

PUBLIC POLICIES IN THE HIGHER EDUCATION OF KAZAKHSTAN

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Research Goals

Since 1991, the newly-independent Central Asian states have been confronting unprecedented challenges in virtually every area of public policy. Initially, economic and political reforms understandably dominated their public agenda, at the expense of other policy areas such as higher education (HE). Later however, the following problems prompted the governments to start elaborating new policies in the HE sector:

- emergence of a private HE sector,
- new labor market demands,
- declining funding base for public HE institutions (HEIs),
- deteriorating standards of state-funded academic research,
- exposure to international education cooperation.

These problems drew attention to the fact that HE policy needs to be addressed in a more coherent manner to ensure that the reforms match with broader societal transformations. Therefore policy issues being addressed include the regulation of private HEIs and HE privatization, HE funding, educational standards and management, national student admissions, student financial aid, curricula reform, faculty development, academic research, and international cooperation. However, the different dynamics of transition and the particular policy contexts and goals in each country of the region have pre-conditioned varying policy approaches to the reform of their HE. This paper aims to provide an overview and analysis of conditions and recent public policies related to HE reforms in one of those Central Asian states, namely Kazakhstan.

Overview of the paper

1. Sequence and goals of HE reforms undertaken in Kazakhstan since 1991
2. Current overall situation in the HE, including the private HE sector
3. My conceptualization of the Kazakhstan HE policies as ‘marketization’
4. HE privatization: rationale, underpinning principles, generic policies with their respective advantages and problem areas, and possible repercussions
5. New nation-wide student admission model and a state grants and loans program
6. Policies in the academic research area
7. International cooperation in the HE in Kazakhstan
8. Conclusions.

1. a. 1991-1994: Developing new legislation to lay the ground for HE reforms.

The major task was to develop the legal groundwork for educating a cadre of brand new specialists to meet the demands of an emerging market economy as well as those of the regions. In this regard, the Law on Education, adopted in 1993, sketched out relevant steps to be taken. In 1994, Major Provisions (*GosStandart*) for the HE of Kazakhstan were adopted, which established new multilevel framework of HE in the country that targets an extended range of academic degrees such as Bachelor and Master.

b. 1995-1998: Modernizing the HE system.

The Concept of State Education Policy was developed and approved by the National Council for the State Policy under the President of Kazakhstan in 1995. Moreover a new normative base for activities of HEIs was established and from 1995-1997 the first educational standards for 310 major fields of higher professional education in

Kazakhstan were adopted. In 1996, a new list of 342 HE specializations was approved. This gave rise to the emergence and growth of a private HE sector.

c. 1999-2000: Reforms regarding privatization of HE institutions, student admissions, and student funding.

During this stage, decentralization of the management system for HE institutions was implemented. A new standardized, nation-wide, test-based student admission system was designed and launched, which would target a given number of prospective HE graduates, based on labor market demand projections. This model was also tied to the allocation of a number of government grants and loans to the best candidates on a competitive basis. The privatization of many public HE institutions became a public agenda item and policy issue that stirred controversy and debates.

d. 2001 – onward: Designing and refining a new national HE model?

My analysis of HE policies in Kazakhstan is limited to the years 1991-2001. However, in my view, apart from the prevalent marketization trend, further development of the HE system should also take into account pre-existing local best practices, compatible with the high standards attained earlier in certain areas of HE. HIEs can also draw upon international cooperation, which would help to integrate current global HE trends and best practices. [7]

2. Current overall situation in the HE: the rise of the private HE sector.

The drastic economic reforms in Kazakhstan since 1991 have had a crucial impact on its HE. One of the most visible changes is the appearance of a large number of private educational institutions, which nowadays constitute the majority of the local HE

'market'. Specifically, as of 2001, "Kazakhstan system of higher education includes 171 civil HEIs including 34 public HEIs, 12 joint-stock institutions, 3 international ones, 122 private HEIs, 124 affiliations and 12 non-civil higher education institutions". [7]

The total HE student enrolment increased from 272,000 in 1995 to 442,000 in 2001. This can be accounted for by the greater number of HE programs being offered. Out of the total number of students (514,000 including those enrolled in non-civil HE entities), 35.6 percent (183,000) were enrolled in the private HE sector. In 2001 Kazakhstan counted 298 students per 10,000 of its citizens. [7]

These new private HEIs have emerged in an attempt to offer alternative programs to those provided by state-owned institutions. A large number of private educational programs focus on economic and business disciplines that are in high demand in the ongoing transition period. The following majors are most in demand: business, finance, accounting, management, economics, oil and gas industry, law, journalism, international relations, and foreign languages.

