



**REVIEW OF VOCATIONAL
EDUCATION AND TRAINING AND
EMPLOYMENT IN KAZAKHSTAN
2003**



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REVIEW OF VOCATIONAL EDUCATION AND TRAINING AND EMPLOYMENT IN KAZAKHSTAN 2003

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National Observatory of Kazakhstan
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INTRODUCTION

This review is the continuation of a series of analytical reports and background materials on basic and full secondary vocational education and vocational training in Kazakhstan. The first and second reviews were prepared in 1997 and 2001 and contained information reflecting the situation in the system in the late 1990s.

Experts at the National Observatory of Kazakhstan with assistance from the ETF have prepared this review. Its primary objective is to give a picture of the developments that have taken place over the past three years in the system of basic and full secondary vocational education and vocational training in relation to the developments on the labour market and the employment sector.

This report is targeted at local and international organisations, both state and non-state, looking for information on vocational education and training (VET) in Kazakhstan.

The review was prepared using data made available by the Statistics Agency of the Republic of Kazakhstan, the Ministry of Education and Science, the Institute of Economics of the National Academy of Sciences, the Ministry of Labour and Social Protection of the Population, the Almaty Department of Labour, Employment and Social Protection of the Population, as well as a number of non-governmental organisations.

1. ECONOMY, DEMOGRAPHIC SITUATION AND LABOUR MARKET

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1.1 GENERAL ECONOMIC DEVELOPMENTS

Indicators of social and economic development of the Republic of Kazakhstan in the late 1990s reflect a situation characterised by the aftermath of economic recession in 1998 followed by a raise in economic activity from 1999 onwards. Thereafter, the country entered a period of economic recovery, which resulted in a GDP growth of 27% in 1999, followed by a 9.8% growth in 2000, 13.5% in 2001 and 9.5% in 2002. GDP growth was primarily due to an increase in gross agricultural output (by 28.9%) and industrial production (2.2%). However, compared with 1990, the GDP in 1999 dropped by 38.5%. Primarily it was caused by a general slowdown of the economy in the 1990s involving virtually all major sectors (50.0% drop in industrial production, 45.9% in the agricultural sector, and 10.3% in construction).

The high economic growth rates of the last two years are attributed to the enhanced performance of the oil, energy, metal and chemical industries. The agricultural sector is also gaining some ground: in the period 2003–05 the government is planning to invest more than KZT 150 000 million (approximately US\$ 1 150 million) in the development of the agricultural sector.

It is intended to foster the development of a competitive environment in iron, steel non-ferrous industries and raw material processing, including agricultural raw materials, with a view to diversifying the economy and reorienting it from raw materials to processing. In the medium-term plans special attention is given to mechanical engineering, particularly oil and gas machinery, and transport development. The National Programme of Innovative Industrial Development envisages that by 2015 GDP growth will be 3.5 times higher compared to its level in 2000.

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In 2000 Kazakhstan was officially recognised as a market economy. Its long-term international credit rating was upgraded and together with a growth in economic activity, it helped to enhance the social sector. The average monthly wage and salary rose by almost 20%.

Privatisation

Between 1998 and 2001 the privatisation process in Kazakhstan recorded a 70% slowdown. In 2001, 86% of all privatised objects were industrial enterprises, 2% were construction enterprises, whilst transport, trade and catering enterprises shared 3% each, housing and public utilities 1%, and social sector objects 2%.

The informal sector

Hidden, part-time and illegal employment has grown in scope and now plays a significant role in the national labour market. It includes people involved in trade business, working on household plots, in the service sector, family business or employed without a contract in small-sized enterprises, and so on. Since their activities are not covered by the labour legislation they do not pay taxes and do not contribute to pension schemes. Comparison of data from the labour resources balance to the number of pension contributors reveals that hidden employment covers more than 38% of the economically active population. Specifically, as of 1 March 2000, there were 6.1 million people employed in all sectors of the economy, while the number of pension contributors amounted only to 3.1 million. Growth of 'unregistered' employment is primarily due to low incomes from self-employment and employment in small businesses, as well as a lack of investment to create new jobs and the high level of instability inherent in small business development. However, neither official statistics nor estimate figures on the size of the informal sector are currently available.

Development of small- and medium-sized enterprises

Small businesses engaged in entrepreneurial activities play an increasingly important role in the nation's economy. As of 1 January 2003, 96 600 operating small businesses were registered in the country (against 93 900 a year earlier). Some 40.2% of small- and medium-sized enterprises specialise in trade, auto and household repairs. Only one in eight is involved in industrial production, one in nine is in the construction business, and one in 17 is involved in agricultural activities. Overall, they make up 64% of all enterprises monitored by the statistical bodies on a quarterly basis.

