of Finance

#Not a business school, but visited (and listed here) as a model of a new, economically viable private institution providing educational quality.

##This is a TACIS-supported center that aspires to offer a master s degree program. It currently provides training and management consultation. Shareholders are the Samarkand Cooperative Institute (71%) and Samarkand State University (29%).

II. *Economics/business programs in universities:*

a. *General universities*

KAZAKHSTAN

Al-Farabi Kazakhstan State University (KazGU)
East Kazakhstan State University, Ust-Kamenogorsk
[Eurasia University, Astana]#

KYRGYZSTAN

*American University in Kyrgyzstan (AUK)
Kyrgyz-Russian Slavic University
*International University of Kyrgyzstan (MYK)
Osh State University
Kyrgyz State University

TAJIKISTAN

Tajik-Russian Slavonic University
Tajik State National University
Khojand State University

TURKMENISTAN

Magtymguly Turkmen State University (Texas A&M
Joint Business Program)

UZBEKISTAN

University of World Economy and Diplomacy
Samarkand State University
[Tashkent State University--not visited]

#Despite several communications, I was unable to schedule an appointment during my visit to Astana. I did talk with two of its faculty members at a meeting with IREX alumni, and one Peace Corps Volunteer teaching there.

b. *Technical or specialized universities*

KAZAKHSTAN

East Kazakhstan Technical
University, Ust-Kamenogorsk

TAJIKISTAN

*Technological University#
Tajik Technical University
Tajik State University of Law,
Business and Politics, in Khojand

TURKMENISTAN

Turkmen Agricultural University
Turkmen Polytechnical Institute

UZBEKISTAN

Tashkent State Technical
University, Faculty of Business
Management
Samarkand State Institute of
Foreign Languages##

#In form 50-50 government-private;
in practice mostly the latter.

##This institution, under a highly
entrepreneurial rector, does not
currently offer a business management
degree program but seeks to establish
one on the foundation of its language
programs. It currently houses a
business incubator operation.

A third type of institution is found in the countries that have lagged in licensing private universities: Uzbekistan and Turkmenistan. There is what economists would call a revealed market for business education and training programs not met by established (state) institutions. The evidence is that students (or their parents, or their employers) pay for business-education programs that seem honest (in offering a reform curriculum and demanding student performance) even though they are not (yet) authorized to issue academic degrees. In Turkmenistan, where the official economics institute seems singularly stagnant, and the Education Ministry weak vis-a-vis a dominant and willful Presidency, they may offer the main hope for reform. In Uzbekistan, the central government has been resistant to licensing private institutions but permissive toward them, and local governments have sometimes been strongly supportive, particularly in the cases of the Progress Center and the government of Karakalpakstan.

These institutions offer full-time, degree-like programs (or aspire to), but are also likely to run training programs for mid-career officials or employees of private industry. Some of them they also run English language programs, which can offer an economic (and student) base for the business education activities. I visited five of these schools. (*Table III*)

Finally, there are institutions that do not offer multi-year academic programs but are entirely devoted to mid-career training. In some cases, they may in fact grant a Master's degree for a one-year (or 14-month) program. But their target is government officials or private employees around thirty years of age who are already in clear professional tracks. The word upgrading is often used to describe their activity. They are normally outside the jurisdiction of education ministries. In several instances, they are the creatures of reform-minded Presidencies. I visited six of these institutions. (*Table IV*)

These categories are anything but water-tight. Turan University in Kazakhstan, listed as a business school (Category I), has a minority of students specializing in law. Technological University in Dushanbe (Category II) falls on the other side of the line, with 40% of its students taking economics/business courses. FIMI is innovative and yet-to-be-licensed, like the schools in Category III, but it differs from them in that it caters entirely to mid-career professionals. And many institutions offer the mid-career training that is the hallmark of

III. *Innovative (yet-to-be-licensed) programs:*

TURKMENISTAN

Interbank Center for Staff Training at the Central Bank of Turkmenistan#

*Economics and Business School (housed at Turkmen Polytechnic Institute)

UZBEKISTAN

* Progress Center Business School, Nukus

*International Business School Kelajak Ilmi at TSEU

*Samarkand International Business School at Samarkand State Architectural and Civil Engineering Institute

#This is authorized for training, but not yet for its plans to develop bachelor-level degree programs.

IV. *Training centers serving mid-career practitioners#*

KAZAKHSTAN

Academy of Civil Service under the President of the Republic of Kazakhstan

TURKMENISTAN

*Small and Medium Enterprise Development Agency

UZBEKISTAN

Academy of State and Social Construction Under the President of the Republic of Uzbekistan
Banking and Finance Academy of the Republic of Uzbekistan

*Regional Bank Training Center

*Ferghana International Management Institute (FIMI)

#This list is limited to institutions that do not have pre-career programs for university-age students.

Category IV. Two of a number that combine degree programs with short retraining courses for private industry, banks, and governments, are the International Business School in Almaty, which does substantial work with the World Bank Institute, and the Academy of Finance and Management in Bishkek, which has found a niche training government specialists dealing with business bankruptcies.

Nevertheless, the basic distinctions are useful. As a general rule, the government-licensed specialized institutions (I), and a few programs within the general and technical universities (II), offer the strongest partnership potential for USAID and others seeking to strengthen education in applied economics. In Uzbekistan and particularly in Turkmenistan, however, these are rare, and the strongest forces for reform are generally the innovative but unlicensed programs (III) and the mid-career training centers (IV).

IV. Problems

In addition to the chronic problems of underfunding, physical deterioration, and corruption alluded to earlier, economics and business programs face daunting difficulties.

Weak economies, weak business environments. Business and economics programs everywhere are undercut by the weakness of the national economies. This affects how much tuition they can charge, the working relationships they can develop with local and multinational business, and the jobs available for their graduates. There was an apparent tendency for course specializations targeted at producing future entrepreneurs to shrink relative to those useful for employment in government or banking--reflecting the poor private job market. The situation is made worse by unsupportive national economic policies (Turkmenistan, Uzbekistan), civil unrest (Tajikistan), excessive and corrupt regulation of business (everywhere) and spreading poverty (everywhere, particularly visible in Kyrgyzstan and Tajikistan).

Limited libraries, poor textbook availability. Teaching materials (textbooks, readings, locally-relevant cases) are in egregiously short supply almost everywhere. Teachers who visit the West on training programs often bring textbooks back with them, but the number of copies is usually too few for them to be broadly available to students. Some professors have written post-Soviet textbooks but lack funds to get them published. There is frequently a language problem, since most of the good material on economics/business is in English, which most students and professors cannot read. Compounding this is the post-independence emphasis on the five national languages and the extreme lack of appropriate publications in Turkmen, Uzbek, Tajik, Kyrgyz, or Kazakh. One unfortunate result has been to reinforce the old pattern of teaching--students spending up to 40 hours a week in the classroom listening to professors talk (presumably from outdated lecture notes), with little time reading, or thinking, or speaking for themselves.

Central Asian universities have been cut off from their old (Moscow-centered) life-support system, which brought teachers on the periphery up to date on substance, methods, etc. And despite multiple teacher training efforts by USAID, TACIS, the World Bank and other, nothing comparable has replaced it. (Potential exceptions are two institutions built on a new link to Moscow: Kyrgyz-Russian Slavic University and Tajik-Russian Slavonic University. They were created by inter-state agreements and offer degrees said to be recognized throughout the former Soviet Union. They have quickly risen to the top tier of universities in Bishkek and Dushanbe, respectively. One non-trivial reason is that Moscow funds professors' salaries, which have been several times higher than those at the old state universities.)⁵

Lack of regionally-relevant case materials. Business school teaching in the West relies heavily on the case method, which draws on real-life economic experience and puts students in hypothetical situations faced by business practitioners. Central Asian educators recognize this need, and have taken steps to remedy it--one example is the short cases developed by the International Management Training Center in Samarkand. (cite other examples--Turan? IAB?) But much, much more is needed.

Limited access to technology. Potentially, the revolution in information technology offers an answer to the textbook/materials problem. Through the world-wide-web, it offers a rapidly-expanding storehouse of materials at a fast-falling price. But most institutions are poorly connected. Few faculty members have regular access to computers or *email*, or the worldwide web. For students, matters are worse. Extreme examples are Khojand State University, with 8 PCS for 1010 economics students--or Osh State University, with 9 (12 more coming) for 500 business students, and the university's connection to the web several blocks away from where its faculty sits. Adilet, or Turan, or IBS do better. So does Technological University in Dushanbe, where students tout the fairness of having exams taken (and graded) on computers. Still, nowhere does access come close to US norms. This is mainly a problem of money, though it is exacerbated by weaknesses in regional telecommunications infrastructure and (in some countries) by government efforts at control.

Frequently-demoralized faculties. With all these problems, it comes as no surprise that faculty morale is seldom very high. With monthly salaries (in dollars) usually at double-digit levels, most must find other sources of income. Many honest professors therefore teach full-time at their home universities and part-time in others, leaving little time for research or curriculum reform. Of course, large numbers have had the one-time benefit of training visits to Europe or the United States, particularly in the fields of economics and business. But as a recent World Bank evaluation concludes, these have not led to effective institution-building: Local training capacity created by the WBI . . . in the CARs is largely fragmented and lacks

5. With the plunge of the ruble in 1998, these salaries dropped also, and the Kyrgyz-Russian Slavic University lost some professors to a new Turkish university.

sustainability.⁶ And with conditions as they are, it is no surprise that some of the brightest young faculty, after exposure to the West, leave the universities for better paying (and otherwise more rewarding) jobs with foreign governments, NGOs, or international agencies.

Poor regional connections. The regional academic network is very weak. Deans who once looked to Moscow now look to America and Europe for faculty training and support and advice on curricula, not to Central Asian peers. Students study mainly in their home cities or regions (except for those fortunate enough to fly off to advanced industrial nations). Professors don't network very much across national lines, or even within nations. Few professors in Osh get to Bishkek during a given year: one reason is that the round-trip airfare, recently raised to \$53, is equal to several months' basic salary. But beyond this, the habit of cooperation seems underdeveloped. In Ashgabat, for example, there is little communication among the leaders of the three innovative business education programs.

Unsupportive governments. In general, ministries of education appear to act as barriers to higher education reform, not sources of support for it. There is wide variation within the region--in Turkmenistan, where reform has gone least far, the Ministry is particularly weak in the face of a Presidency that micromanages admissions and arbitrarily slashes the number of entering students.⁷ In Uzbekistan, the President speaks strongly about education and the new Minister of Higher Education is viewed as a force for reform, but promising private schools go unlicensed. Kyrgyzstan is home to an innovative institution (the American University of Kyrgyzstan) that has Presidential support, but a reformist Minister of Education was forced out after meeting resistance above and below. Kazakhstan has done better--it has licensed numerous private universities (including some that did not merit it, and are now being closed), and its President has personally endorsed Adilet Law School and the Kazak-American University in Ust-Kamenogorsk--and, of course, KIMEP.

Of course, the job of education ministries is anything but easy. They have modest and oft-shrinking budgets, deteriorating physical infrastructure, and faculties trained in the old ways. Priority may go--and perhaps should go--to shoring up primary and secondary education institutions. But there is also a rigidity about change expressed in reluctance to sanction constructive experiments within systems where some venerable, long-licensed institutions are deeply corrupt within.

6. Raj Chhikara, WBI Operations in the Central Asian Republics: A Strategic Review, World Bank Institute, June 1999 (processed), p. 11.

7. The President's office rejected the entire class of fifty freshman selected to enter the new business program at Turkmen State in September 1999, on grounds that the young people (chosen for English competence and general potential) lacked direct business experience--there were also complaints about faculty children on the list. As of February, there was still no freshman class, although a new group was reportedly nearing final approval.

So the problems are broad and deep. The good news is that change is taking place, programs are being developed, and there are real opportunities for USAID to catalyze this process.

V. Some Good News

With all the above difficulties, the reform challenge seems daunting. Fortunately, there are positive forces with which agents of change can align.

An emerging education market. The cloud of state poverty has yielded a silver lining: a revealed readiness of parents (and employers) to pay for university-level education, at least at the bachelor's level, particularly in fields likely to bring the student much-enhanced earning power. In all Central Asian nations save Turkmenistan, state institutions now charge tuition to around half their students, with annual rates for undergraduates ranging from \$100+ at Osh State to about \$500 at Bishkek's Academy of Management to \$1300 at Kazakh State and \$2000 at Kazak-American College.⁸ In all capitals save Ashgabat and Tashkent, Ministries of Education have licensed private universities, all of whose students pay (and/or receive financial aid). This new practice of charging money has brought new resources into education. It has presumably reduced corruption (by reducing the amount of free goods for which officials can exact a price).