Many of these private entities were created, at least partly, out of former state universities and institutes such as, for instance, the Kazak Institute of Management, Economics and Strategic Research (KIMEP) and the International University of Business. On the other hand, many of them were created by their founders who set them up independently from scratch (the International Business Academy (IBA), *Adilet* School of Law, *Turan* University, *Kainar* University, and *Suleiman Demirel* Turkish University).

Most of the latter have comparatively low enrollment, although, as of 2001, the average tuition fee approximated those of the state universities (US\$700-900 per academic year). The fact that many of them seem sustainable enough may illustrate their better financial management capacity. On the other hand, checks made by the

Ministry of Education at the beginning of 2000 also revealed poor overall educational and management standards in some private institutions and so the licenses of 28 of them have been revoked. There have been even some private HEIs that offered their programs for just US\$200-\$300 a year, which is clearly not feasible, even for a normal state institution, where, as of 2001, average education costs per student totaled US\$500-600. This points to the necessity of maintaining rigorous government surveillance to ensure that all HEIs conform to certain uniform academic standards, regardless of their ownership status.

However, there are a few private or semi-private universities with a very positive image. In the new capital, Astana, as of 2000, these included a branch of *Adilet* School of Law and the Eurasian Humanity Institute, and in the former capital, Almaty, are the above-mentioned *KIMEP*, *IBA*, *Adilet*, and *Turan*. Based on my own impressions from personal site visits, these private HEIs are distinguished by their openness to outsiders and their readiness to share information about their acquisitions, issues of concern, and further plans. Their best features are the following:

- having well-equipped teaching facilities and computers with access to e-mail and the Internet
- taking an active part in extra-curricular activities, in collaboration with other universities, public authorities, and the local community
- publishing their own newspapers and newsletters
- encouraging their best students with various tuition-waiver schemes
- participating in the Kazakhstan state grants and loans program
- willingness to cooperate with foreign institutions and donors
- being politically more active through the Association of Private Institutions and the Council of Rectors

- having a better image among students
- being more exposed to innovations and new programs
- being more responsive to the need for modern libraries.

3. Conceptualization of HE policies

As of 2000, the legal framework of the HE was based primarily on the Education Law adopted on June 6, 1999, which stipulated only very basic provisions for the overall education system in the country. Thus amendments were needed in order to be consistent with other branches, such as constitutional, civil, administrative, financial, and labor laws. Moreover a number of other laws had to be adopted to regulate educational institutions of different levels. In this regard, as Anatoly Matyukhin, the Rector of the Adilet School of Law has noted, a complete code of laws pertinent to education in Kazakhstan should be drawn up. This more comprehensive framework would facilitate compliance by the universities with legal provisions and help develop a mechanism for law enforcement.

What follows is my own perspective on Kazakh HE policies, based on the American school of policy analysis, which may provide a more comprehensive and consistent view of recent reforms. Specifically, I argue that *marketization* is the main thrust of the new operating philosophy for Higher Education reforms in market-driven Kazakhstan, even if the term has not been used in this regard. This means that the government pursues the following principles:

1. The primary goal of HE should be to serve the needs of the *market economy*
2. HE should be driven by *labor market demands* and be *competitive*
3. The role of government in HE is to offset *imminent market failures* such as information asymmetry, externality, and undersupply of public good.

The following is a list of all Kazakhstan HE policies adopted up to 2001:

- Liberalizing the HE sector
- Privatizing most HE institutions
- Licensing and attesting the HEIs
- Launching a nation-wide student admission model based on a standardized testing system
- Implementing a state grants and loans program as financial aid to students
- Integrating HE and academic research through mergers
- Fostering international cooperation in HE and academic research

Classification of these policies into four types of so-called *generic policies* for the HE of Kazakhstan

A. Freeing market forces in the HE sector (*marketization*):

1. Deregulation of HE sector: free entry-exit
2. Privatization of HEIs
3. Academic liberalization
4. Opening up to international cooperation

B. Fiscal policies (*taxes and subsidies*) to support HE through:

1. Student grants and loans program (*demand-side subsidy*)
2. Public grants for research by the HEIs in particular areas (*supply-side subsidy*)

C. Direct public provision of HE services:

1. Selecting and upgrading 10-15 public HEIs in key areas of national interest
2. Opening some new leading State Universities

D. Government regulation of HE:

1. Government licensing and periodic attestation of the HEIs

2. Nation-wide standardized student admission through a system of state Testing Centers
3. Regulatory standards for curricula of state-stipulated specializations.