Poverty reduction strategies

The government of the Republic of Kazakhstan has embraced poverty reduction as one of the most important issues of the nation's development, although the country is not officially considered as a poor country. The First Programme on Poverty and Unemployment for 2000–02 dealt primarily with job creation and targeted social assistance to the low-income population. According to the report on the results of the implementation of the Programme on Poverty and Unemployment for 2000–02, prepared by the Ministry of Labour and Social Protection of the Population, both central and local executive bodies fully met their obligations under the programme in terms of promoting a proactive employment policy, creating new jobs and providing targeted assistance to the most needy people. For example, in the past three years, the average monthly social allowances were raised by 15% and the pension allowances by 27%. The share of socially disadvantaged citizens¹ in the total population went down from 10.6% at the beginning of 2002, to 8.7% in 2003.

¹ Socially disadvantaged people are those with low income who can mainly be found amongst the handicapped, the unemployed, and pensioners. It is not a homogenous group: among them a group of socially vulnerable people can be distinguished. It is mainly composed of families eligible for social allowances for communal services, accommodation, heating, transportation, free school meals, and so on. The overall number of socially disadvantaged people is estimated to be around 1.3 million. The poverty line in Central Asia is US\$ 2.15 per day, based on the parity of purchasing power.

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From 2000 onwards the average per capita consumption exceeded the minimum subsistence level. By the end of 2001 the ratio of average per capita disposable income to the subsistence level was about 130%.

In March 2003 the Programme on Poverty Reduction for 2003–05 was adopted, which sets the target of reaching the level of annual GDP per capita of US\$ 1 900 by 2005, and reducing by one third the poverty level as compared with 2003. Implementation of 75 government and sectoral programmes are now underway aimed, directly or indirectly, at reducing poverty and enhancing social welfare.

1.2 DEMOGRAPHIC DEVELOPMENTS

According to the latest census carried out in 1999 the population of Kazakhstan was more than 14.9 million people, with 55.2% urban population. As of the beginning of 2002 the country's population was 14 820 900 people of which 51.8% were women, 56.3% lived in urban areas and 43.7% in rural areas. Indicators of natural population movements in recent years have reflected a steady downward tendency. Thus, the number of births went down from 222 400 in 1998 to 220 700 in 2001. In the period 1999–2001 the number of births went up from 211 800 to 220 700. The number of deaths decreased from 154 300 to 147 600. The number of marriages and divorces also decreased,

from 96 000 to 92 900 and from 35 500 to 26 600, respectively.

According to experts' estimates in the education sector and on the labour market, the problems related to the decline in birth rate in the late 1980s and early 1990s will worsen in the coming years. A significant drop in the number of children born after 1987 will have a commensurate impact on the intake of young people in vocational education and training institutions, and their subsequent entrance to the labour market. A possible shortage of skilled workers is foreseen. This has to be taken into consideration when developing and implementing strategic plans for the development of vocational education and training².

1.3 CHARACTERISTICS OF THE LABOUR MARKET

General characteristics

The labour market, similar to the capital, commodity or stock markets, is an integral part of Kazakhstan's economy. As of February 2003 the economically active population aged 15 years and over amounted to 7.2 million people. Some 6.5 million people were employed in the country's economy (more than 90% of the economically active population), exceeding the level of a year earlier by 97 400 people, or 1.5%. Employment growth rates in recent years are given in Table 1 below.

2 The strategic plan for the development of the Republic of Kazakhstan until 2010 foresees the development of vocational education and training as a priority. The draft *Government Programme for training of skilled workers and middle level specialists of the Republic of Kazakhstan (2003)*, and other documents also foresee vocational education and training as a priority.

Table 1: Economically active population of working age³

	1998	1999	2000	2001	2002
Economically active population – Total	7 052 600	7 055 400	7 107 400	7 479 100	7 399 700
<i>Including:</i>					
Employed population	6 127 600 86.8%	6 105 400 86.5%	6 201 000 87.2%	6 698 800 89.5%	6 709 000 90.6%
• Wage and salary workers	3 783 000 61.7%	3 354 200 54.9%	3 504 400 56.5%	3 863 300 51.6%	4 030 300 54.5%
• Self-employed		2 751 200 38.9%	2 696 600 37.9%	2 835 500 37.9%	2 678 700 36.2%
Unemployed population	925 000	950 000	906 400	780 300	690 700
Unemployment rate (%)	13.0	13.5	12.8	10.8	9.8

Source: Statistics Agency of the Republic of Kazakhstan

In the age structure of the population (Annex 1), a decline in the working age population is observed: from 8 656 300 people in 1998 to 8 650 000 people in 2001. The below-working-age population providing new entrants for the labour force is diminishing considerably. Thus, if in 1998 the below-working-age population (0–15 years of age) was 4 737 400 people, in 2001 it was 4 355 500 people (a decrease of 9%). Alongside with it, the above-working-age population has been growing (by approximately 10%) from 1 794 500 to 1 836 000 in the period under review – which increases the labour load of this age group.