Among the leading practitioners of this new educational economics are the new private institutions in Almaty: Adilet Law School, Turan (the first private university in Kazakhstan), and two respected business schools: the International Academy of Business (IAB, formed from the old Almaty School of Management) and the International Business School (IBS, formerly within the Kazakh State Academy of Management). Both Adilet and Turan have recently founded branches in Astana. Kazakhstan Institute of Management, Economics and Strategic Research (KIMEP), a reform leader in its Master's of Economics and Business Administration, and recipient of major US and European aid, is privatizing and hopes to build a financially-sustainable future on income from paying undergraduates. American University in Kyrgyzstan (AUK) combines hefty tuition with financial aid for half its students; Technological University in Dushanbe supplements tuition with income from textiles and crafts that it produces. And in the north is Tajikistan's first licensed private university, the Tajik Institute of Management (TIM), a lead sponsor and participant in Students in Free Enterprise (SIFE) competitions.

These programs vary widely in size. Many are quite small: TIM has a total of 185 students, and IAB, reaching for quality, has less than 100 students each in its master's and bachelor's

8. KIMEP charges \$2750 for Master's tuition, but only 25% of students pay it. (These tuition figures, like the salary figures quoted earlier, are based on information provided orally in interviews.)

degree programs. KIMEP, however, has been awarding 200 Master's degrees a year. And Turan, with 3700 students, is the largest private university in Central Asia.

Educational entrepreneurship. As these examples suggest, Central Asia boasts a significant number of educational entrepreneurs, exemplified perhaps by Camilla Sharshekeeva, an English teacher from Kyrgyz State who has been the driving force behind AUK. But they are not limited to the more policy-advanced countries. In Uzbekistan, an experimental Faculty of Business Management is being maintained within Tashkent State Technical University, the unaccredited International Business School Kelajak Ilmi has been built at Tashkent State Economic University, FIMI has been organized in Ferghana, the International Management Training Center established at Samarkand, and, as impressive as any, the Progress Center Business School created by Lily Lagazidze at Nukus.

Even in Turkmenistan, there is entrepreneurial life. The joint Turkmen State-Texas A&M Bachelor of Business Administration program suffered a severe blow when the President's office vetoed all 50 of the students chosen to enter last September. But over at Turkmen Polytechnical Institute the entrepreneurial woman who heads the economics department has created an autonomous, self-financing Economics and Business School. And the Director of the Central Bank has plans to turn its Interbank Center for Staff Training, step by step, into a university that will admit and educate students based on merit.

The English connection. KIMEP, of course, has been a pioneer in offering its courses in English. And some of the most promising economics/business programs have actually grown out of English language programs. Business is the most popular major at the American University of Kyrgyzstan (AUK), which originated from an English program at the state university. The Progress Center Business School in Nukus, Uzbekistan, is built upon the foundation of an after-hours English program for primary and secondary school students, and this program is its source for both students and (at the margin) funding. The Kelajak Ilmi school in Tashkent and the Economics and Business School in Ashgabat also see English as a basic part of the curriculum. And the highly successful rector of the Samarkand State Institute of Foreign Languages has plans to open a business degree program this year in cooperation with Oklahoma State University.

With English becoming the language of international business, and many Central Asian business students aspiring to work for multinationals, this emphasis makes eminent substantive sense. It is also helpful for US programming. The Peace Corps in Uzbekistan, for example, has made business education its priority, but it finds its most severe constraint in the limited number of students who can benefit from courses taught in English.

The local connection. Though most of the strongest economics and business programs are in Almaty or national capitals, a number of them are outside. The Samarkand International Management Training Center is one example; others include the Tajik Institute of Management in Kairakkum and the Faculty of Business and Management at Osh State

University, Kyrgyzstan. And some have strong local political support. The Deputy Prime Minister of Karakalpakstan is considered the father of the Progress Center, and the Kazak-American College has strong backing from leaders in Ust-Kamenogorsk.

The CAMAN connection. Finally, though ties among professors and institutions are generally weak, there are significant bridge-building efforts. One is the new *Central Asian Journal* published at KIMEP at the beginning of 2000; another has been the summer faculty training courses conducted for several years by the same institution; a third is national and regional competitions of Students in Free Enterprise, with strong backing from such institutions as Turan University and the Tajik Institute of Management. Perhaps the most ambitious attempt to bring together educators in applied economics has been the Central Asian Foundation for Management Development.

CAMAN⁹ is an organization of about 50 institutions across Central Asia with interest in business education. By rough count, 40 members are actual providers of education--the rest are a smattering of firms, small foundations, and business development centers. CAMAN was established in 1994 on the model, and with the support, of the European Foundation for Management Development. Its leader and entrepreneurial force is its President, Assylbeck Kozhakhmetov. It is based at the International Academy of Business in Almaty, of which Kozhakhmetov is also President. Active members have included KIMEP, Turan, East-Kazakhstan Technical University, the Academy of Management in Bishkek, and the Institute of Management at the University of World Economy and Diplomacy, Tashkent.¹⁰ Full members pay \$400 a year in dues; associate members pay \$200. The revenue covers one-third of CAMAN's annual expenses, with grants covering the remainder.

CAMAN aims to be both promoter and standard-setter for business education in Central Asia--it has developed an accreditation system for MBA programs, for example, modeled on that of the European organization. It holds two meetings a year--a membership conference, and an educational training event. In 1999, the latter was a summer school for teachers that took place August 3-10 at Issyk-Kul, Kyrgyzstan. For its faculty, CAMAN drew upon a respected St. Petersburg management school. Of the 45 teachers who attended, 10 were from Uzbekistan, 7 from Kyrgyzstan, one from Tajikistan and the balance from Kazakhstan. A report on it--including participants' evaluations of the faculty and administration--appears in the 11/99 issue of [CAMAN Herald], a quarterly, Russian-language journal that

9. As exemplified also by KIMEP, acronyms for Central Asian organizations do not adhere slavishly to the initials in their official names.

10. Seventeen of the 47 institutions I visited are members. The lack of a stronger correlation reflects two facts: (1) that Kazakhstan is over-represented in CAMAN but under-represented in my research and (2) that some institutions with good business/management programs are not CAMAN members. Notable among the latter are the International Business School (IBS) in Almaty, the American University in Kyrgyzstan (AUK), the Tajik Institute of Management (TIM) and the Progress Center in Nukus.

features educational and management issues. Through the journal, and monthly communications with members, CAMAN also provides members with information on professional opportunities in the region and beyond.

Participation in the summer school reflected the tilt in CAMAN's membership--a recent list of 51 includes 28 from Kazakhstan, with 11 Uzbek, 7 Kyrgyz, 3 Tajik, and 2 Turkmen. Since its issuance, Tajik membership has dropped to two and Turkmen to zero. CAMAN leadership is well aware of the membership imbalance, and interested in ways to redress it. On the other hand, the organization has done very well recruiting Kazakh members from across the nation (half are outside Almaty), and fairly well in eastern Uzbekistan and northern Kyrgyzstan. Given resources, there is more CAMAN could do both to broaden its membership and to enrich the benefits thereof. What it has already done is not trivial.

To sum up, Central Asian higher education has deep troubles. It is not currently meeting the need to train the rising generation in the essentials of how a market economy works. But while this report has underscored problems, it has also pointed to strengths, and hence possibilities. There is enough interest in the region, and enough educational entrepreneurship, to offer a base on which to build a program for change.

VI. Recommendations

When hopes for a quick Central Asian transition to advanced-industrial-nation living standards were stronger, there was an argument for low priority to higher education. The populations were literate. Independence and deregulation would unleash new entrepreneurial energy. And educational reform has but gradual impact, as the new generation first learns, then rises. If economic reform would initially yield rapid results without it, dynamic new economies would emerge which would, in turn, generate pressure for new educational programs to meet new market needs.

But with such hopes now in remission, the case grows stronger for aid to higher education in applied economics. The rising generation needs *understanding* of what a market economy entails, so as to broaden the constituency for thoroughgoing reform. It needs the entrepreneurial *attitudes* and technical *skills* to make it work, so that reform can be exploited to the maximum. There are individuals and institutions today that are working to make education market-relevant in Central Asia. A well-conceived, carefully targeted program of aid can reinforce their efforts, connect them better to one another, and build a community for ongoing change.

There are problems that aid cannot address--the generally abysmal salaries of university teachers, for example, or the plethora of unheated and decaying buildings. Nor does money

by itself necessarily make things better.¹¹ Furthermore, USAID is only one of many donors involved in this sphere: the World Bank, the Open Society Institute (Soros Foundation), TACIS, the Eurasia Foundation (funded principally by USAID), and the Asian Development Bank are among those who have provided substantial support. USIA and its counterparts are also deeply involved in higher education. Within the sphere of economics and business education, the World Bank Institute, TACIS, and Eurasia have been particularly active.

In a world of deep institutional problems, resource scarcity, and multiple donors, what should USAID do? This report suggests top priority to measures that can strengthen applied economics education and market consciousness *across the region* by building up the professional community and enhancing the resources available to it. In addition, useful steps can also be taken to help selected institutions, strengthen faculties, and press for improved national education policies.

A. Region-Wide Initiatives

A Central Asian Reservoir of Information and Expertise. Individual economics and business programs have strikingly similar needs: textbooks and related readings, case studies relevant to their countries and Central Asia as a whole. They also need to know what other schools are doing: how curricula are being reshaped, how students are being taught and tested, what syllabi are being used for courses in microeconomics, macroeconomics, finance and credit, management, marketing, etc. Understandably, they tend to look to America and Europe for models. But while connections with advanced industrial nations are valuable, they are expensive and hard to sustain. Moreover, the rich and voluminous case literature used in business education abroad is insufficient to prepare students for business realities in Central Asia. Institutions here need to pool their resources to deliver an ever-better, ever-more-relevant educational product.

Fortunately, what the situation demands modern technology makes conceivable. *USAID should sponsor and underwrite creation of a Central Asian Economics and Business Educational Resource Center.* It should be based in Almaty, which has the strongest group of applied economics programs. It would have partner institutions throughout the region, including a few that would act as focal points in their respective nations and would serve on an advisory committee. And it would be, in particular, a *virtual center*, developing a website--or a set of linked websites--where curricula, textbooks, articles, case studies, and other material of professional interest would be made available to participants, as well as

11. One cannot assume that universities or higher education ministries will use new money wisely, or even honestly. Witness the words of one Central Asian interviewed: The previous Minister built a very nice house on a small salary. If you want the current minister to build a nice house, please give a grant to the Ministry of Education.

information about new publications, conferences, useful websites around the world, etc. Materials would be available in Russian and English.¹²

Individual institutions would subscribe not by paying a fee, but by committing themselves to the sharing of educational materials--they would give as well as get. The Center would also have resources to develop new materials: for example, to underwrite articles and case studies and publish them on the website. At the most wired institutions, students would be able to access the website and pull down readings and cases for course use. At others, faculty would be the predominant users. The basic goal would be to leapfrog the problem of antiquated reading lists, expensive textbooks, small libraries, etc., by exploiting information technology whose availability is increasing and cost is plummeting.¹³

There would be problems. All institutions will, at the outset, view regional cooperation as second best to relationships with American or European partners. Some institutions will no doubt be reluctant to share their expertise. Those most in need of the resource will likely be least able, technologically, to tap it. So the Center--or USAID separately, perhaps in cooperation with other funders--might also fund computers and webtime at selected institutions, particularly those outside the national capitals.¹⁴ The need would be to provide sufficient money to the Center to make it a vibrant operation and its resources something that no self-respecting faculty of economics or business would want to do without.

Stronger Connections Among Central Asian Institutions. The Center would be the capstone of a broader USAID effort to build links among applied economics educators in the region. The existing regional organization--CAMAN--should be an integral part of this effort. *CAMAN should be given the opportunity to house the proposed Center, though other Almaty institutions should be invited to bid also; at minimum the Center should have some cooperative association with CAMAN, and not become a rival.*¹⁵ USAID should also be receptive to other funding proposals from CAMAN aimed at expanding membership, and increasing the benefits thereof by enhancing its programs and institutional capabilities.

12. Those institutions that wished also to post materials in Uzbek, Tajik, etc., would be free to do so, but since the Center's goal would be to develop a regionally-accessible resource, it would not normally subsidize development of materials in the national languages.

13. Staffing would include one local substantive expert and one computer/web expert. Advisers from the west and Russia would be engaged on a TDY basis, with follow-up via email and the web.