Primary goals for these groups of *generic policies*:

A. Addressing government failures (*monopoly and inefficiency*):

The following cause-effect links are perceived:

- Deregulating the HE sector should lead to increasing academic standards and efficiency through *fostering competition*
- Privatizing most HEIs will result in lowering public HE *costs* and reduce dealings with *bureaucratic inefficiency*
- Academic liberalization will help offset *excessive centralization* in HEIs' management and educational process.

B. Countering the first type of market failure (*information asymmetry*) by:

- Government licensing and attestation of HEIs
- Nation-wide student admission system
- Regulatory standards for curricula in list of state-stipulated specializations.

C. Countering the second type of market failure (*public goods and positive externality*) through:

- Direct supply of HE services based on the state-funded HEIs (to counter the *public goods under-supply* problem)
- Fiscal policies to support the HEIs via state student grants and loans and the research grants program.

D. Countering the third type of market failure (*negative externality*) through:

- Government licensing and attestation of HEIs

- Nation-wide student admission system
- Regulatory standards for curricula in list of state-stipulated specializations.

4. HE Privatization Policy in Kazakhstan

The concept of HE privatization for the 2000-2005 period and the government decree of June 17, 2000, which authorized privatizing the first twelve HE entities, raised concerns among many HEIs and the general public. However, as Education Ministry officials stressed in their meetings and consultations with state universities, the government would not expedite the steps to privatization. But the concept initially envisioned that, in the long run, only a smaller part of state HE institutions (10-15) would continue being state-owned and hence in receipt of public funds. The government plan would also merge many institutions into bigger *regional HE centers*, so that the city of Almaty would be expected to accommodate 5-7 of them, Astana – 2-3, and each major region – by 1 regional HE state multi-profile university. [2]

As the then-head of the Ministry HE Department, Mr. Abzhaparov stated during an interview in May 2000, the following principles will be observed:

1. *Gradual* privatization, which should therefore be contingent on HEIs' readiness to start this process.
2. *Voluntary* character. This means that privatization will be carried out on an individual basis and only when a specific university expresses its willingness to transform its ownership basis.
3. *New legal entity status* will be chosen by the HEI itself, which could include open or closed joint-stock company, partnership, sole proprietorship, and non-profit institution.

Personnel of these institutions can also participate in their privatization

One of the primary reasons for this drastic government initiative is apparently budgetary. As noted above, the government seeks to free itself from financial burden

by reducing its budget commitments. By concentrating HE funding on a smaller number of state Universities, it seeks also to enhance educational standards and thus restore the reputation of the remaining public HEIs. It is expected that 'free competition' in the HE 'market' would help to identify the best institutions and get rid of those that ruin the overall image of the national HE.

However, as KIMEP Vice-President Bilyalov said during another interview in 2000, this privatizing zeal may fail to take into account interests of such HE *policy stakeholders* as *students*, who, at the moment of privatization, may have already paid for tuition and invested their time in studying at a specific institution. What will happen if this newly-privatized institution goes bankrupt and leaves its students in the lurch in the middle of an academic year? It seems, at least at the outset, that the concept of privatization and its legal base has not been developed far enough to address imminent *market failures*, namely information asymmetry and negative externality problems. Thus, additional provisions should be developed in order to account for possible social repercussions and interests of different *stakeholders*.

This lack of coherence in the existing legal framework for the private HE, as another interviewee, Senator Battalova, contended, is also illustrated by poorly designed *fiscal policies*, which still do not provide tax-exempt status for the private HEIs. Thus, as of 2000, the government had not effectively addressed *public goods and positive externality* issues so as to enhance the financial stability of the private HE and to encourage alternative funding sources, such as private contributions. These problems were recognized by Education Ministry officials when they mentioned the problems encountered in privatizing, for example, the Kazak Institute of Energy and Communication and the Almaty Technological Institute.