There is a certain discrepancy in the qualitative characteristics of the labour force supply in terms of graduates' qualifications. Thus, higher education graduates by far outnumber the graduates from initial and secondary vocational institutions. It should also be mentioned that the number of graduates with agricultural specialisations is going down (from 3 500 people in 1998 to 1 300 in 2002), while the number of graduates with economic and legal specialisations has significantly increased (from 5 500 in 1998 to 16 600 in 2002). Over recent years banking specialists of different levels have saturated the labour market, partly due to worsened competition and increased skills

requirements. The drop in the demand for lawyers, accountants and economists goes hand-in-hand with the growing popularity of such occupations as doctor, engineer and house builder. There is in parallel a growing demand for sales managers of any level – from salesmen to national commercial representatives – especially capable of commercialising intellectual products such as software or complex equipment. Employers are interested in hiring and training well-educated professionals to work primarily in distribution, services, trade, finance and management. One of the main reasons for the significant imbalance between labour market needs and training provision is the imperfection of short- and long-term forecasting of economic processes.

The Law of the Republic of Kazakhstan on employment defines 'employment' as all gainful activities pursued by citizens and aimed at satisfying their personal needs, and which are in line with the Constitution. As of February 2003 the number of wage earners was 4.1 million people, which exceeded the figure of 2002 by 256 700 (+6.6%). They are employed by:

- government and non-government organisations – 3.4 million people (144 400 more, +4.5% compared to 2002);

³ Working age for women is 16–58 and for men 16–63 years.

1. ECONOMY, DEMOGRAPHIC SITUATION AND LABOUR MARKET

- private individuals ('physical persons') – 0.5 million people (59 700 more, +12.7% compared to 2002);
- peasant farmers – 0.3 million people (52 600 more, +25.6% compared to 2002).

These official statistics do not identify the self-employed as a separate category. 'Private individuals' can hire up to 10 employees without being a legal person. Together with an increase in the number of wage earners, a slight decrease (around 5.5%) of self-employed people can be observed between 2001 and 2002⁴.

Broken down by sector, the employment structure from 1998 to 2002 was as indicated in Table 2.

As these data show, the employment level was the highest in the service sector and the lowest in the industrial sector. There has been an increase in employment in the service sector, and an increase of the number of self-employed in rural areas. In 2002–03, following the process of economic stabilisation, the number of employed people in the industrial sector raised again by 5% to reach 667 500 people in 2003.

As of the beginning of 2003, large- and medium-sized enterprises employed only 2.4 million people or 57.5% of all wage earners. Of them, 8.3% work in the agricultural and fishing sectors, 33.3% in

the industrial sector and construction, and 58.4% in the service sector. In this sector 34% of the wage earners work in the education sphere; the healthcare and transport sectors employ 17% each; and public administration represents 13%. In 2002 there were 72 900 civil servants, making up 39.8% of all people employed in the system of public administration (the remaining do not have civil servant status). As of the beginning of 2003, 55.8% of the employed lived in urban areas while the remaining 44.2% lived in rural areas.

Young people face serious problems on the labour market: without qualifications and work experience they are not competitive. From the total number of unemployed in 2002, around 30% were young people. This problem is particularly acute for new entrants to the labour market, that is, for vocational education graduates. Among the unemployed, 12% have a higher education diploma, more than 25% secondary vocational education, 12% initial vocational education, and around 42% general secondary education. A new phenomenon can be observed: early start in employment. This is when young people (around 15 years of age) start entering the labour market. As a rule, the jobs offered are in the service and trade sector, do not require any specific skills and do not offer any social security or legal safeguards (often in the informal sector).

Table 2: Sectoral distribution of employment (in percentage)

	1998	1999	2000	2001	2002
Total	100.0	100.0	100.0	100.0	100.0
Industry, construction	18.4	18.3	17.4	15.6	16.3
Agriculture, hunting, forestry, fishery and fish-farming	22.2	22.0	31.4	40.2	35.5
Service sector	59.4	59.7	51.2	44.2	48.2
<i>Including:</i>					
• Transport and communications	9.1	9.4	8.9	6.7	7.5
• Trade, auto and household repairs	22.9	22.9	15.7	12.2	15.5

Source: Statistics Agency of the Republic of Kazakhstan

⁴ Self-employment is defined as employment for which income directly depends from the revenue obtained from production of goods or services.

Unemployment

In the late 1990s the number of registered unemployed was 25 times higher than the number of job vacancies reported to the employment services. The ratio of people placed on forced leave or involuntary part-time work was 7% of the economically active population.

In recent years unemployment among women has been significantly higher than among men. Thus, according to the data of the statistical office, in 2001 the official unemployment rate for men was 8.9%, while for women it was 12%. The distribution of the unemployed by gender and educational attainment is graphically illustrated in Annex 3. Women over 45 years of age with higher and secondary vocational education (in economic, banking or legal occupations) stand virtually no chance of finding a job commensurate with their qualifications. Approximately half of the registered unemployed have general secondary education (most of them being young people), every fourth person has secondary vocational education, and one in eight has higher education. According to official statistics, in 2001 the youth unemployment rate in the 15–24 age group was 30.8% (or 240 300 people). In 2002 it was 27.9% (193 000 people). The employment of minors, including teenagers under 16, poses a problem: after completion of ninth grade they leave school for various reasons and can not find a job. According to official statistics, each year between 70 000 and 90 000 school leavers from secondary general schools enter the labour market without any possibility of receiving vocational education; 50% remain unemployed while the other half can only find low-qualified jobs.