14. The Eurasia Foundation, already quite active in support of business and economics education, might be encouraged to make grants for this purpose--as it already has to some degree.

15. It would be good if the International Business School, not currently a CAMAN member, could play an important role. KIMEP and Turan, as the strongest and largest business programs in Almaty, respectively, should also be prominently involved.

Another way to promote ties is for bachelor s level graduates of some institutions to attend master s programs elsewhere, especially across national boundaries. *USAID should therefore fund fellowships (perhaps 10-20 to start) for graduates of other institutions to enter the KIMEP masters programs in economics, business administration, and public administration.* A majority of recipients should come from schools outside Kazakhstan. Some should specifically be allocated to fledgling, currently unlicensed programs (Category III in Part III of this Report) such as the Progress Center Business School in Nukus and the Economics and Business School housed at the Turkmen Polytechnical Institute. Recipients might be required to return to these institutions after they earn their master s degrees to teach and aid in curriculum development for a specified period (perhaps two years) or to engage otherwise in home-country professional activity that promotes development of market economies.

An Enlivened Intellectual Climate. A further means of building a strong professional community in applied economics is to support business and economics-centered activities and competitions. Some already exist: Junior Achievement and Students in Free Enterprise (SIFE) are active in the region, and modest amounts of money could increase their visibility and multiply participation. For example, *USAID might make a commitment to send five winners of the Central Asian SIFE competition to the United States for the world championship in each of the next five years.*¹⁶

Intellectual activity could also be rewarded--and publicized. *USAID could fund competitions and prizes for best essays* analyzing national and regional economic and business problems--and policy choices for dealing with them. There could be a contest for bachelor s level students, one for master s level students, and one or several for junior and senior scholars. The panels that judged the competitions would need to combine, initially, professionals from the region and expatriate experts.¹⁷

In connection with such competitions, or as a separate activity, USAID could follow Jim Fox s recommendation to fund *economic research focusing particularly on obtaining basic facts* about the effects of policy and institutional conditions on the way in which economic actors operate. Much is poorly known about how Central Asian economies actually work--why, for example, small businesses have not grown faster or become more prevalent. Economics students could interview some of the few who succeed and the many who fail--

16. This would also be a way for USAID to connect to institutions--TIM in Tajikistan, Turan in Kazakhstan--that have been particularly active in SIFE.

17. The official sponsors of competitions should, if possible, be regional professional organizations rather than USAID, though USAID funding would of course be publicized.

emerging with important, if not always happy, stories to tell professors and policymakers. This might pay substantial dividends at low cost.¹⁸

Another promising area of activity is *promotion of broad dialogue on economic policy*. The countries of the region badly need serious, professional, public debate about economic conditions and what government might do about them. *Universities, academies, and institutes should be invited to submit funding proposals for conferences, working groups, etc., centered on prominent societal problems that economic analysis can illuminate.*

Finally, there is a need to *encourage good economic journalism*. In particular, grants might be made to support--or distribute--magazines on economic topics that seek broad regional audiences. *AKIPress*, published in Bishkek, is one example that should be encouraged.

B. Support for Institutions and Faculty Members

USAID should complement these region-wide initiatives with selective support of innovative, entrepreneurial institutions in each country. There is need to strike a balance: to build and reinforce excellence, but to avoid helping individual institutions in ways that undercut and demoralize other worthy programs. As a general rule, institutions given special help should be *private or at least semi-autonomous*. They should have *good and dedicated faculties*. They should have *demonstrated market appeal to both students and employers*. They should be *well-regarded by national governments*. They should *do a significant portion of their teaching in English*, or aspire to do so. And they should be *honest*, and committed to remaining so.

The country appendices to this report offer detail on institutional strengths and weaknesses. What follows is a brief discussion, by country, of applied economics programs that deserve particular consideration.

Kazakhstan. This is clearly the country in which applied economic education is the most developed. The most prominent and successful institution has been KIMEP, and USAID support there should continue.¹⁹ However, USAID should pay more attention than it has to the market impact of that support on the competitive strength of other good institutions, particular the International Academy of Business and the International Business School

18. Fox, USAID Economic Strategy in Central Asia, p. 7.

19. USAID should also encourage the prospective collaboration of KIMEP and Adilet, with the former teaching economics to law students and the latter giving law courses to economics and business students. And KIMEP's plans to multiply its undergraduate population will pose a challenge to IBS with its relatively large bachelor's program, and to Turan as well.

(IBS).²⁰ *USAID/CAR should monitor the competitive balance in Almaty's business education marketplace, and look for ways to help other good institutions maintain their quality and viability.* One way of balancing matters might be for IAB and IBS to play particularly strong roles in the proposed Central Asian Resource Center and other region-wide initiatives.

SIFE and student essay competitions might be led by Turan, the private institution with the largest undergraduate body. And they should certainly invite participation of students at Kazakh State Academy of Management (KazGAU), which will soon be home to a major business education and training program funded by Japan International Cooperation Agency. Finally, if USAID wishes to nurture programs outside of Almaty, among those that deserve consideration are the Akmola Institute of Management in Astana, Turan University's new branch there, and Kazak-American College in Ust-Kamenogorsk.

Kyrgyzstan. The most promising institution overall is American University in Kyrgyzstan, primarily an undergraduate college with a large proportion of business majors and aspirations to expand master's level education. It is already receiving very substantial assistance from the Soros Foundation and a USIS grant supporting a cooperating relationship with Indiana University. USAID should consider specific support to its business program, together with efforts to connect it to the regional business education network.

The best present focal point for regional collaboration is the Academy of Management under the President, a post-independence state institution with master's programs in business and public administration and a recently-established undergraduate business program. Their interest in launching a new Master's in economics deserves a serious look. In southern Kyrgyzstan, Osh State University has a dynamic business school dean who would likely put aid to good use; in addition, the Academy of Management has established a branch there. Other Bishkek institutions with significant strengths (all established since independence) are Slavic University, the Academy of Finance and Management, and International University of Kyrgyzstan (MYK).

Tajikistan. Here civic unrest has compounded the standard array of problems, but there are surprising signs of educational life. Most successful, it appears, has been the quasi-private Technological University, a young institution which has, by its account, been able to draw on business earnings to pay decent faculty salaries and computerize more than most. The Tajik Institute of Management, in Kairakkum, has successfully launched a bachelor's program and offers considerable future promise. Among the general universities in Dushanbe, the Slavonic University is the most impressive--its access to Russian resources has allowed it to build a relatively strong faculty and student body. Tajik State National University is poor and

20. One reason why IAB has had difficulty expanding its MBA offerings, for example, is that aid to KIMEP allows that institution to provide generous financial aid to most of its MBA students.

deeply troubled, but has an entrepreneurial dean of economics and management and houses centers for academic publication and business training, respectively. And the state technical university is working to connect economics and engineering expertise.

Turkmenistan. Here the state institutions' inherent weaknesses are exacerbated by arbitrary government decisions about how many students will attend university and who those students will be. And Turkmenistan is alone in the region in neither licensing private institutions nor allowing state universities to charge tuition. The Interbank Center for Staff Training at the Central Bank of Turkmenistan, however, could prove successful in its aim of building an undergraduate program: it deserves USAID support, specifically for its current effort to strengthen its faculty in accounting. The Economics and Business School (housed at Turkmen Polytechnic Institute) is another entrepreneurial enterprise that merits watching and judicious assistance. So might be the International School of Business Management at Turkmen State University, in the (currently unlikely) event that it can establish the authority to admit qualified undergraduates.

Uzbekistan. The best current institution is probably the University of World Economy and Diplomacy under the Foreign Ministry. It is new and relatively well-funded, offering a Bachelor's in international economic relations and a Master's of Business Administration. A promising experimental program is the three-year Bachelor of Business Management degree (founded with the help of a Malaysian firm) at Tashkent State Technical University: freshmen at universities across the nation compete each year for 100 openings: it operates with a small core staff supplemented by Peace Corps volunteers, and modest help could offer significant returns. In Samarkand, the TACIS-funded International Management Training Center connects several economics and business programs there, and is a logical cooperating partner for the Resource Center proposed here. The Tashkent State Economic University (TSEU) is a mixed bag. Its leadership is well-connected at home and abroad, and it is viewed by the Education Ministry as the natural pace-setter in economics educational reform, but it is not well funded and seems home to substantial corruption within.

The most interesting challenge is posed by the unaccredited business schools. The government has not licensed private universities, but several are operating anyway, with some success. The Progress Center Business School in Nukus merits support. The International Business School *Kelajak Ilmi* housed at TSEU deserves serious consideration.

Strengthening faculty. Central Asian universities need faculty members that understand market economies, can bring students to share that understanding, and are decently rewarded. They need to have, within them, a rising cohort of young teacher-practitioner-scholars who exemplify the new approach and lead in its development and implementation. Visiting foreign professors can help; so can Peace Corps Volunteers. But the core must be home-grown.

Aid organizations (WBI, TACIS, USAID) have done much to expose senior faculty to market economics. The Muskie program is one of a number that have provided opportunities for talented younger university teachers. Often, however, they return to experience frustration inside academia and new opportunities outside it that are more rewarding professionally--and economically. The universities' loss may be the broader societies' gain, but higher education suffers nonetheless.

USAID could profitably focus its training activities in applied economics education on younger faculty. It could, in particular, *invite institutional applications to train teachers in Central Asia and beyond that: (1) committed the trainees to return to their schools to teach for a fixed period; and (2) committed their institutions to provide decent pay and an open, attractive work environment.* These could be limited to institutions selected for special attention, or they could be open, in principle, to all economics and business programs.

C. Policy Reform

Last but assuredly not least is the thorny issue of national policies toward higher education. With money in short supply, it is hard to motivate old faculties or to recruit and train new ones. Assuming that public resources will remain severely limited, national governments must encourage more private resources to flow into education. This is particularly appropriate in fields of study where successful students can anticipate ample market rewards after commencement.

Marketization. Governments can *encourage further marketization of higher education* by (1) *licensing more private universities;* and (2) *allowing more paying customers at state universities.* This gets money into education on top of the table, undercutting the practice of those who control admissions selling free slots at universities to the highest bidders. And it encourages innovative educators to develop programs for tomorrow's needs, not yesterday's. It also, of course, can encourage the unscrupulous, and bad institutions have certainly been licensed in Kazakhstan, the country that has led in privatization. But the answer is an expeditious and merit based review process conducted by forward-looking professionals.

In Turkmenistan, policy on this dimension is so negative that it makes significant USAID investments in economics education highly problematic. In that country, and in Uzbekistan, *USAID should explore the possibility of linking assistance to innovative private institutions to their licensing by government authorities.*

Freedom of Choice. Finally, universities need to open up their curricula, gradually introducing more student choice *within* as well as *among* specializations. Everyone who opts for finance, or management, or marketing, should not be required to take the same identical program. And as text materials and readings become available, Central Asian universities

need to reduce, sharply and steadily, the amount of time their students spend in the classroom. There are better ways to learn, and certainly better roads to creativity, than for students to listen hour after hour to professors who themselves are spending too much time in class, repeating old knowledge, and not enough time out in the world gathering new knowledge.

March 17, 2000

APPENDIX A: KAZAKHSTAN

Background

Since I am living in Almaty, I made my visits to Kazakh institutions throughout the research period. I benefited substantially from the advice and assistance of Gary Linden, Tom Morris, Aitbala Sargent, and Carina Omoeva at USAID, Vivian Walker and Asiyat Suleimenova at USIS, Saule Kalikova at Soros Foundation Kazakhstan, Gavin Helf at IREX, Steve Schmida at the Eurasia Foundation, Alma Raissova at EPIC, and Alya Zhantikina at the USAstana office,. What follows is a list of my principal meetings, by date. All were in Almaty unless otherwise stated.

Tuesday, December 7 (Astana):

Turan University, Astana Branch--Sabyrzhan M. MADEYEV, Director; K.G. KUDAIBERGENOV, Deputy Director; and Murat A. UVALIEV, Deputy Director for Marketing and External Connections

Akmola Institute of Management--Michael D. SPECTOR, Rector; Tatiana M. KOROLEVA, Prorector; and Rima, Candidate of Sciences and Dean of Economics.

Wednesday, December 8 (Astana):

Adilet Law School, Astana Branch--Umerzak M. JUMAGULOV, Vice Rector, and Andrey RASSOKHIN, Chief Accountant.

Peace Corps Volunteer Carrie Drummond, teaching English at Eurasia University.

IREX Alumni--Five of the ten members of a recent training group which visited the United States, including heads of math and journalism departments at *Eurasia University*.

