

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

1991 the faculty members who taught finance, credit, taxation, etc., were moved to a separate university, the Tashkent Institute of Finance, making TSEU's coverage less comprehensive.¹

There are, however, a number of interesting, even entrepreneurial business education programs outside of the formal mainstream. Each has its own particular history, but taken together they suggest a persistent market for relevant economics education notwithstanding the central government's slowness in reform.

The best established is the experimental 3-year bachelor's program offered by the Faculty of Business Management at Tashkent State Technical University. It was inaugurated (with Ministry of Higher Education blessing) in October 1994 through the initiative of a Malaysian company, Renong Berhad, which financed the faculty for the first three years. Students are chosen in a nation-wide competition--any freshman at a state university in Uzbekistan can apply, and 500 do. They are cut to 200 through a written examination, in which English competence counts for 75%, and then 100 are chosen through highly-structured interviews. They can choose either the Marketing or the Finance program. Almost all teaching is in English. The present core faculty consists of recent degree recipients and Peace Corps Volunteers, whose teaching is supplemented by five American teachers who fly in for 4-6 week modules.

Others have not been so lucky in winning Ministry of Higher Education blessing.. In 1998, the TACIS-supported Ferghana International Management Institute (FIMI) launched an MBA course for practitioners that paralleled the degree programs at UWED and TSEU. They submitted thick volumes of explanation and justification to the Ministry, and admitted 19 students only after informal assurances they'd be licensed. They weren't, and ended up aborting the program after one of its scheduled two years, and issuing certificates instead of Master's diplomas. They didn't admit another class in 1999, and are trying to keep their faculty busy and remunerated by offering short courses in English and business subjects.²

Similarly frustrated has been the Samarkand International Business School, based at Samarkand State Architectural and Civil Engineering Institute. It is a non-state educational facility formed in 1994, self-financing, based on the economics faculty there. As with FIMI, instruction in English is central to their program, and as with FIMI, they are presently stalemated--by a combination of no license and the unavailability of qualified teachers. So they too have backed off and are currently offering short courses on areas where they have special expertise, like securities markets.

1.1. The logic of this split. The logic of this split was never explained to my satisfaction, though. The logic of this split was never explained to the faculty at each place teach classes at the other, mitigating some of the effects.

2. They even had their Europe-trained faculty take the TSEU MBA program in order to buttress its paper credentials.

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.