Therefore, it can be concluded that women and youth are the groups which are among the most exposed to unemployment and poverty.

According to the data released by the Ministry of Labour and Social Protection of the Population at the beginning of 2002, the employment services received applications from 58 000 jobseekers, while a year later this number was significantly lower – 26 300 people. In 2002, 9 100 jobseekers found a job, while in 2003, the figure rose to 9 800. This figure might seem very low, but it does not include information on the self-employed who in 2001 made up 37.9% (and 36.2% in 2002) of the overall employed population. The unemployment rate (of the officially registered unemployed) in 1998 was 13.1%, and 13.5% in 1999. Since 2000 the unemployment rate has been declining from 12.8% in 2000 to 10.4% in 2001, and in 2002 it flattened out at about 9.3%. In 2003 the number of officially registered unemployed was 706 500, which represented a decrease of 71 500 people (9.2%).

SUMMARY OF SECTION 1

- The last three years have been characterised by a relative stability of basic economic processes in Kazakhstan: a steady growth of GDP, industrial production, investments, employment rate, population income and other major indicators. A decrease in the unemployment and poverty rates has been observed. However, unemployment among youth and women remains relatively high, particularly in rural areas.
- The lack of sectoral skills forecasting mechanisms at national and regional levels remains a serious problem. The imbalance between the supply of training and skills needs hinders the efficient use of labour resources.
- A drop in the birth rate in the late 1980s and early 1990s will require policy adjustments based on an accurate forecasting of skill requirements aimed at fostering economic growth and quality of training.

2. DEVELOPMENTS IN EDUCATION AND TRAINING

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The strategic development plan of the Republic of Kazakhstan until the year 2010 defines the priority objective for the education system as expanding access to quality education of different levels and types. Efforts are therefore being made to create a quality assurance system, and set up an education and training system that would ensure continuity between its different components. The objectives of the education system, along with providing knowledge, are to teach skills that make use of this knowledge and facilitate continuing learning. The education system is viewed not as an autonomous structure but as part of the socio-economic system capable of addressing issues of human resource development in the context of economic growth.

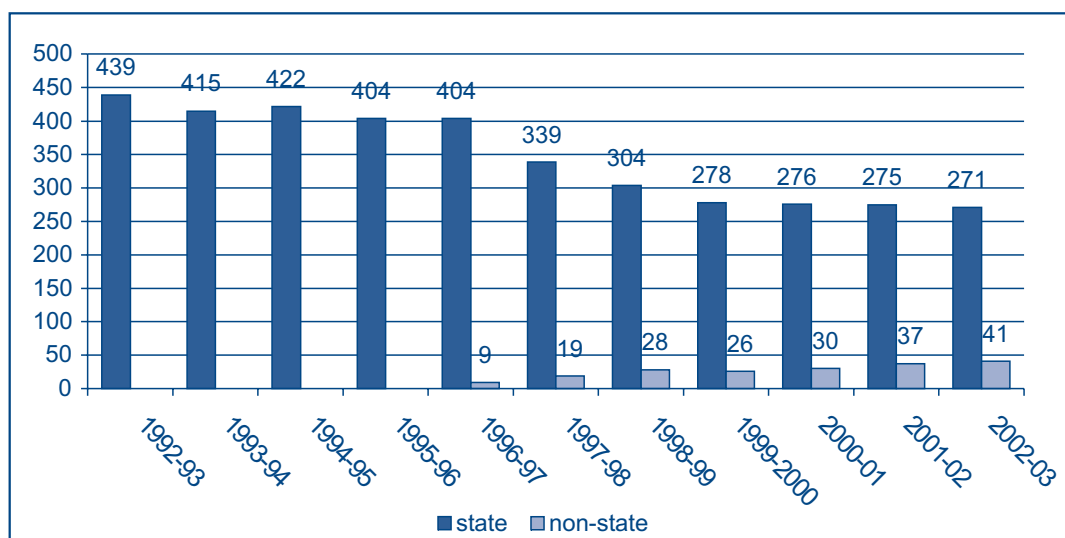
This report highlights the priority in vocational training development and stresses the importance of quality improvement based on the modernisation of its content and the use of modern equipment.

Today, the system of basic and full secondary vocational education is still in an ongoing process of recovery and further development geared to bring it in line with the market environment. Emphasis has been put not only on training skilled workers and mid-level professionals required on the labour market but also on providing the skills that young people need to become self-employed.

2.1 GENERAL STRUCTURE OF THE VOCATIONAL EDUCATION AND TRAINING SYSTEM

Basic and full secondary vocational education, together with general education, is an integral part of the secondary education system. Upon completion of general secondary education, initial vocational education is provided in vocational schools and lyceums. Vocational schools are education institutions implementing programmes of general secondary and initial vocational education to train qualified workers.

Figure 1: Network of initial vocational education institutions



Vocational lyceums are institutions of secondary education implementing programmes of general secondary and initial vocational education and preparing workers with a higher level of qualification.

