

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 BABAEV, 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.