

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.<sup>1</sup> 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.<sup>2</sup>

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.<sup>3</sup> 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.<sup>4</sup> 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.<sup>5</sup> 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.