The structure of basic and full secondary vocational education allows pupils to receive vocational education together with general secondary education. However, due to insufficient funding of vocational schools and colleges, basic and full secondary vocational education institutions cannot accept all ninth-graders who wish to continue their education and follow a vocational path. In 2000, 15.5% of all pupils had the possibility of accessing basic and full secondary vocational education institutions. In 2001 this figure was 17%, and in 2002 it was still 17%. According to the data of the Ministry of Education and Science, if proper conditions were in place 50% of all pupils could have access to vocational education. A disparity has developed in the distribution of pupils by type of education institution. On the one hand, vocational schools designed to house 450–720 students (depending on the number of shifts) have on average only 320 students. On the other hand, 37.5% of general education schools operate in two shifts, 0.8% in three shifts and 0.1% in four shifts. Statistical data show that in the period 1992–2002 the number of vocational school students more than halved from 203 100 to 89 600, while the

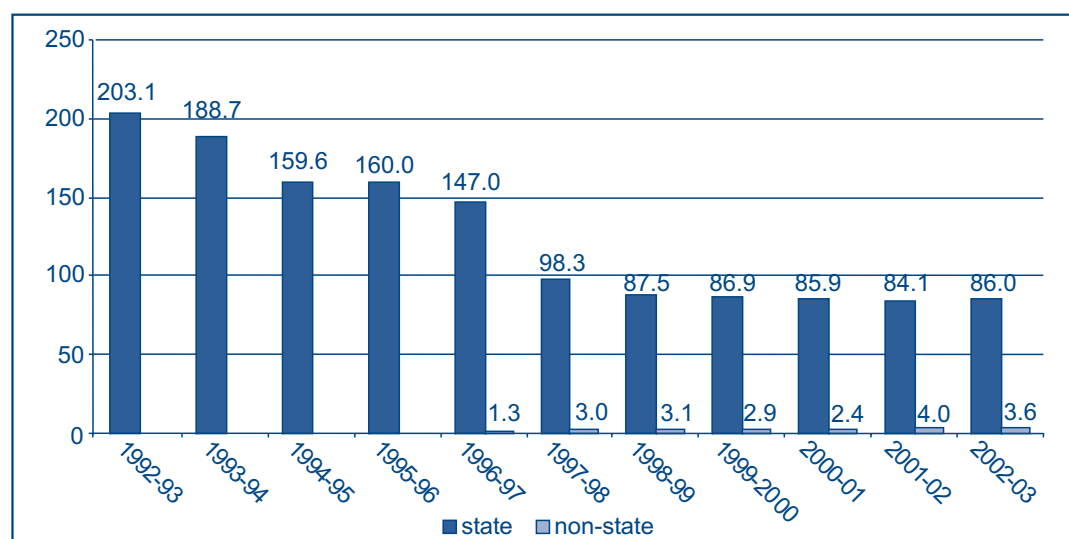
number of ninth-grade graduates changed only slightly in the same period. In other words, over 100 000 graduates from secondary schools potentially could, but have not, enrolled in professional schools and lyceums.

According to the data released by the Department of Basic and Full Secondary Vocational Education of the Ministry of Education and Science, as of the beginning of 2003 there were 694 institutions of initial and secondary vocational education, including 312 vocational schools and lyceums and 382 colleges, enrolling a total of 297 497 students. Some 69.8% is enrolled in colleges (and 'uchilishche'), while the rest is enrolled in professional schools and lyceums.

Initial vocational education

Of the total number of vocational schools and lyceums, 271 are state education institutions and 41 are private. Data presented in Figure 1 show that in the past three years the number of institutions of initial vocational education has stabilised, while the private sector has steadily expanded.

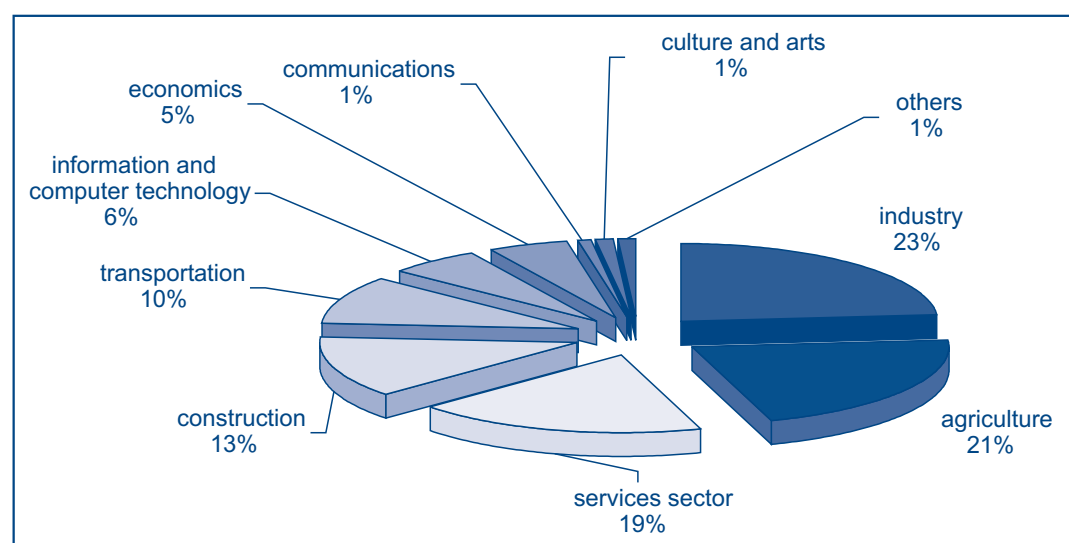
In 2002 four new private schools and one state vocational school were opened in three regions of Kazakhstan. However, the economic recovery would require a significant expansion of the vocational