Monday, December 13:

International Academy of Business (formerly Almaty School of Management)--Assylbek KOZHAKHMETOV, President (also Director of the Central Asian Foundation for Management Development [CAMAN]); Ramilya M. MUSTAFINA, Vice President; Akmaral ALTALIYEVA, Dean of Master s Program, and Turganzham VELYAMOT, Director of the Institute of Economics and Finance.

Thursday, January 13:

Adilet Law School--Anatoly MATYUKHIN, Rector; Victor MALINOVSKY, Vice Rector; Murat BAIMAKHANOV and Sergey UDARTEV, Vice Rectors; and Laura ASHANEVA, English language program.

Wednesday, January 19:

Kazakh State Academy of Management--Olga YANOVSKAYA, Vice Rector (Science and International Relations); Gulnara DUGALOVA, chief of international studies section, and Gulnara AJIBEKOVA, chief of world languages section.

Thursday, January 20:

Kazakhstan Institute of Management, Economics and Strategic Research Under the President of the Republic of Kazakhstan (KIMEP)--Chan Young BANG, Chairman of the Board of Trustees; Joseph Urbanas, Chief of Staff.

International School of Business--Zarina ARSLANOVA, Director General; Andrey KOPYTIN, Deputy Director.

Friday, January 21:

Academy of Civil Service under the President of the Republic of Kazakhstan--Zulfia ZHARKESHEVA, Vice-Rector, and Barak TEMERGALIEV, Director of the Economics Program.

Tuesday, February 1:

Turan University--Kuanyh A. TAZABEKOV, First Vice-Rector; Galina V. TASHENOVA, Head of Department for Research Work

Wednesday, February 2:

KIMEP--Joseph Urbanas, Chief of Staff; John CLARK, Provost-designate; Raisa AYZABEKOVA, KIMEP Public Policy Research Center.

Al-Farabi Kazakh State National University (KazGU)--Mourat Kadesovich ORUNKHANOV, Vice-Rector for Academics.

Friday, March 3:

Central Asian Foundation for Management Development [CAMAN] and International Academy of Business---Assylbek KOZHAKHMETOV, President

Wednesday, March 15 (Ust-Kamenogorsk):

Kazak-American College of Business and Humanities--Daniel J. BALLAST, Vice-President.

East Kazakhstan State University--Duicek Haisagalievich KAMYSBAEV, Vice Rector for Scientific Work and International relations; Aigul C. Tulezhanova, Higher College of Economics and Law; other faculty and students.

East Kazakhstan Technical University--Gennady Nikolayevich GAMARNIK, Rector; Tulegen Tursunvich IPALAKOV, First Vice-Rector, responsible for scientific research and international relations; Valeriy Alexandrovich ANTONOV, Vice-Rector, Director of the Institute of Post-Graduate Education and New Educational Technology; Oleg Nikolayevich CHIKUNOV, Dean of the Economics and Management Department; Saule Kabdrashevna BAKIBAYEVA, ACCELS s Regional Representative.

Thursday, March 16 (Ust-Kamenogorsk):

Center for the Support of Entrepreneurship and its Business Incubator--Vladimir NOROZOUK, Director; Muhmar C. Toebazarov, Director, Office for Support of Small Business, Ust-Kamenogorsk.

Analysis

Kazakhstan is clearly the Central Asian country in which applied economic education is the most developed, and where innovative, market-oriented programs are most prevalent. The Ministry of Education has been licensing private universities since 1992, with two of the earliest--Adilet Law School and Turan University--also two of the most successful. Combined with Kazakhstan's relatively liberal economic policies, this openness has made possible the launching of high-quality economics and business programs in Almaty, and

innovative institutions like Kazak-American College in Ust-Kamenogorsk.¹ Of the fifty members of the Central Asian Foundation for Management Development (CAMAN), 28 are in Kazakhstan, and 25 of these are institutions of higher education. (Due to the terms of my scope of work, coverage of Kazakhstan in this report is less complete than that of the other Central Asian nations-- the author visited institutions in just three Kazakh cities: Almaty, Astana, and Ust-Kamenogorsk.)

The most visible and successful new institution has been the Kazakhstan Institute of Management, Economics, and Strategic Research, known everywhere as KIMEP. Established by the President of Kazakhstan in 1992, KIMEP launched two-year, full-time MPA and Master of Arts in Economics programs, with courses taught in English, mainly by foreign faculty. In recent years, KIMEP has admitted close to 250 Master's students a year and graduated around 200. The Institute also was home to training programs for economics and business faculty from institutions across Central Asia, a program that may not continue due to cutbacks in funding. It inaugurated a new English language publication, the *Central Asian Journal of Economics, Management and Social Research*, in January 2000. A B.S. program in Business Administration and Accounting was added in 1999, with a Bachelor in Social Science to follow. KIMEP's target over the next few years is an undergraduate student body of 2500 to support a graduate program of 500: financially through tuition payments, and by increasing the number of high-quality candidates for Master's study.

KIMEP is not without its critics. Its emphasis on graduate education and foreign professors has been expensive. Funders have invested millions, and some have become disenchanted--particularly TACIS, a heavy early supporter. There has been concern that KIMEP finances are less than transparent, and KIMEP Chairman Chan Young Bang has ruffled feathers, inside as well as outside the institution, with his moves to assert tighter control. However, USAID expressed continued confidence in fall 1999 with a major grant of \$500,000 to support the economics program. And the Chairman does have a strategy aimed at moving KIMEP toward full privatization and financial self-sufficiency, including greater use of local faculty.

Less visible have been other programs of quality, such as the International Academy of Business (IAB). Formally established in 1996 as successor to the Almaty School of Management, it has had particular success in its part-time Master's programs for business practitioners, as well as short-term training courses. The Academy also offers small full-time Master's and Bachelor's programs--one problem in expanding them has been competition with KIMEP, recipient of much greater outside assistance. IAB has a cooperative arrangement with the Maastricht School of Management in the Netherlands, as well as McGill University. It has a refurbished building on Abai Street and a committed leader in

1. Of course, such licensing is not without risk--some institutions have been approved that have not maintained appropriate standards, and some of these are now being closed by the Ministry of Education.

Assylbek Kozhakhmetov. He is also founder and President of the CAMAN, which publishes a Russian language quarterly, _____, or *CAMAN Herald*. And IAB was singled out for particular praise in a recent evaluation of World Bank Institute training programs in Central Asia.²

Winning even stronger praise in that WBI report was the International Business School (IBS), founded in 1992 under the management of Zarina Arslanova, an entrepreneurial young Associate Professor at the Kazakh State Academy of Management (KazGAU) who had just returned from World Bank training in the United States. Encouraged by the then-Rector of KazGAU, she moved the School to full independence over a period of years, and left the KazGAU campus physically in February 2000 for a building in central Almaty. IAB has combined a Russian-language bachelor's degree program (700 students, 60 percent full-time) with work for the World Bank and remunerative consulting, which subsidizes the academic side of the operation. IBS' particular strength is accounting and finance, and Arslanova originally intended for it to become part of IAB, complementing the Almaty School's management strength. But she withdrew (for reasons not yet clear to this author) after substantial engagement in the planning.

KazGAU itself continues as the largest management school in the country, with 5000 students. It is the oldest institution in the field, of mixed quality presently, with a huge campus and large buildings variably maintained (and cold in winter). It continues to attract some good students, producing (by its leaders' account) about 40 percent of the national winners for 1998 and 1999 in the Kazakh government's Bolashak competition. And it will be the institutional base for a major new center of business education and training being launched by the Japan International Cooperation Agency this year. Its relatively low faculty salaries constrain its ability to compete with the newer institutions, however, and corruption (the entrenched practice of students buying grades) is believed to be common there. KazGAU's even larger neighbor, Kazakh State University (KazGU), has the same problem with faculty salaries. It retains some of its old prestige and visibility, and is home to a center of economics and law. Its particular strengths are in the natural sciences and humanities, however, not economics and business education.

The largest of the new institutions is Turan, which advertises itself as Kazakhstan's first private university and Central Asia's largest, with campuses in Almaty and Astana. Both claims are apparently true, though close in both size and date of origin is the highly-regarded Adilet Law School. Turan has not attained anything like Adilet's reputation for quality, for reasons that aren't entirely clear. By opting for size Turan may have compromised on average student quality, but it is a serious institution, active in CAMAN, with a nice refurbished building well up the hill off Dostik, and sponsoring its own set of publications

2. Raj Chhikara, *WBI Operations in the Central Asian Republics: A Strategic Review*, World Bank Institute, June 1999 (processed), pp. 75-76, 80.

and conferences. It is the home of Students in Free Enterprise (SIFE)-Kazakhstan, and its students are active in the competitions sponsored by that organization..

Outside of Almaty, the most interesting and promising institution visited was the Kazak-American College (KAC) of Business and Humanities in Ust-Kamenogorsk.³ The brainchild of Erezhep Mambetkaziev, Rector of East Kazakhstan State University, the College was established in 1994 as an independent entity within the university, in partnership with Inter-Varsity, an American Christian student organization. Since then it has become incorporated in the United States and separately-licensed in Kazakhstan, and graduates get both American and Kazakh diplomas. It offers a five-year bachelor s degree, the first year being mainly an intensive English language course, the remainder a business curriculum leavened by humanities.

Kazak-American College is truly small: 20-25 new students have been admitted each year, and given the inevitable attrition, the total student body currently numbers all of 88. About half of the teaching is done in English, mainly by Americans who fly in for four-to-six week modules. The local faculty is mainly professors at East Kazakh State. Students have the opportunity for six-week business internships in the United States after the third year, and most take advantage of this, though they have to pay their own airfare. They also must pay the highest undergraduate tuition I encountered in Central Asia--\$2000 a year (which covers only about one-fourth of the total cost, including the value of donated time, and is now being reduced due to hard economic times). KAC has plans to inaugurate a law curriculum, to expand its undergraduate business program, and to develop Master s level programs. As this occurs, it will change its name to Kazak-American Free University. President Nazarbaev attended both its launching ceremony in 1994 and its initial graduation in 1999.

Finally, accompanying the movement of Kazakhstan s capital to Astana has been multiplication of its institutions of higher education. Adilet and Turan have opened branches there, with attractive new facilities. The oblast s pedagogical institute has been expanded and renamed Eurasia University, and it has established economics and business programs. (Despite several communications, I was unable to secure an appointment there during my Astana visit.) One institution in the process of moving there during my research is the Academy of Civil Service under the President of the Republic of Kazakhstan. It offers short courses for large numbers of civil servants, and a special one-year master s program for about thirty--economic policy is its second-most area of emphasis.

One enterprising new institution in the capital is the Akmola School of Management, a now-private spin-off from the region s agrarian university. Its director, formerly dean of land use

3. The East Kazakhstan Technical University is also in Ust-Kamenogorsk. An active member of CAMAN, its Faculty of Economics and Management offers training in nine specialties, several connected to the university s primary (engineering) mission. And Kazakh State, an institution with 10,000 students, has more than 1000 of them taking its economics and business programs.

planning at that university, described the problems they had adjusting to changing state policies: when they decided in 1995 to found the institution, the state required that it share in the ownership; by the time they were licensed three years later, that proviso was reversed. Now in its third year, the Akmola School has 350 full-time students and 150 part-time, in four economic specialties. And it is relatively poor, offering salaries just 30 percent over the agrarian university levels.

Recommendations

Kazakhstan is clearly the regional leader in economics and business programs, and there is no reason to doubt it will continue to be for the next decade. Government policy is relatively supportive; the economy is less depressed than those of its neighbors; and a number of good institutions have emerged. KIMEP, the leader, is undergoing a difficult transition as external funding declines, but its leadership has a plan to weather the storm. Other institutions have had their difficulties also (the International Academy of Business [IAB] has had to cancel some planned master s programs for lack of sufficient enrollment), but they are good bets not just to survive but to expand, particularly if the projected economic recovery becomes a reality.

Support for Specific Institutions

KIMEP remains a model program, and USAID/CAR should continue to provide judicious support.⁴ However, USAID should pay more attention than it has to the market impact of that support on the competitive strength of other good institutions, particular IAB and the International Business School (IBS). One reason why IAB has had difficulty expanding its MBA offerings, for example, is that aid to KIMEP allows that institution to provide generous financial aid to most of *its* MBA students. And KIMEP s plans to multiply its undergraduate population will pose a challenge to IBS with its relatively large bachelor s program, and to Turan as well. Therefore, *USAID/CAR should monitor the competitive balance in Almaty s business education marketplace, and look for ways to help other good institutions maintain their quality and viability.*

This means receptiveness to specific proposals from IAB and IBS, and perhaps Turan. It is probably unfortunate that the planned merger of IAB and IBS was aborted, since they have complementary strengths in management and finance, respectively. It is presumably too late to revive that plan. But USAID/CAR should find both to be constructive working partners,

4. USAID should also encourage the prospective collaboration of KIMEP and Adilet Law School, with the former teaching economics to law students and the latter giving law courses to economics and business students.

both in institutionally-specific projects and in programs (discussed below) for enhanced regional cooperation.