Where will the money for institutional development come from when a state university goes private? Government officials suppose that the new owners, besides levying tuition, should also engage in fund-raising in the milieu of local companies and businesses interested in new employees. However, the tradition of donating and engaging in charitable activities on behalf of education is still not developed nor fiscally encouraged in Kazakhstan, so the reliability of this alternative source of funding should not be taken for granted. In this respect, as KIMEP vice-president Mr. Bilyalov also pointed out, as of 2000, the KIMEP pattern of privatization was the only successful one for local HEIs. Based on this, the institution expects to receive US\$2 million over 3 years in investment by Dr. Chang Yang Bang, its new President and Chairman, until he has acquired 51% of the assets of KIMEP. The rest is expected to remain in the hands of the government. Thus, the public goods and positive externality issues still have to be tackled by the government in the post-privatization phase of HEIs.

Another policy issue is the appropriate number of institutions to remain under state control. As mentioned, it was originally to be ten - fifteen (those HEIs of national importance). However these estimates are not precise and the actual number will probably depend on the eventual success of the whole campaign. Which specific universities would go private is also subject to agreement between the Committee for State Property and the Ministry for Education. In this regard, the management standards of public universities seem to be among the crucial factors determining the eventual likelihood of their privatization.

In any case, the government seeks to retain control over those universities that have concentrated on forming *cadres* for *key specializations*, which include economic, scientific-technical, humanities, medicine, telecommunication, and computer science areas. This explicit support for a few key professional disciplines of national interest

serves as an illustration for the *direct supply of HE services* through state-funded HEIs, which seeks to counter the *public goods undersupply* problem. Another relevant policy viewed as a *demand-side supply* is carried out through the state grants and loans program adopted in 1999, which aims to finance the education of a planned number of key specialists nationwide (*goszakaz*).

Possible repercussions of the HE privatization policy:

First, through *diversification* of the HE sector by means of its privatization, long-term and current *labor market demands* can be better met by combining targeted public funding under *goszakaz* and tuition-based enrolment in the public HE sector, as well as through private HEIs.

Second, *competition* among both public and private HEIs should eventually lead to an emerging number of the best universities (such as KIMEP and IBA today) with distinct academic and management standards, that are able to absorb *modern approaches and advanced practices* in HE worldwide. This is likely to foster growth of their image and a general upgrade of *national HE standards* overall. On the other hand, this rise in academic standards could be very uneven and might exacerbate social stratification.

Third, among the possible social consequences of privatization of HE, one can anticipate *limited enrolment and access* for low income level students. Thus imminent long-term *economic discrimination in education* through *inequity of opportunity* and the resultant *social inequity* is likely to be a characteristic trend in this new situation.

5. New Nation-wide Student Admission Model (Test Center based System) and the State Grants and Loans program (*goszakaz*)

In 1999 the Kazak government launched a state grants and loans program, which now involves both state-owned and private HEIs. Parallel to this new funding scheme, which features a *demand-side subsidy*, another important innovation, related to student admissions, has been adopted. Under the Government decree of April 24, 1999, all prospective students now have to take combined tests at one of the 34 regional test centers throughout Kazakhstan. This replaces the former system of entrance exams with their bad reputation related to widespread abuse and corruption. The new nation-wide test center system, which is supervised by the National Center for State Education Standards, appears to be a *policy transfer* based concept, borrowed from the Turkish educational system. It offers uniform computer-based tests including questions on four subjects taken previously by students at secondary schools. The grading score range is 0-120 and those applicants with the best scores are eligible on a competitive basis for funding under the state grants and loans program. The only applicants who are exempt from this testing, but still eligible for public financial aid, are those who completed high school with an honors diploma. Education Ministry officials contend that this new test center and financial aid system will allow for selection of the best students and can moreover serve as a bench mark of academic standards for the secondary schools.

In 2000 the government provided 12,360 grants and 9,610 loans for students. In addition, 370 grants and 100 loans were reserved for ethnic Kazakhs coming from abroad. Overall, in 2001 this public funding amounted to about US\$62 million. Statistics for the grant funding-based number of students at the post-graduate level studies in 1999 are as follows: *aspirantura* (leading to *Kandidat Nauk degree*)- 655, Master's – 500, Doctoral studies – 54. This policy is apparently dictated by the relatively low overall academic standards of HE faculty members in Kazakhstan. In this

respect, among 20,914 faculty members of the public HE sector, those with *kandidat nauk* degree constituted 33.3 percent and those with *doktor nauk* just 5.9 percent. [3]

As was indicated earlier, the nation-wide uniform test-based admission system and the state grants and loans program could be viewed as policies geared toward countering *market failures* such as information asymmetry, public goods undersupply, and positive and negative externality, which are imminent in the privately-run HE sector.