Figure 2: Number of students in initial vocational education institutions, in thousands

institutions' network. 43 regional centres – small and medium towns in the republic – have no vocational education institutions, highlighting the urgent need for the Ministry of Education and Science and its local departments to seek solutions to this problem. In the 2002/03 academic year vocational schools and lyceums in the republic had a total of 89 600 students, which amounted to a 2% increase as compared to the previous year (88 200 students). However, compared to 1991 (212 600 students) it represents a drop

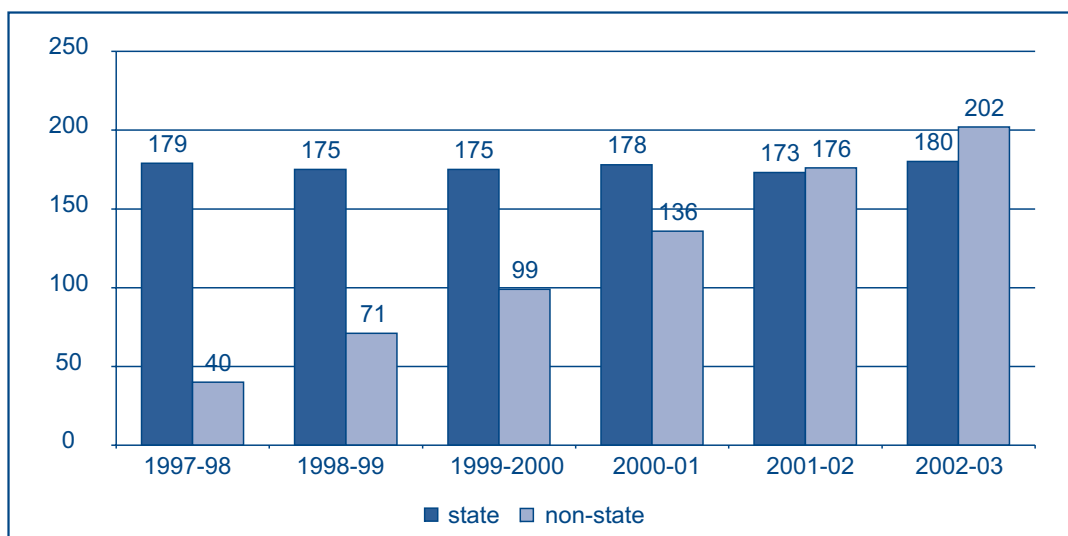
of 57.8%. As explained before, the main reason for this significant drop is the downsizing of the network of professional schools that took place in the 1990s because of the economic crisis.

The breakdown of vocational education in different occupations by economic sector is given in Figure 3. As this figure shows, the highest number of students is enrolled in training for industrial occupations (23.0%), forestry and agriculture (21%)⁵ and the service sector (19%). The least popular

Figure 3: Breakdown of students of vocational schools and lyceums pursuing training in different occupations, by sector of the economy

⁵ Including: production and processing of agricultural produce (13%), operation and maintenance of vehicles and agricultural machinery (2.3%), services related to the agricultural sector (3.7%), environmental protection and nature preservation (1.9%).

Figure 4: Network of secondary vocational education institutions (colleges and uchilishche)