If USA/CAR wishes to nurture programs outside of Almaty, it should probably do a more complete survey that has been possible in this project. Among those treated here, the Kazak-American College stands out, of course, and might find assistance important in expanding its programs. In Astana, help might go either to the Turan branch recently established there, or to the Akmola Institute of Management, or perhaps the civil service training institute.

Regional Programs

Just as Kazakhstan has been the leader in reform of applied economics education, so Kazakh institutions have been the leaders in regional cooperation. KIMEP has led by example, by hosted summer faculty training courses, and by publication of its new journal. IAB has led through the creation and nurturing of CAMAN, the unrivaled leader in bringing together institutions dedicated to reform of applied economics education in Central.

Almaty institutions should certainly play lead roles in the regional initiatives advocated in the main body of this report:

The proposed *Central Asian Economics and Business Educational Resource Center*

The existing Central Asian Foundation for Management Development (CAMAN)

Fellowships for graduates of other institutions to enter KIMEP masters programs

Regional competitions in Students in Free Enterprise (SIFE), for student and faculty best essays, etc.

Practical research on local economic realities

Support of economic policy study groups, or economic journalism

CAMAN is the logical institution to host the Central Asian Resource Center, which should--for multiple reasons--be based in Almaty. Others should have the opportunity to compete, but Assylbek Kozhakhmetov at IAB/CAMAN has shown initiative and persistence in building regional connections, offering promise that he, with adequate funding and support, could make the Center work. It would be good, however, if the substantive expertise and computer capability of IBS could also be tapped for this venture.⁵ Other Kazakhstan

5. IBS has not renewed its membership in CAMAN. Hopefully it can be persuaded to do so.

institutions likely to be strong beneficiaries of, and contributors to, the center include Turan University and the Kazak-American College.

SIFE and student essay competitions would logically be led by Turan, the current SIFE headquarters for Kazakhstan. And they should certainly invite participation of students at Kazakh State Academy of Management (KazGAU), which will soon be home to a major business education and training program funded by Japan International Cooperation Agency. The Kazak-American College should be among those invited to submit candidates for fellowships to KIMEP, to help build what seems a natural linkage between these two institutions.

March 17, 2000

APPENDIX B: KYRGYZSTAN

Background.

I visited Kyrgyzstan twice, December 14-16th and January 26-28th, and met with people at seven educational institutions. The first period I spent entirely in Bishkek. The second included a trip to Osh, where I ended up staying an extra night because my airplane was grounded. I received helpful advice and support from Tracy Atwood, Will Melara, and Kevin Jones of USAID, and Ed Kulakowsky, USIS. I also had the opportunity to meet with US Ambassador Anne Sigmund. I am particularly grateful to Tatiana Dementyeva, who organized my schedule and participated in several of the meetings. The institutions and individuals I visited were as follows:

Tuesday, December 14:

International University of Kyrgyzstan (MYK)--Shailobek MUSAKOJEV, Dean of the Economics faculty and Director of the Kyrgyz Institute for Research Information. (His deputy and a professor were also present.)

Kyrgyz State National University--Aisalkyn ASANOVA, Dean of Economics; Janyl CHOBUROVA, head of Economics Department; and Gulshan KUNUKKEVA, head of Finance and Credit course.

Wednesday, December 15:

Academy of Management Under the President--Grigory VASILYEVICH, Dean of the Masters programs, and Aichurek ALYSHBAEVA, Dean of the Bachelor s program.

American University in Kyrgyzstan-- John CLARK, President; Camilla SHARSHEKEVA, Provost; Tatiana PARFYONOVA, Director of Business and Management Program.

Academy of Finance and Management---Abdrakhman MAVLYANOV, Rector; Elmira ALIMOVA, Vice Rector.

Kyrgyz-Russian Slavic University--Mr. ASAKOV, Vice Rector.

Thursday, December 16:

Slavic University--Viktor GAYDAMAKO and Economics faculty.

Soros Foundation Kyrgyzstan--Medet Tulegenov.

Wednesday, January 26:

TACIS--Ainura Abdylbaeva, Deputy National Director and Tempus Project Coordinator

Soros Foundation Kyrgyzstan--Chinara Jakypova, former Minister of Education.

Thursday, January 27 (Osh):

Osh State University--Jyldyz AKNAZAROVA, Dean, Faculty of Business and Management, her faculty colleagues, and students.

Friday, January 28:

[Planned meetings with Ulan Sarbanov, head of the Central Bank, and Camilla Sharshekeeva, Provost of AUK, had to be canceled because plane to Bishkek did not fly the night before.]

Analysis

Kyrgyzstan is a very poor country, a fact reflected in the state of its public educational institutions. Kyrgyz State National University seemed particularly demoralized--tired professors seeking to make ends meet on salaries below \$25/month, submitting occasional and usually unsuccessful applications to funders for textbooks or computers that remain in very short supply. One former professor and critic called it the worst place in the world. But Kyrgyzstan is also, within the region, a relatively free and open country, and so independence has also produced several new institutions of higher education, and brought potential new life to at least one old one.

The most interesting and promising overall is American University in Kyrgyzstan, primarily an undergraduate institution with a large proportion of business majors and aspirations to expand master's level education. Its initial driving force was a talented English teacher at Kyrgyz State, Camilla Sharshekeeva, who believed the language should be taught for practical use, not just to future pedagogues. She first established an autonomous branch at the state university, then won full independence as a private institution, with Hillary Rodham Clinton present at the inaugural ceremony in fall 1997. Today the University has 670 students, and does much of its teaching in English. It is a highly informal, western-style place, with high (for Kyrgyzstan) tuition, decent (again for Kyrgyzstan) faculty salaries, quality-based admissions, and need-based financial aid for half of the student body. It was described by one of its leaders as the only place in the country where students could get degrees without bribing the faculty; that same individual described its goal as to become the Harvard of Central Asia.

Reflecting Sharshkeeva's emphasis on practical subjects that didn't exist in Soviet universities, 250 students are enrolled in the business curriculum, including a small MBA program.¹ There is also a smaller economics major. Over the past year, AUK has undergone substantial top-level turmoil, with the Soros Foundation moving in heavily to provide funding and reshape its governance. An outside board was selected, with active participation of the Kyrgyz President's office; a new President was recruited. AUK is also the recipient of a major USIS grant together with Indiana University, which includes advice and support for its economics program.

Impressive in a more conventional sense is the Academy of Management under the President, a post-independence state institution with master's programs in business and public administration and a recently-established undergraduate business program. Founded in 1992 as the Bishkek International School of Management and Business, it inaugurated the country's first MBA that year, established an MPA program in 1996, and a bachelor's program in 1998. It is a state institution with a mix of budget and contract students--all MBA are the latter, all MPA the former. It has close to 600 students, 240 in the MBA. The Academy has a branch in Osh (which I learned about too late to arrange a visit). It is interested in launching a Master of Arts in Economics.

Better off financially than most is another post-independence institution, Kyrgyz-Russian Slavic University. Established by interstate agreement, its curriculum is reviewed and approved in Moscow and its degrees recognized throughout the former Soviet Union. It rose quickly to the top tier of universities in Bishkek. One non-trivial reason is that Moscow funds professors salaries, which initially were several times higher than those at the Kyrgyz State. With the plunge of the ruble in 1998, these salaries dropped also, and the Kyrgyz-Russian Slavic University lost some professors to a new Turkish university. Still, it remains one of the better institutions, reportedly less corrupt than most. It has about 500 economics students, two-thirds of whom pay tuition. Degrees follow the old Soviet model, with a five-year program the norm.

There are two other new private universities worthy of note: International University of Kyrgyzstan (MYK) and the Academy of Finance and Management (AFM). MYK is a large university, founded around 1994, with 8000 students; the School of Economics and Business houses 500 BA and 60-70 Master's students. Its Dean is also Director of the Kyrgyz Institute for Research Information. Faculty salaries are higher than at Kyrgyz State but lower than at Slavic. Its International Economic Relations students are said to find it easiest to get jobs, with those in Finance and Banking doing relatively well also. Management students have the hardest time, reflecting the weak private economy, and the size of that specialization has been reduced. Overall student applications to MYK have also reportedly fallen with the weakening of the economy.

1. The head of that program was the least forthcoming of the AUK staff that I interviewed.

AFM had its origins in a Bishkek consulting firm: it offers a four-year program, with an extra certificate for those who stay a fifth year. It also runs a business school for 16-17 year-olds, and refers to faculty as trainers, not professors. The 550 students are divided into four programs--Management, Tourism, Accounting, and Finance and Credit. The Academy has also been active in training the unemployed and retraining government officials--a remunerative (if gruesome) niche in the latter has been bankruptcy and crisis management, with the state needing people trained to be managers of bankrupt companies--a growing phenomenon in Kyrgyzstan.

Finally, there is the Business and Management Faculty at Osh State University in southern Kyrgyzstan. To call it resource-poor would be an understatement: some faculty salaries are as low as \$10/month, and there are nine aging computers for 500 business students to use (12 newer computers are on the way). Faculty are particularly cut off--most hadn't even been to Bishkek in the last year. (The plane fare is several months' salary.) It has a dynamic dean, however, who is experienced and well-connected, having done research on privatization as a fellow at the Wilson Center's Kennan Institute in Washington, D.C. She has developed fruitful working relations with professors at Portland State and the University of Philadelphia.

Recommendations

Kyrgyzstan boasts a relatively free intellectual environment, a government that has allowed (if not driven) reform, and several credible institutions doing applied economics education. USAID should consider three of them for specific help, and engage the rest in regional initiatives.

Aid for Specific Institutions

The most obvious candidate for special help is American University in Kyrgyzstan. It is deeply reformist, even revolutionary. And as there is already a substantial US stake in its success, it may make sense to concentrate further resources there. But AUK is already receiving major aid from USIS and particularly Soros, and the extent of additional need is unclear. So is interest. The logical focus would be the business curriculum, which is not a target of particular USIS or Soros attention, but in our relatively brief conversation the head of that program seemed less concerned about getting help than about revealing program information that might leak to competitors. Serious negotiations with the new leadership, and with Soros/Kyrgyzstan, would have to precede any major USAID investment. In any case, USAID should help connect AUK's business program to the Central Asian business school network, with which its current ties seem thin. (It is not, for example, a member of CAMAN.)

A more conventional possible partner is the Academy of Management under the President, which has established successful MBA and MPA programs. Its leaders have expressed interest in launching a new Master's in economics, and this deserves a serious look. There is a question, however, of whether and how USAID should help a state institution.

A greater gamble, but with significant potential payoff, would be aid to Osh State University. Its dean is ambitious, internationally experienced, and seems to have made good use of the limited outside help she has received.

Regional Programs

Bishkek boasts several other institutions that should, to the extent possible, be brought into the regional initiatives highlighted in the body of the report. Slavic University, the Academy of Finance and Management, and International University of Kyrgyzstan (MYK) offer experience and expertise, and house substantial faculties and student bodies. Their engagement would strengthen the regional network even as they benefit from it. So they should be encouraged to involve themselves deeply in:

The proposed *Central Asian Economics and Business Educational Resource Center*

The existing Central Asian Foundation for Management Development (CAMAN)

Fellowships for graduates of other institutions to enter KIMEP masters programs

Regional competitions in Students in Free Enterprise (SIFE), for student and faculty best essays, etc.

Practical research on local economic realities

Support of economic policy study groups, or economic journalism

The Academy of Management is logical focal point for Kyrgyz participation in the proposed Resource Center. And both AUK and Osh State could draw major benefits therefrom, whether or not they receive direct USAID assistance.

March 17, 2000

APPENDIX C: TAJIKISTAN

Background

I spent January 24-25th and February 16-17th in Tajikistan. The first two days were spent in Dushanbe. I then made a separate trip to Khojand via Tashkent. I met with leaders of seven universities, a former Minister of Education now adviser to the President, and officials of the Regional Education Department in Khojand. I benefited from the advice and encouragement of US Ambassador Robert P. Finn, strong support from USAID representative Peter Downs, and substantive guidance on the program from USAID professional staff aide Max Narzibekov. Sayora Khalimova, USAID Administrative Assistant, organized my schedule. The external meetings were as follows:

Monday, January 24::

Tajik State National University Professor Yashit YULDASKOV, Director, Department of Finance and Banking.