6. Academic Research in HE

Academic research as a part of the HE mission is another issue of concern nowadays. Currently, the Ministry of Education is also responsible for developing the institutional base for science and research in Kazakhstan, and the following policies have been developed:

First, the government issued a decree called *On Some Steps aimed at Integrating Education and Science in Kazakhstan* under which several regional research institutions were merged with some major state universities. Public officials expect these mergers to result in the accumulation of intellectual, financial and other resources in fewer, but stronger, academic institutions and thus to improve their funding prospects, standards, and the scope of research. This *merger* policy of integrating state-funded research institutions with public universities also apparently seeks to lower the public budget burden and also to increase accountability by amalgamating all HE and research in fewer institutions.

Second, the *Memorandum on Cooperation in Scientific Research* has been signed between the Education Ministry and such international agencies as Soros Foundation, UNESCO, DAAD, International Consulting Group on Agricultural

Research, and others. The document serves as a basis for further specific agreements on funding various research projects in the natural, technical, and social sciences. The international funding would then be allocated on a competitive basis to local research groups and institutions. I am not able to provide substantive comments on this policy. However it could be worthwhile to compare the consistency of the priority areas of those funding agencies with those research areas of national interest, as defined by the government. There might also be issues of transparency in the selection of the most viable proposals, which should be addressed by the Education Ministry. [4]

Third, new *research centers* are being opened at different universities, which should receive financial support from the government, in accordance with the decree of March 25, 2000 by the Ministry of Education. Among them, one should mention an agreement to extend funding to the KIMEP Research Center. In addition, these new research entities are expected to serve as a base for student internships and directed research.

7. International Cooperation in the HE Sector

In the area of international academic cooperation, the Kazakh and the US governments signed *The Charter on Democratic Partnership* in 1994 which set up avenues for cooperation in education and science. In the same year, they also reached the *Agreement on NGOs that Implement Assistance Programs for Kazakhstan*, which laid the groundwork for numerous academic exchange and research programs. Well-known are such graduate level scholarship programs as those of Edmund Muskie, Freedom Support Act, and Fullbright.

One of the international NGOs most actively engaged in facilitating academic exchanges is ACCELS, which has been working in Kazakhstan for more than 10 years.

Between 1993-2000 there were more than 1,000 Kazakh participants in various exchange programs administered by ACCELS. One should note the number and ratio of those who were funded by the Kazakh and US governments, which in 1996 were 78/78 and in 1999 55/144 respectively, which thus demonstrates the net increase in US scholarship funding to Kazakh students and scholars going to American Universities.

The distribution by program of studies of those Kazakh students (139 persons) who were supported, for instance, under the Edmund Muskie program and Freedom Support Act in 1999 is as follows: Public Administration (21%), Business (19%), Economics (17%), Education Administration (12%), Public Policy (6%), Library Management (4%), Journalism (4%), Health (3%), and International Relations (1%) [5]. Under the Fullbright program, as of 2000, there were about 50 Kazakh scholars who undertook teaching and research at American counterpart Universities.

A number of other countries have also extended their assistance to Kazakh students and scholars in pursuing their studies and research abroad. These are the British Council, German Service for Academic Exchanges (DAAD), Bureau on Linguistic and Pedagogical Cooperation (France), National Center for School and University Programs (France), Charitable Orthodox Society for Development of Education and Culture in Kazakhstan (Russia), Moslem Asian Committee (Egypt), Jewish Society *Sohnut* (Israel), Indian Cultural Center, and Egyptian Cultural Center. [6]

As an outcome of this international cooperation in HE, in the early 2000s there were about 5,500 citizens of Kazakhstan studying in 35 countries. [7] These Kazakh students were enrolled under the following types of public funding:

- US international education exchange programs such as those administered by ACCELS and IREX

- Scholarships secured by foreign governments and international organizations such as USAID, DAAD, British Council, CNOUS, World Bank, Soros Foundation, etc.
- Kazakhstan government *Bolashak* scholarship
- Scholarships awarded by particular foreign Universities