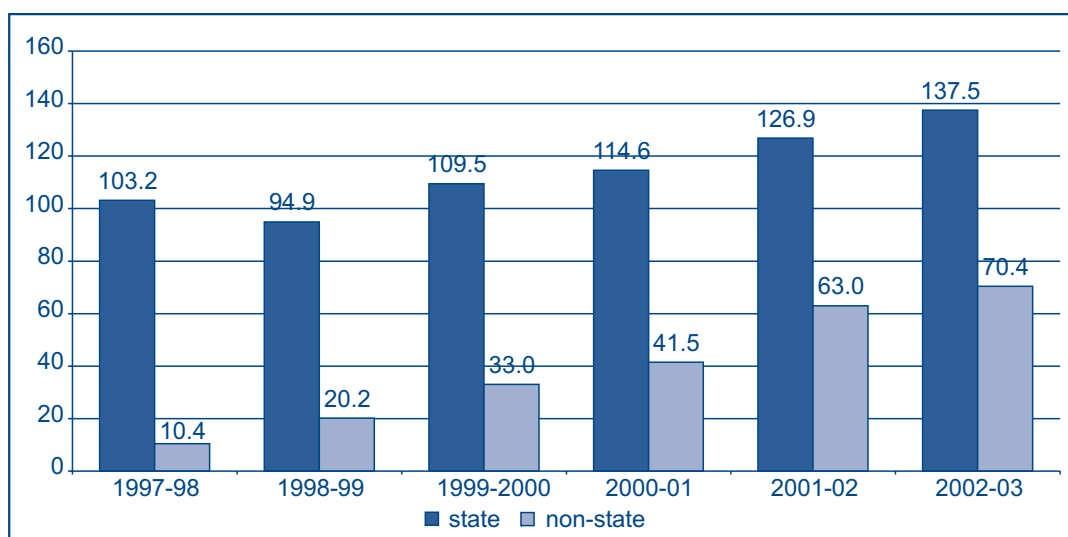


occupations are communications, culture and arts, which each represent 1% of the total number of students. In between are occupations in the sector of transportation and construction (10% and 13% respectively). In 2002 enrolment in vocational schools and lyceums totalled 45 600 people, which is 4.5% more than a year earlier (43 600 people). Compared to 1991 (144 500 people), enrolment dropped by 68.5%.

Secondary vocational education

Colleges and 'uchilishche' (two different types of vocational schools) provide secondary vocational education. These education institutions train middle management specialists. During the reform process of secondary vocational education, the old 'technikums' were turned into colleges, while the uchilishche kept their old name. Technikums used to train specialists mainly for industry, building, transport, and agriculture. The other type of professional schools – uchilishche – train specialists outside the industrial sphere, for

Figure 5: Number of students in secondary vocational education institutions (colleges and uchilishche), in thousands



2. DEVELOPMENTS IN EDUCATION AND TRAINING

example in the field of pedagogic or medical studies, but also in the field of art, theatre or dance.

The education programmes in colleges and uchilishche have a duration of three to four years. They enrol graduates from general secondary education (after grade 9 or 11) and vocational schools and lyceums. There are 382 colleges in the system of secondary vocational education of Kazakhstan, including 180 state institutions and 202 private institutions (Figure 4 covers both the colleges and the uchilishche). The network of non-state institutions is fast growing: in 1996 there were 11 of them, in 1998 there were 40, and in 2003 there were 202. More than 90% of these institutions offer training programmes in occupations related to law and economics.

The number of students enrolled in colleges in 2003 was 207 900, which was 8.7% more than in 2001 (189 800 pupils), but 16% less than in 1991 (Figure 5).

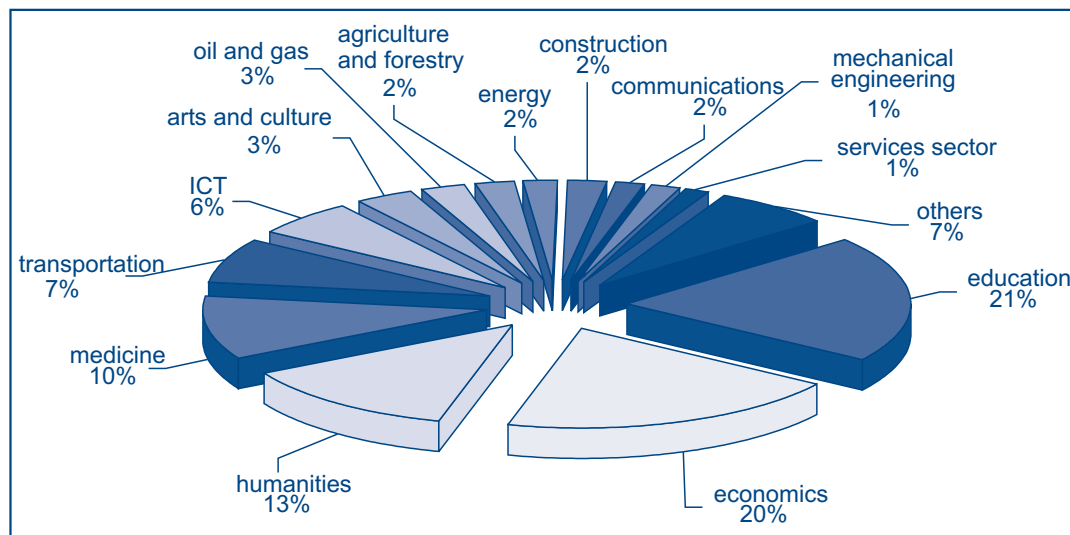
The breakdown of college students by sector and occupational profile is given in Figure 6. As shown by the data provided in this chart, the majority of pupils have chosen occupations related to education, economics, humanities and medicine, while the least popular occupations are related to mechanical engineering, the service sector,

the energy industry, communications and construction.

Some 64% of students in state colleges have to pay full tuition fees while only 36% of college pupils receive financial assistance from the state. Out of 180 state colleges (79.5%), 143 are housed in standard premises (standard school buildings) while the remaining 36 (20%) are located in buildings refitted for that purpose (that were not initially meant to be schools). Only 172 out of 271 state colleges have student dormitories, which house a total of 8 806 pupils, that is, 68% of those who need it.