Russian-Tajik Slavic University Nabichov Nasirovich NACIROV, Dean of the Economics Faculty, and a group of about 30 faculty and students.

Tajik Technical University Alfia Dadahanova AHROROVA, Vice Rector, and group of eight faculty members.

Tuesday, January 25:

Office of the President Munira INAYOTOVA, Senior Adviser, formerly Minister of Education.

Tajik State National University Tavarali Boboevich GANIEV, Dean of the Faculty of Economics and Management; G.B. BOBOSADIKOVA, Deputy to the Dean and President of the Management and Marketing Development Center; other faculty, and advanced students.

Technological University Pulat A. PULATOV, Rector, and then with Vice Rector and group of perhaps 30 faculty and students.

Wednesday, February 16 (Khojand):

Tajik Technical University (Khojand Branch) Abdugaffor K. KADIROV, Rector, Deputy Rector, and colleagues.

Khojand State University Rano RAHMANATOVA, Vice Rector for International Affairs.

Regional Government of Khojand area Khairiniso MAVLONOVA and Khairiniso TEMIROVA, senior education officials.

Tajik Institute of Management (Kairakkum) Yusuf F. MAJIDOV, Rector, and colleagues.

Thursday, February 17:

Tajik State University of Law, Business, and Politics Khamidjon PULATOV, Rector.

Analysis

Higher education in Tajikistan has problems endemic to the region--limited resources, insufficiently updated curricula, corruption, a weak economic base, etc. But they are compounded by civil conflict, which has exacerbated both poverty and isolation. It is in Dushanbe that I heard the lowest figure for professors' salaries--7000 Tajik rubles a month (less than five dollars) at the Faculty of Finance and Accounting of Tajik State University. There is also isolation caused by geography and national boundaries. The north of the country seems less security-threatened (I did not have to travel with an armed guard there) but it is separated from Dushanbe by high mountains and from Tashkent, its traditional big-city neighbor, by the Uzbek border and tense bilateral security relations.

Given these stark circumstances, what was impressive was not that there were deep problems. Rather it was the fact that there were, in both the capital and the north, institutions that were not just surviving but innovating and progressing. Moreover, to judge by an interview with a senior education policy official, the marketization of higher education is widely viewed as inevitable, and in some ways desirable. So government is, at minimum, not an active force against innovation.

Most interesting, and it appears most successful, has been the quasi-private Technological University, a young institution which has, by its account, been able to draw on business earnings to pay decent faculty salaries and computerize more than most. It was founded in 1990, and offers the traditional 5-year undergraduate degree. It has campuses in Khojand and south Tajikistan in addition to the main one in Dushanbe, and also some lycees and lower schools, where economics games are said to be introduced in the fifth grade. It features such innovations as exams-taken-by-computer. (A student said she liked this because it eliminated faculty bias--the computer graded you without knowing

who you were.) Fifty percent of the 1700 students pay tuition, and 30 percent are supported by the state budget. The remaining 20 percent are supported by what the Rector called their gold reserve, money accumulated from grants and enterprises (such as textile production) run by technical parts of the university. (The government is supposed to pay 50 percent of total university costs; it actually pays 15-20 percent.)

Technological University has also been successful in building some international connections, including the Winrock Foundation and the University of Nebraska in the United States. Forty percent of the students are enrolled in one of the economic specializations: International Economic Relations; Banking; Accounting and Audit; or Economics and Management of Enterprises. There is an English language requirement for admission, and nine applicants for every place, I was told.

A smaller, also impressive institution is the Tajik Institute of Management (TIM), in Kairakkum, thirty minutes drive from Khojand. Founded in 1995, it was the first Tajik private institution of higher education to receive a government license. Its 185 students are bussed in daily from that city, I was told, and back at the end of the day (having class out of town minimizes distractions). It graduated 19 students at its first (1999) commencement, survivors from the 34 originally admitted. (The philosophy is to give students a tough time initially with the recognition that some will not make it.) The TIM team is active in Students in Free Enterprise (SIFE) competitions, and the Rector is a CIS country coordinator of the program. When asked about a possible Master's program, he said he wants to make a success of the bachelor's program before thinking about such things. He has successfully recruited teachers from local universities (at triple the Khojand State salary) but sees an ongoing need to improve teaching quality, and would like help in doing so.

Among the general universities in Dushanbe, the Tajik-Russian Slavonic University appears the strongest. Like its sister in Bishkek, it is the product of an inter-state agreement, with Russia paying the salaries, which run at least five times those at Tajik State. This has allowed it to build, rapidly, a relatively strong faculty and reputation. It has also allowed it to operate without paying students--unique among the major Tajik universities today. It has about 650 economics and management students (323 full-time), who enroll in one of four specialties: management, finance/credit, accounting/audit, and economic information systems. Slavonic university is clearly interested in USAID support, and its economics faculty handed me a ten-page draft proposal aimed at strengthening their curriculum.

By contrast, Tajik State National University is poor and deeply troubled. But it has an entrepreneurial dean of economics and management, and houses two centers: for academic publication and business training, respectively. Tajik Technical University is working to connect economics and engineering expertise, with its main headquarters in Dushanbe and a branch in Khojand. Khojand State University is large (with 1000

students under its economics faculty) and generally resource poor--professors note that they used to use libraries in Tashkent, but now find it hard to do so. The Tajik State University of Law, Business, and Politics, also in Khojand, is likewise large with an ambitious new Rector. He was the only academic leader visited in any country to give the author of this report a certificate declaring me an honorary professor on his faculty. He did not, however, make a substantive case for US assistance to applied economics education.

Recommendations

Tajikistan is a country USAID/CAR wants to help, but the security situation renders assistance difficult. It prevents an on-the-ground presence. It weakens the economy. And it reduces connections between Tajiks and other Central Asian peoples. Higher education may be one area where aid can do some useful things, if appropriate partners can be found.

Aid to Specific Institutions

The strongest current institutions in the economics/business area are Technological University and Tajik Institute of Management. They have found (very different) formulas for viability in an unfriendly environment, and seem likely to grow in strength--probably in absolute terms, almost certainly relative to their competition. Of the two, TIM might benefit particularly from training of young core faculty, given the rector's interest in improving the quality of instruction. And Technological University might be a focal point for cooperation in pulling together internet teaching resources, given its relatively advanced degree of computerization.

If USAID/CAR wants to give special priority to applied economics education in Tajikistan, it could also consider aid to discrete projects--like Slavonic University's curriculum development project or the publication and training centers at Tajik State.

Regional Programs

Tajikistan is particularly cut off from its neighbors to the north; hence it stands to benefit disproportionately from regional programs if it can be effectively engaged. For example, only one educational institution there (Tajik Technical University) is a member of

CAMAN.¹ A special effort should therefore be made to engage Tajik institutions in the regional initiatives recommended here, specifically:

The proposed Central Asian Economics and Business Educational Resource Center

The existing Central Asian Foundation for Management Development (CAMAN)

Fellowships for graduates of other institutions to enter KIMEP masters programs

Regional competitions in Students in Free Enterprise (SIFE), for student and faculty best essays, etc.

Practical research on local economic realities

Support of economic policy study groups, or economic journalism

Underwriting contributions to the Central Asian Resource Center might also be a constructive means of helping the main Dushanbe universities (Slavonic, Tajik State, Tajik Technical) strengthen their curricula and their capacities to conduct and disseminate research.

1.1. TIM's rector said he was reluctant to join because it was hard enough. TIM's rector said he was reluctant to join because it was hard on his program, without having to conform to a third set of (Central Asian) standards as well.

March 17, 2000

APPENDIX D: TURKMENISTAN

Background.

I spent February 10-15th in Ashgabat. I visited the four major state universities and met with their leaders. I also met with faculty involved in special economics/business programs, managers of such programs, and senior officials in the Ministries of Education and Agriculture, the Cabinet of Ministers, and the Central Bank. I drew upon advice and comprehensive information prepared by Murl Baker, Julie Hamlin, Tatiana Galkanova, and the team of USAID-related experts that they brought together to support my research, and debriefed them on my tentative findings. I also consulted informally with former students, expatriate advisers, and others who were available. The external meetings were as follows:

Thursday, February 10:

Turkmen Agricultural University: Bairammuhamed ARBABOV, Deputy Minister of Agriculture, and Professor UVDIEV, head of agricultural economics.

Friday, February 11:

Turkmen State University: Professor Mered ORAZOV, Rector; Professor Gulnar O. KHALOVA, Head of the International Economic Relations Department; Assistant Professor Oguldjamal O. YAZLIYEVA, Head of Foreign Languages and Interim Dean of International Business & Management; Kasymguly BABAYEV, International Economic Relations Department; and Professor Kamal FATEHI of Texas A&M University, adviser to the Turkmen State-Texas A&M joint program..

Turkmen Institute of National Economy (TINE): Professor Mukhamedberdy MAMEDOV, Rector; Ogul NABAT, Director of Language Center; Robert MORRIS, Peace Corps Volunteer teaching business English there.

Turkmen Polytechnical Institute: Serdar A. KHYDYROV, Acting Rector; Lanyev SHAMUKHAMED, Head of Science Department; Irina Ashirovna MUKHAMEDOVA, Head of Department of Economics and Production Management and Director, Economics and Business School.

Saturday, February 12:

Ministry of Education: Vladimir Petrovich GUBANOV, Head of the Department of Higher Education.

Monday, February 14:

Interbank Center for Staff Training at the Central Bank of Turkmenistan: Orazmurat ORAZAHATOV, Director, and Gulnar Khalova.

SMEDA: Serdar BABAIEV, Director, and Sofia SCHAIHULINA, Training Manager.

Tuesday, February 15:

Central Bank: Setbay GANDIMOV, Chairman of Central Bank, Deputy Prime Minister for Economics and Finance, and professor at Turkmen State University.

Analysis

Economics education in Turkmenistan clearly needs help. Textbooks are absent or badly dated. Professors use new market labels like micro, macro, management, etc., but all too often present the same old material. Internet connections are rare. Relevant case material is scarce in any language, particularly Turkmen. And training is aimed mainly at government economic managers, not actual or potential entrepreneurs. (Faculty are paid relatively well for the region—about \$60 a month [using the market exchange rate] on a government pay scale that applies uniformly to all state universities.)

These problems are similar in kind to those elsewhere in the region, though probably worse in degree. What is unique in Ashgabat is the extent and arbitrariness of Presidential controls. The size of entering university classes is decided year by year, and recently there have been sharp cutbacks: in 1998-99, for example, 1193 students graduated from the Turkmen Politechnical Institute, but only 435 new students were admitted. There is also micromanagement of admissions, at least to priority programs. The International School of Business Management at Turkmen State University, co-recipient of a USIS development grant with Texas A&M, chose 50 entering students for fall 1999, only to have the entire list rejected on grounds that the young people (selected for English competence and general potential) lacked direct business experience. There were also complaints about faculty children being on the list. As of February 2000, there was still no freshman class, although a new group was reportedly nearing final approval.

The potential for arbitrariness has been exacerbated by the elimination, several years ago, of standard written entrance examinations. The stated reason is that the exams favored Ashgabat students over those from outside, and no doubt they did—since the former get better secondary education. But one clear result has been to increase the potential for arbitrary admissions decisions, and the opportunity for corruption. That opportunity is further enhanced by the fact that there are no contract (paying) students in Turkmen universities, unlike in all other Central Asian countries, and there are no licensed private

schools (excepting Turkish Turkmen university, which charges tuition but is not exempt from the state's heavy regulative hand).

With parents wanting to get their children educated, with quotas limiting student numbers, and no on top of the table way to pay, it is hardly surprising that people pay under the table. It is common knowledge that slots in entering classes are for sale, with prices in the thousands of dollars (one example given me informally by a university official was in the tens of thousands). There is also an apparently-common practice (observed also in other Central Asian countries) of students who don't do the work being able to purchase passing grades, and a resulting perception that Turkmen university degrees are not necessarily earned.

Finally, state policy seems to provide for a substantive division of labor among the four main state universities. The agricultural and technological universities therefore have very limited programs in economics, and Turkmen State University probably the best institution overall is supposed to cover only areas of economics not taught elsewhere: business and management, international economic relations, and apparently training of teachers. This places the main burden on the university that *is* supposed to specialize: Turkmen Institute of National Economy (TINE). But it has a reputation of being quite hierarchical and resistant to change, and nothing in my visit made me question that reputation. It also gives very low priority to English language competence, a key to international business success.