I will focus my comments primarily on the Kazakh scholarship program *Bolashak*, which secures funding for Master's level overseas studies for Kazakh students selected on a competitive basis. This program is administered jointly by the Ministry of Education and ACCELS. Launched in 1994, this program has provided full scholarships for the following number of students in each consecutive year: 1994- 120, 1995- 104, 1996- 99, 1997- 72, 1998- 86, 1999- 41. This gradual decrease in funding was, at least partly, compensated for by augmenting support from of the US fellowship programs. [5] However, today, based on informal sources, the number of *Bolashak* scholarships awarded annually is dramatically on the rise.

Criticized in its early years of operation for abuses and lack of transparency in selecting participants, the Education Ministry has taken some steps to improve procedures and criteria in the selection of *Bolashak* candidates. However, this program still lacks performance evaluation tools to assess its effectiveness and impact, including that on academic standards of local HE institutions.

Until recently *Bolashak* had not envisioned supporting overseas doctoral studies for promising young Kazakh scholars who, upon completion of their studies, could contribute substantially to raising the academic standards of local Universities and to enhancing the research potential and direct cooperation with the best foreign

institutions. However in 2004 the Ministry of Education began to talk about the possibility for Ph.D. funding under this program.

Overall, until 2001 *Bolashak* revealed a lack of vision and strategic planning in terms of its objectives and performance assessment criteria and tools. In my view, one of these objectives should be improving the institutional and intellectual capacity of Kazakhstan HEIs through developing Western-trained faculty and human resources. This objective can be accomplished by educating bright young local scholars overseas through the scholarship program and then providing them with attractive remuneration and career prospects with the local HE. These Western graduates could be initiators and participants in different international education projects. Thus, *Bolashak* would have a clearer role to play, not only as an HE program that funds an outsourced supply of HE services from abroad, but also as the one that seeks eventually to *upgrade the quality of Kazakhstan HE*. It can perform this task by pursuing the development of Western-trained faculty and staff for local HEIs. This would better accomplish the government's mission of *direct supply of HE services*.

Another HE policy which aims at integrating the local HE 'market' into the global one, relates to educational degrees. In this respect, the government is trying to facilitate *mutual recognition of academic degrees* awarded in Kazakhstan and foreign countries. This policy of *deregulation* intends to open the Kazakhstan HE 'market' and also to connect to and make it compatible with those of other countries. The government started this process by signing and ratifying the *Lisbon Convention on Recognition of Qualifications on Higher Education* in 1997. Work is also underway on signing bilateral agreements about academic degrees with countries that have not joined the Lisbon Convention and in 1998 the states of Belarus, Kyrgyzstan, Russia and

Kazakhstan signed the *Agreement on Mutual Recognition and Equivalency of Qualifications, Academic Degrees and Titles*. [7]

Another instance of deregulation policies which facilitate *free entry* for new HEIs is allowing for the emergence of *joint HEIs* such as the International Kazakh-Turkish University, the Kazakh-British Technical University, the German University, a branch of the Moscow State University, and the Kazakh-Russian Modern Humanitarian University. [7]

Other *HE marketization* policies that relate to international cooperation are *academic liberalization* and *inter-University cooperation* in HE. Since 1992 the Kazakh Ministry of Foreign Affairs has sought to promote *direct partnership relationships* between some US and Kazakh Universities. In this respect, it has concluded agreements with the University of New York, the University of Kentucky, and Oklahoma State University on establishing regular exchanges, training, and joint academic research with their Kazakh partners. In total, as of 2000, more than 80 direct inter-University cooperation agreements were signed between different Kazakh and foreign HEIs. [5]

Seemingly as an outcome of those policies, some local HEIs have started gaining international recognition for their high academic standards. For example, KIMEP is currently seeking to attain *American accreditation* through an US partner University and the International Business Academy, which has received an invitation of membership from the European Quality Link (EQUAL), aspires to obtain the *European Union accreditation* for its diplomas.

