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**Session C 2
Reform in the Field of Education**

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Good Morning everyone! I am pleased that such a group has gathered from around the world to discuss human capacity building role for economic development, and the opportunities and challenges that countries-members of OSCE face in education.

It is hard to talk about reforms in education. In Central Asia we have two active reformers: Kazakhstan and Turkmenistan that do reforms every year. In Kazakhstan we started with introducing paid educational services to students, then privatizing the institutions, introducing Master programs, accreditation/attestation procedures, and the last ones have to do with credit hour system, increasing general education from 11 to 12 years, and merit national testing. In Turkmenistan, the education in schools was first reduced from 10 till 9, university education from 5 till 2 years, reducing faculty staff by 10,000 teachers, and the latest but not last, firing everyone who got their education from outside of Turkmenistan. So, if to consider these types of reforms, then I would say – don't do any reform. Out of all recommendation we have heard in last three days this one is the easiest to implement! I wish I can stop now, but we are here not for easy solutions. So what I would try to do during the next 5 minutes is to outline the general issues in economics and business education applicable to all Central Asian countries and maybe other OSCE members, how they can be addressed and what USAID does in order to solve them.

Today's hottest topic in higher education in Central Asia, as it is in other countries, is joining the Bologna Process. Yesterday, we heard several presenters talking in details about it. The Ministries of Education in Kazakhstan, the Kyrgyz Republic and Uzbekistan are also actively seeking to obtain international recognition of their degrees and mobility for their students and professors.

So what needs to be done to move to a system for tracking degree progress that is recognized by other universities and employers abroad? Besides the common system of categorization of higher education qualifications, implementation of credit system, diploma supplements, etc., there are two major areas where, in my opinion, we should be focusing efforts in economics and business education.

- 1) Loosen ministries of education control over the universities curriculum, and
- 2) Strengthen links between universities and businesses and the market

On the first one: In Central Asia, ministries of education control up to 100% of subjects taught. This means that universities don't have a possibility to offer new courses or change the content of existing ones without prior permission of the ministries. In some countries like Uzbekistan or Turkmenistan we don't have any private institutions; everything is run by the government.

USAID/Central Asia has been engaged in economics and business education since year 2000. Till 2004 we mostly focused on faculty training in market-based economics and business and direct support to institutions (computers, books, internet connection, journals). Over 1200 university faculty and administrators were trained; the academies for faculty training were established in each country, so that there are institutions in place that can provide continuous professional development support to the faculty.

However, with this degree of a control by the ministry, no matter how many faculty members we will train we won't be able to achieve significant improvement of education quality. So now we have over 1200 people trained and who cannot in most of the cases apply these knowledge into their classrooms. Without certain degree of freedom, universities won't be able to fully implement credit-hour systems and the other related components that contribute to flexibility and transferability in economics and business degree programs such as the implementation of electives, possibilities for students to have individual course schedules, opportunities to take courses from other universities/ departments that counts towards an aggregate of credits earned, and the opportunity to choose and evaluate a professor.

That is why just working at the levels of universities is not enough, there should be work done on the policy level, with the ministries of education to ensure that economics and business departments are able to equip students with skills and knowledge that the market is looking for.

Now, let's go back to the second objective: assisting business and economics programs to become more responsive to the needs of businesses and the economy. We proposed this objective because the common evidence is that the graduates lack skills that employers are looking for. The poor quality of graduates can be explained by the fact that there is not enough information about what employers are looking for and unwillingness of young people to join the labor market. The data suggests that youth are not willing to work and try to postpone their entrance into the job market. Out of the group of 18-23 years olds 80% are students. 80% of economics and business students are poor performers at universities, which is much worse than general average of 40%. This is can be also explained by the fact that there is a belief among students and their parents that all you need is diploma, not knowledge; because at the Soviet time, diploma was a guarantee that a graduate will have a job. Because of lack of strong motivation to study, students face difficulties with employment: 35-40% of graduates cannot find a job during a first year after graduation.

Universities must operate in an increasingly competitive market place. A market oriented approach to education dictates that universities pay particular attention to the needs of their customers, namely students. The primary objective for the majority of students attending university is to either find employment or improve their employment prospects. In order to more fully meet these student expectations, universities must collaborate with commerce and industry. To promote the adoption of programs that better equip students with the broad skills base that meet the expectations of the private sector, the components such as internships and/or consulting programs, work-study programs, student companies, career centers, university boards containing representation from business, advisory committees with business and academic representatives, developing a unit within the university structure responsible for follow-up with employers, and other so called feedback mechanisms should be implemented.

Only when universities will know exactly what businesses' requirements to the graduates are, will have structures in place to incorporate these requirements into their programs, they would be able to supply the market with a highly qualified and demanded work force.

To achieve above mentioned objectives, USAID/CAR as of September this year introduces the new program. This activity will target assistance to develop stronger links among businesses and universities, make business and economics programs more responsive to the needs of businesses and the economy, create sustainable faculty development and advocacy mechanisms, and capitalize on opportunities presented by ministries to move educational institutions towards international standards in economics and business education.

Let me conclude here. And if you have any questions or comments on our upcoming activity you can ask them now or we can talk after the session. Thank you for the opportunity to present.