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Hence there is little present opportunity for change in regular university programs. Nor is there discernable effective support for clearly-needed reforms, such as an objective, anonymous admissions test, or allowing some slots to be filled by contract (tuition-paying) students like those in other Central Asian state universities.

There are, however, some interesting institutional initiatives outside the system. The head of the Department of Economics and Production Management at Turkmen Politechnical Institute has established an Economics and Business School and, with the cooperation of her superiors, achieved effective autonomy. The School charges tuition for (mainly retraining) courses for employed people, but the Director has plans to develop a Master's program that would be, in practice, private and independent of state control.

There is also an active short-course program run by the Small and Medium Enterprises Development Agency (SMEDA), founded four years ago as a Turkmen-European collaborative enterprise and currently a TACIS project.

Finally, the most promising current institution may be the Interbank Center for Staff Training at the Central Bank of Turkmenistan. This too began by providing upgrading for current employees, but is now admitting young people for basic training and intends to select the best among them for what would become a four-year degree program. The

Director of the Central Bank, a senior professor at Turkmen State and currently a Deputy Prime Minister, is centrally involved in this plan.

All of these programs are limited by the weak business environment, which government policies exacerbate. But they are positive entrepreneurial ventures that seem to be making real progress.

Recommendations

Turkmenistan needs its rising generation to understand how a market economy works so the nation can fulfill its potential. This requires strong university programs in economics and business for the nation's future leaders in business and government, and effective practical retraining for current officials and potential entrepreneurs. At present, true understanding of how markets work is limited and superficial, and existing educational programs are not capable of changing this. If the situation is not corrected, business development will remain stagnant, the living standards of the people will remain low, and many of the brightest citizens will emigrate. But if serious reform is undertaken, together with necessary changes in national economic policies, the 21st century can be far brighter.

More than in any other Central Asian country, though, applied economics education in Turkmenistan is undercut by existing government education policies and practices. Thus any prescriptions must highlight the need for policy changes. A basic list follows.

Education Policy

Let universities choose their own students, with government helping set criteria but not passing on individual names, and with a standard written exam part of the process.¹

Introduce the option of contracts, people paying legally for university education, to increase available funds and numbers of students and reduce corruption.

License experimental, private new economics and business programs outside of existing universities, following models like the Kazakhstan Institute of Management and Economic Policy (KIMEP) Under the President, and the American University of Kyrgyzstan (endorsed by the President of that country).

¹ A written test does not prevent a university from encouraging admissions from less-advantaged areas, or even allocating a specific number of slots to them.

Relax the division of labor between universities, so that Turkmen State, for example, can expand its economics offerings.

Arrange an external review of the Turkmen Institute of National Economy, followed by changes aimed at changing it from laggard to leader of applied economics education.

Without actions along these lines, the Turkmen educational system will remain weak and major outside aid to applied economics education in Turkmenistan will not be productive. It is difficult to recommend support for the Turkmen State/Texas A&M business administration program, for example, unless and until it is allowed to enforce a sensible policy on admissions. However, there are things USAID can do that should help at the margin and prepare the ground for greater things later on.

What USAID Can Do Now

One step is to connect Turkmen teachers, students, and institutions to USAID-supported regional initiatives. The country shares with its neighbors the need to develop and use up-to-date, market-relevant teaching materials. It shares their need for a stronger economic policy debate. It shares their need for better internet connections. It shares their need for greater connections between its academics and others of Central Asia. All of these needs could be served through participation in the series of regional initiatives recommended in the main report, specifically:

The proposed *Central Asian Economics and Business Educational Resource Center*

The existing Central Asian Foundation for Management Development (CAMAN)

Fellowships for graduates of other institutions to enter KIMEP masters programs

Regional competitions in Students in Free Enterprise (SIFE), for student and faculty best essays, etc.

Practical research on local economic realities

Support of economic policy study groups, or economic journalism

In addition, USAID should respond to requests for support from existing entrepreneurial institutions outside of the policy-inhibited formal structure that may be able to develop strong degree programs.

The Interbank Center for Staff Training at the Central Bank of Turkmenistan seeks technical help in its program for training accountants. A prompt positive response is appropriate, together with signals of readiness to provide further assistance.

The Economics and Business School housed at Turkmen Politechnical Institute is likewise deserving of specific support, particularly as it moves to offer degree programs.

At some point, it may prove desirable (or necessary) for USAID to offer more substantial aid *and* condition it on government licensing of these programs. But this bridge need not be crossed yet.

March 17, 2000

APPENDIX E: UZBEKISTAN

Background

I spent February 7-9th and 17-19th in Uzbekistan. Most of the time was spent in Tashkent, but I made trips to Nukus and Samarkand. I visited most of the major universities and training institutes--fourteen in all--and met with their leaders. I also met with the Minister of Higher Education, with faculty involved in special economics/business programs, and with representatives of other donor and contractor organizations. I drew upon helpful advice from USAID Representative Teresa Ware and PAO Mark Asquino, and comprehensive information prepared by Tilda Leahy, USAID/GTD Project, and USAID specialist Ulugbek Isayev, who accompanied me to Nukus and Samarkand and sat in on most of the Tashkent meetings. The external meetings were as follows:

Monday, February 7:

TACIS Human Resource Development Donor Coordination Meeting. (I sat in for half an hour, and heard presentations by Asian Development Bank officials on their program to collect educational data.)

Ministry of Higher and Specialized Education--Saidakhror S. GULYAMOV, Minister of Higher and Secondary Specialized Education, and Raimjon Kh. ALIMOV, Rector of Tashkent State Economic University, at the Ministry. An aide named RASILOV sat in.

Academy of State and Social Construction Under the President of the Republic of Uzbekistan Rustam KAZIMOV, Deputy Rector, and Batir B. SAMARKANDJAEV, Dean.

Peace Corps Mukhammad TASHABAEV, Program Manager, Business Education and Development (BEAD), and Ravshan AYUPOV, Assistant Program Manager.

Eurasia Foundation Lisa Coll, Regional Director

Tuesday, February 8:

University of World Economy and Diplomacy Bakhodiy A. KHOLJAEV, Vice Rector; Rustam SHADIEV, Dean of Economic Relations, and Yurly Sh. KUTBITILINOV, Head of International Department. (I also spoke with Fulbright visiting scholar David Bartlett on Monday.)

Regional Bank Training Center Mannon G. ALIEV, General Director; and Zamir A. KHOLMAKHMADOV, Deputy General Director.

British Council Michael Moore, Country Director.

Soros Foundation Alain Deletroz, Executive Director, Uzbekistan.

TACIS Giovanni CAPPE, Project Manager, and Kasim T. RASULOV, Senior Expert.

ACCELS Michael Curtis, Country Director.

Wednesday, February 9:

Tashkent State Economic University Durbek AKHMEDOV, Vice Rector and Director, Regional Center of Joint Vienna Institute/TSEU; Khikmatulla LUTFULLAEV, Vice Rector; Nosir Makhmudovich MAKHMUDOV; and Abror KABULOV. (I also had lunch that day with the Fulbright scholar spending the year at TSEU.)

International Business School Kelajak Ilmi at TSEU Mila H. ESHONOVA, Director.

Tashkent Institute of Finance Murat Sh. SHARIFKHODJAEV, Rector; and Zahir Y. YULDASHEV, Vice Rector.

Banking and Finance Academy of the Republic of Uzbekistan Mirabit F. ACHILOV, Rector.

Thursday, February 17:

Institute for Strategic and Regional Studies Under the President of the Republic of Uzbekistan Rafik Sh. SAIFULIN, Director.

Tashkent State Technical University Abdurashid KADIROV, Deputy Rector and Dean, Faculty of Business Management; Aziz KARIMOV, Deputy Dean; Abdumalik A. DJUMANOV, Docent..

Ferghana International Management Institute Barno SADIKOVA, Director. (This meeting was conducted at the USAID/Tashkent office.)

Friday, February 18 (Nukus):

Republic of Karakalpakstan Tatlimurat ATAMURATOV, Deputy Prime Minister for Social Issues.

Progress Center Business School Lily LAGAZIDZE, Director, and Rachel DORNHELM, Deputy Director.

Saturday, February 19 (Samarkand):

International Management Training Center Nozir A. IBRAGIMOV, Director; Karim SAIDOV, Senior Consultant, and representatives of the major educational institutions doing economics and business programs.

Samarkand International Business School at Samarkand State Architectural and Civil Engineering Institute Gulsara Inatullaevna GANIEVA, Director.

Samarkand State University Mr. SALIKHBAEV, Vice Rector; Bahodir USMANOV, Dean of Economic Sciences; Karim SAIDOV; and others.

Samarkand State Institute of Foreign Languages Yusuf N. ABDULLAEV, Rector; Amin BAKAEV, Vice Rector and Director, *Business Incubator*.

Samarkand Association of Business Women (Tadbirkor Ayol) Dilorom Kh. MAMATKULOVA, Director.

Analysis

Uzbekistan's President has made reform of education a visible priority, and his Minister of Higher Education is a well-regarded man who seems cautiously open to change. However, the country lags behind most of its neighbors in its openness to educational change. Private universities are not being licensed, though public universities can charge tuition to 50 percent of their students. What is probably the best institution, the new and relatively well-funded University of World Economic and Diplomacy (UWED), is under a different ministry, the Ministry of Foreign Affairs. International Economic Relations is its largest program, enrolling close to half its students.

The Tashkent State Economic University (TSEU) is less well-off. Its leadership seems well-connected at home and abroad. The Minister, formerly its Rector, views it as a natural pace-setter in economics educational reform, and it is the Central Asian home to the Joint Vienna Center sponsored by the World Bank. It offers a Master's degree in business (as does UWED). But it is not well funded and seems home to substantial corruption within, with students able to purchase passing grades if they do not (or cannot) earn them. Moreover, in

Two unaccredited institutions that have not backed off are the Progress Center Business School in Nukus and the International Business School Kelajak Ilmi housed at TSEU. Both have been developed by entrepreneurial women. Both run English language, bachelor's level programs. Both admit students on the basis of English and Math competence, and offer a tough first-year program with the expectation that not all will make it through. Progress is particularly interesting for its location--in the huge, thinly populated west of the country, it has established itself as the most dynamic educational venture, with strong support from the Deputy Premier of Karakalpakstan. It operates on the base of an English language program for students in the 5th through 11th forms; the best can go on to the Business School, which it subsidizes. The director, formerly a highly-successful English tutor, is turning a shabby donated building into an attractive environment, room by room. The director of Kelajak Ilmi is similarly dynamic, and claims to have personally brought over 500 books from overseas for her library. One problem is that she has reportedly been a risk-taker with her institution's money, and other questions have been raised about her financial practices.

A final innovative institution of note is the Samarkand International Management Training Center (IMTC). It is a TACIS creation with two shareholders ---the Samarkand Co-operative Institute (71%, in whose building we it is housed) and the Samarkand State University (29%).³ It advertises that all its short courses (the major products of imtc), meet international standards--it is Samarkand's window on the west. It offers an MBA (20 current students) and, perhaps most impressively, has developed over one hundred short business case studies, half locally based. It has rather good computer facilities but a thin library.

Tashkent boasts several government-backed mid-career training centers. Best-endowed is the Banking and Finance Academy of the Republic of Uzbekistan, a joint enterprise of the government and the bankers' association. It offers a Master's degree for a year of academic and practical study, and many of the mid-career finance officials and bankers get to spend their practical time abroad. Also teaching a one-year, full-time mid-career master's is the Academy of State and Social Reconstruction under the President of the Republic of Uzbekistan. The Presidential Academy offers "elements and principles of market economy" as one of its two courses for national and local officials. It has particularly entrepreneurial leadership. For both academies, the average trainee is 30-32 years old. And both are targeted at rising stars, future top officials. The Regional Bank Training Center, a joint facility of Uzbekistan, Kyrgyzstan, and Tajikistan, offers shorter-term technical training in all phases of the banking business. It originated as another TACIS project and now seems close to self-sufficiency, with over 2500 trainees a year.

3. Samarkand State University has its own economics programs and seeks partnership with a US university.

Recommendations

In its exchange rate policy and its dealings with business and agriculture, the Uzbek state is a long way from embracing reform and the free market. The Ministry of Education has been similarly slow to move. Still, the post-Soviet period has spawned a range of new economics/business programs, a few of which merit direct USAID support, and more of which would be good participants in regional initiatives. And if government is not actively supporting (or licensing) change, it is generally allowing it to happen.