8. Conclusions

The foregoing analysis of public policies that seek to reform HE in Kazakhstan arguably demonstrates that the government's operating philosophy is based on the 'marketization' concept. Overall, this approach implies HE deregulation, academic liberalization, and privatization, which should foster dramatic growth of the *private HE sector*, necessarily under the surveillance of the government in order to attain the following policy goals:

- ensure a wider choice of HE programs and services to better meet local *labor market demands*
- reduce the *public budget burden*
- upgrade overall HE academic standards via *competition* to be fostered in the HE 'market'
- boost modernization of the Kazakhstan HE by allowing for both facilitated and direct HE *international cooperation* for all HEIs in the areas of academic instruction and research.

In this regard, there has been dramatic growth in the private HE sector, which already represents the majority of the HEIs in Kazakhstan. The government *concept of HE privatization* seems to delegate a large part of its mission of providing HE services in the country to private HEIs. Thus only a few Universities of national interest would remain under state tutelage, which should retain developing the most essential cadre of specialists under state control.

Despite visible success in pursuing the above policy goals, this privatization concept still lacks *comprehensibility* in its coherence with the existing legal framework. There are also very uneven academic and management standards among the newly-privatized HEIs, which affects their chances to survive in the new competitive environment in the HE 'market'. In this regard, privatizing steps should be backed by

adequate *fiscal policies* such as favorable tax regime and supply- and demand-side subsidies. HE *stakeholders' interests*, including those of students, should also be better accounted for and deeper thought given to the imminent *social consequences* of this drastic reform in terms of HE accessibility and social equity. Finally, by all means the government should continue securing *direct supply of HE services* in key areas of national interest. Overall, the government needs to pay more attention to *strategic planning* in such an important HE policy step as privatization, because of its critical impact on the lives of young people and the whole academic capacity of the country.

Among other important innovations introduced in order to improve HE standards is the *new nation-wide student admission model*, which is expected to strengthen the competitiveness and transparency principles in selecting suitable students. The most talented of them are to be financed by the related *state grants and loans program* to ensure the formation of the *most important cadre of professionals* in key areas of national interest.

The deteriorating base of *academic research* is also under government scrutiny today, as is demonstrated by its efforts to *merge academic and research institutions*, to secure *external funding for research* through international agencies and programs, and to set up new *research centers* with HEIs.

Finally, the government seeks to revitalize and modernize Kazakh HE through promoting *international cooperation*. Scholarship funding is one of the major avenues through which the government seeks to educate the best of its graduate-level students overseas by means of the national *Bolashak* program as well as through foreign scholarship and academic exchange programs. Next, it strives to integrate the local HE 'market' into the international one via international and mutual degree recognition agreements. Moreover the government is supportive of joint inter-country HEIs. In

addition, it encourages *direct academic partnership links* between overseas and local Universities. Finally, *international accreditation* of advanced HEIs is also viewed as a path to modernizing the national HE.

In spite of the impressive progress achieved, all these HE policies still require improvements in their *strategic planning*, including the following steps: identifying *policy problems*, clear formulation of *policy goals, objectives, and criteria*; choice of an appropriate strategy to draw upon *explicit criteria* to account for *both* expected *public benefits* and imminent *social costs*; *implementation* steps; and finally *program evaluation and correction tools*.

In this paper, the HE policy impact assessment is based on the following criteria:

- HE effectiveness to *meet demands* of the changing national economy and growing labor market,
- Ability to secure *adequate academic standards* and a growing match with international HE standards,
- *Social equity and equal opportunity* in accessing HE

In summary: Deregulating and liberalizing the HE sector and unleashing private initiatives have contributed to the very visible growth of a new private HE sector that has developed to help fill gaps in the demands of the growing market economy. Besides, a number of advanced HEIs have emerged which are capable of integrating the finest world educational practices and technologies, which may have a catalyzing effect on the rest of the HE.

On the other hand, this “*laissez-faire*” policy approach, which was initially distinguished by lack of HE policy analysis, design, and implementation capacity, has also led to certain extremes and abuses of deregulation and privatization. This is illustrated by the current, quite *uneven academic standards*, institutional and financial

instability of many private HEIs, a *decrease in overall public funding* for HE and academic research, and growing *social inequity* concerns. Thus, for the decade in question, recent HE ‘marketization’ driven policies do not seem to have scored better in *every* important dimension than the previous Soviet HE model.

Thus, this HE policy analysis reminds us of the imperative need for well-grounded concept formulation, policy design, choice of strategy and thoroughly developed implementation and evaluation steps, despite the lack of immediate payback, in this very important policy area which is crucial for the future growth of any nation of today.

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