Aid for Experimental Programs

Three institutions, two of them non-licensed, stand out as appropriate targets for direct USAID support.

The Progress Center Business School in Nukus;

The Faculty of Business Management at Tashkent State Technical University; and

The International Business School Kelajak Ilmi housed at Tashkent State Economic University.

All are attracting paying students under difficult circumstances. All are English-language based programs that follow western models. All are financially stretched. There have been questions raised about Kelajak Ilmi's finances, and this would require reassurance. But all three represent the type of innovation that deserves encouragement.

Direct support of the state universities and the training academies does not seem appropriate, though they should be invited to join regional initiatives (see next section). And other innovative programs have either backed off their primary economic/business program (FIMI, Samarkand International Business School) and/or have TACIS as their logical source of direct funding (FIMI, IMTC).

Regional Programs

Uzbekistan boasts several large and/or high-quality institutions that should, to the extent possible, be brought into the regional initiatives highlighted in the body of the report. The University of World Economy and Diplomacy, TSEU, and IMTC offer experience and expertise--and represent substantial faculties and student bodies. They, as well as the experimental programs, should be involved in:

The proposed *Central Asian Economics and Business Educational Resource Center*

The existing Central Asian Foundation for Management Development (CAMAN)

Fellowships for graduates of other institutions to enter KIMEP masters programs

Regional competitions in Students in Free Enterprise (SIFE), for student and faculty best essays, etc.

Practical research on local economic realities

Support of economic policy study groups, or economic journalism

Education Policy

The biggest need is a government readiness to license private universities. Failure to do so has crippled some programs and created impediments for others. The current Minister may be moving toward greater flexibility on this point. If so, the prospect of substantial outside help for an institution might help to tip the decision in the right direction. So if USAID is inclined to offer significant help to Progress and or Kelajak Ilmi, it might wish to consider bargaining with the Ministry for licensing of these programs.

A larger policy impediment to education in applied economics, however, is the Uzbek government's lack of commitment to market principles generally. This limits economic dynamism and the opportunities for graduates of economics and business degree programs. A dramatic reversal would be a tonic for current programs, and a generator of new ones.

EDUCATION IN APPLIED ECONOMICS IN CENTRAL ASIA:
FINDINGS AND RECOMMENDATIONS

I. M. (Mac) Destler

March 17, 2000

I have spent much of the past three months visiting Central Asian universities for USAID/CAR. The bad news outweighs the good, but the good offers a basis for effective US assistance.

FINDINGS

1. The general state of higher education in Central Asia is abysmal. Universities are grossly underfunded, with most professors' salaries below \$100/month, and some as low as \$5. Buildings are run down and poorly heated. Libraries and computer facilities are minimal. Corruption is widespread, including the selling of admissions and grades. As a result, many degrees are not credible. The situation is particularly bad at the national universities that are supposed to be, and may once have been, the centers of academic quality.¹

2. Education in applied economics² faces an additional major problem: the need for fundamental changes in the old curriculum to support transition to a market economy. Everywhere some have been made: course names changed, typically, from (Marxist) political economy to macro, micro, management, finance, etc. But deep reform of curriculum and teaching is the exception.

3. Aside from KIMEP, Central Asia lacks innovative bachelor's and master's programs centered on economics per se. And nowhere did this observer find a public policy school along the model of Harvard's Kennedy School. But new business and management programs are everywhere.

a. They are particularly prevalent in the reform countries,³ which have licensed private higher education, but emerging also in Uzbekistan and Turkmenistan, which haven't.

b. Some of the most promising have been built on the foundation of English language programs, and offer many of their courses in English.⁴

c. Most business and management degree programs are relatively small, graduating fewer than 100 students a year. Some are unlicensed and financially shaky. But the new, private Turan University (Almaty and Astana) has 3700 students.

1. An exception is the University of World Economy and Diplomacy (UWED), perhaps the best institution of higher education in Uzbekistan. It was founded in 1992, and is under the authority of the Ministry of Foreign Affairs, not the Ministry of Education.

2. I use this phrase as shorthand for economics, business, management, and public policy, my overall subject.

3. These are Kazakhstan, Kyrgyzstan, and Tajikistan, listed in order of their openness to private universities.

4. Examples are the American University of Kyrgyzstan (AUK), in which business is the most popular major, and the Progress Center Business School in Nukus, Uzbekistan.

d. Most are in Almaty or national capitals. Yet a number are geographically quite removed from them.⁵

e. Some of the more successful in the reform countries combine degree programs with short retraining courses for private industry, banks, and governments.⁶ And elsewhere, such courses are a first step for institutions that aspire to establish government-licensed degree programs.⁷

4. Business and economics programs everywhere are undercut by the weakness of the national economies. This affects how much tuition they can charge,⁸ the working relationships they can develop with local and multinational business, and the jobs available for their graduates. There was an apparent tendency for specializations targeted at producing future entrepreneurs to shrink relative to those useful for employment in government or banking.

5. In general, ministries of education appear to act as barriers to higher education reform, not sources of support for it. This seems particularly true in the countries (Turkmenistan and Uzbekistan) that have not licensed private universities.

6. Teaching materials (textbooks, readings, locally-relevant cases) are in egregiously short supply almost everywhere. Central Asian universities have been cut off from their old (Moscow-centered) life-support system, which brought teachers on the periphery up to date on substance, methods, etc. Nothing comparable has replaced it.⁹ One unfortunate result has been to reinforce the old pattern of teaching--students spending up to 40 hours a week in the classroom listening to professors talk (presumably from outdated lecture notes), with little time reading, or thinking, or speaking for themselves.

5. These would include: the Tajik Institute of Management in Kairakkum, Tajikistan; the Faculty of Business and Management at Osh State University, Kyrgyzstan; the Ferghana International Management Institute (FIMI); the Progress school of Nukus, Uzbekistan; and the Kazak-American College in Ust-Kamenogorsk, Kazakhstan.

6. Two that have followed this path are the International Business School in Almaty, which does substantial work with the World Bank Institute, and the Academy of Finance and Management in Bishkek, which has found a niche training government specialists dealing with business bankruptcies.

7. In Turkmenistan, the two primary examples are Interbank Center for Staff Training at the Central Bank, and the Economics and Business School housed at Turkmen Polytechnic Institute.

8. Except in Turkmenistan, state as well as private universities now charge tuition for at least some of their students.

9. Two institutions built on a new link to Moscow are Kyrgyz-Russian Slavic University and Tajik-Russian Slavonic University. They were created by inter-state agreements and offer degrees said to be recognized throughout the former Soviet Union. They have quickly risen to the top tier of universities in Bishkek and Dushanbe. One non-trivial reason is that Moscow funds professors' salaries, which are several times as high as those at the old state universities.

7. Technology lags badly. Few faculty members (let alone students) have regular access to computers, or *email*, or the worldwide web. This is mainly a problem of money, though in some countries government efforts at control may exacerbate the problem.

8. The regional academic network is very weak. Deans look to America and Europe for faculty training and support and advice on curricula, not to Central Asian peers. Students study mainly in their home regions (except for those fortunate enough to fly off to advanced industrial nations). Professors don't network very much across national lines.¹⁰

9. Due to these weaknesses, Central Asian higher education is not meeting the need to train the rising generation in the essentials of how a market economy works. But there is enough educational entrepreneurship in the region to offer a base on which to build.

RECOMMENDATIONS

The rising generation needs *understanding* of what a market economy is and how it functions, to broaden the constituency for thoroughgoing reform. It needs entrepreneurial *attitudes* and technical *skills* to make it work. Educators are working toward these goals in Central Asia today. A carefully targeted aid program can reinforce them, connect them better to one another, and build a community for ongoing change.

Aid cannot address some of the deepest problems--the abysmal average salaries of university teachers, for example, or the unheated, decaying buildings. Nor does money by itself necessarily make things better.¹¹ And USAID is only one of many donors: the World Bank, the Soros Foundation, TACIS, USIA, the Eurasia Foundation (principally USAID-funded), and the Asian Development Bank are among those who have provided substantial support.

How then should USAID/CAR target its efforts?

Top priority should go to measures that *reach across the region* by building up the professional community and enhancing the resources available to it.

10. A promising exception is CAMAN (Central Asian Foundation for Management Development), an organization of 50 educational institutions in business and management, based at the International Academy of Business in Almaty.

11. One cannot assume that universities or higher education ministries will use new money wisely, or even honestly. Witness the words of one experienced Central Asian interviewed: The previous Minister built a very nice house on a small salary. If you want the current minister to build a nice house, please give a grant to the Ministry of Education.

In addition, useful steps can also be taken to *help selected institutions, strengthen faculties, and press for improved national education policies.*

A. Region-Wide Initiatives

*USAID should sponsor and underwrite creation of a Central Asian Economics and Business Educational Resource Center, based in Almaty, with partner institutions throughout the region. This would be, in particular, a *virtual center*, maintaining a website where curricula, textbooks, articles, case studies, and other professional material would be available, as well as information about new publications, conferences, useful websites around the world, etc. Institutions would subscribe not by paying a fee, but by sharing their educational materials. The Center would also develop new materials: articles and case studies it would publish on the website.*

The Center would be the capstone of a broader USAID effort to build links among applied economics educators across the region. *The Almaty-based Central Asian Foundation for Management Development (CAMAN) should be integral to this effort, and might well house the proposed Center.*

As another means of building connections, USAID should fund fellowships (perhaps 10-20 to start) for graduates of other institutions, particularly outside Kazakhstan, to enter the KIMEP masters programs in economics, business administration, and public administration.

To reward commitment to market principles and enliven the intellectual climate, USAID should support existing competitions and fund new ones:

USAID might make a commitment to send five winners of the Central Asian Students in Free Enterprise (SIFE) competition to the United States for the world championship.

USAID could fund competitions and prizes for best essays analyzing national and regional economic and business problems and policy choices: one for bachelor s level students, one for master s, and competitions for junior and senior scholars.

USAID could *support practical research*--by graduate students as well as professors--on how Central Asian economies actually operate. This might pay substantial dividends at low cost.¹²

USAID could *promote broad dialogue on economic policy*, by inviting proposals for conferences, study groups, etc., centered on prominent economic problems that analysis can illuminate.

12. James W. Fox, USAID Economic Strategy in Central Asia, p. 7.

Finally, USAID could *encourage good economic journalism* through grants to magazines on economic topics that seek broad regional audiences.

B. Support for Institutions and Faculty Members

USAID should complement region-wide initiatives with selective support of innovative, entrepreneurial institutions in each country. As a general rule, institutions given special help should be *private or at least semi-autonomous*; have *good and dedicated faculties*, have *demonstrated market appeal to both students and employers*, and *do a significant portion of their teaching in English*, or aspire to do so. And they should be *honest*, and committed to remaining so.

The following institutions are promising candidates for USAID support--and/or prominent participation in regional initiatives:¹³

Kazakhstan: Kazakhstan Institute for Management, Economics, and Strategic Planning (KIMEP); Kazak-American College; the International Academy of Business (IAB); the International Business School (IBS); Turan University

Kyrgyzstan: American University in Kyrgyzstan (AUK); Academy of Management under the President; Osh State University.

Tajikistan: Techological University; Tajik Institute of Management, Kairakkum; Slavonic University.

Turkmenistan: Interbank Center for Staff Training at the Central Bank; Economics and Business School (housed at Turkmen Polytechnical Institute).

Uzbekistan: Experimental Faculty of Business Management, Tashkent State Technical University; Progress Center Business School, Nukus; International Management Training Center, Samarkand; University of World Economy and Diplomacy.

Strengthening faculty. Central Asian universities need rising cohorts of young teacher-practitioner-scholars committed to market economies and educational reform. USAID should give priority to training younger faculty, inviting *institutional applications to train teachers in Central Asia and beyond that: (1) commit the trainees to return to their schools*; and *(2) commit their institutions to provide decent pay and an open work environment*.

13. For more detailed and nuanced discussion, including additional institutions that merit assistance, see the full report and country appendices.

C. Policy Reform

With money in short supply, national governments must encourage private resources to flow into applied economics education. Governments can *promote further marketization* by (1) *licensing more private universities*; and (2) *allowing more paying customers at state universities*. This gets money into education on top of the table. In Turkmenistan and in Uzbekistan, *USAID should explore the possibility of linking assistance to innovative private institutions to their licensing by government authorities*.

Freedom of Choice. Finally, universities need to open up their curricula, gradually introducing more student choice *within* as well as *among* specializations. And class hours should be reduced and outside assignments increased, once textbooks and readings are available.