Secondary vocational education, which occupies a midway position in the system of vocational education, is closely linked to both higher and initial levels of education. There is an ongoing process of integration between colleges and higher education institutions which is widely diversified: it goes from independent institutions (colleges, schools) cooperating with higher education institutions on such issues as methodology and staff, to colleges and schools being integrated in higher education institution structures. The integration of colleges within the system of initial vocational education is progressing in two directions. On the one hand, colleges are expanding programmes of initial vocational education by creating vocational schools and lyceums within their premises.

Figure 6: Breakdown of students from colleges and uchilishche, by sector and occupational profile



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On the other hand, colleges are offering accelerated training programmes to pupils with initial vocational education who, at the end of training, receive a diploma for middle management.

Continuing vocational training

In addition to the formal system of vocational education, there is a wide network of continuing vocational training institutions (as defined in the Law 'On Education' adopted in 1999). In international terminology this sector is referred to as 'non-formal education'. This network includes institutions providing: guidance and counselling services; vocational training and retraining for the registered unemployed and inactive population; training in enterprises (on-the-job and off-the-job-training); training and production centres; learning centres (sectoral, local or regional); and non-governmental training providers and other training and production centres offering vocational training programmes. These institutions, of which there are around 15 000, are not subject to state licensing and they award their own certificates. More detailed statistics (age groups, gender, locality, training profiles, and so on) on trainees in this sector are not available.

Disadvantaged groups

Most children in initial vocational education institutions are from low income, single parent or disadvantaged families: social assistance for them is as important as obtaining a profession. According to the Republican Public Health Service, more than half of these pupils suffer from various diseases and are retarded in their physical development. The Ministry of Education and Science and the Ministry of Healthcare decided jointly to open medical aid posts in 306 out of 453 state institutions of initial and secondary vocational education and training.

Since 1 January 2002 all students enrolled in vocational schools (lyceums) are entitled to receive free hot meals for the duration of their studies but because of local budget deficits in several regions, hot meals are

only provided for orphans and children left without parental care.

More attention has recently been given to training for the disabled in the basic and full secondary vocational education system: there are currently 386 disabled pupils in training, of which 246 attend colleges and 140 vocational schools.

In 2002 a government resolution established enrolment quotas in institutions of secondary and higher vocational education for rural youth (30%) and repatriates (2%) of all candidates for university admission.

According to the Law 'On Education', the state assumes full or partial financial responsibility for the training costs of people in need of social protection. However, the procedure to qualify for social protection is cumbersome, as it requires more than 10 official documents confirming the social status of the pupil. This procedure should be improved and simplified, and further steps should be taken to expand training opportunities for the disadvantaged youth.

Employment and job placement for graduates of vocational schools, lyceums and colleges

In 2002 the number of graduates from vocational schools and lyceums went down by 4.8% compared to 2001, and by 70% compared to 1991. The decrease in the number of graduates is primarily observed in technical (linked to technical servicing of equipment in various economic sectors) and agricultural occupations. In recent years local budgets have not provided adequate funding for guaranteed training in these occupations. In 2002, according to the statistics provided by vocational education institutions, 24 400 vocational education graduates from professional schools and lyceums (for the academic year 2001/02) found a job during the first six months of 2002 (65.7% of all graduates), 2 988 graduates went on to higher education (8%), 3 009 people (8.1%) went to colleges, 1 487 graduates (4%) were drafted to the Kazakh Army, and 786 people (2.1%) left the republic. On the

whole, 85.9% of graduates obtained a job or continued in training (Annex 5). Approximately 14% of all graduates joined the unemployed or self-employed population. This relatively high placement rate can be explained by the growing demand for skilled workers and specialists, linked to improved economic situation in Kazakhstan.

2.2 GOVERNANCE AND RESPONSIBLE BODIES

Roles and interaction of the responsible bodies at national, regional and local levels

Primary responsibility for the development of education policies, including VET, lies with the Ministry of Education and Science, which is a central executive as well as a policy formulating body. The Ministry of Education and Science and its departments provide support for the decision-making process in the field of education. Other stakeholders may be involved in the decision-making process, including local authorities. A Department of Basic and Full Secondary Vocational Education has been specially created within the ministry to ensure an integrated governance and coordination between institutions of initial and secondary vocational education. The basic and full secondary vocational education sections also operate under the regional departments of education in the cities of Astana and Almaty. However, in six regional departments of education (in the regions of Almaty, Atyrau, Zhambyl, Kyzylorda, Mangistau, and South Kazakhstan) separate sections for initial and secondary vocational education and training have not yet been created.

Vocational schools and colleges are accountable to the regional departments of education. Nine colleges that provide training in occupations of nationwide importance are under national supervision. These occupations include: geodesy and mapping, geologic exploration, arts and crafts, show business/circus, music, and choreography. There are no vocational schools under formal state supervision, but

in reality such schools exist, such as the only graphic arts school, the railway school and a few others. Being under regional supervision, these vocational schools cannot enrol children from other regions.

Institutions of basic and full secondary vocational education have a legal status and operate bank accounts, which imply compliance with respective legislation. Regional education management bodies set the budget and enrolment targets for vocational schools and colleges. Vocational schools and colleges are fully responsible for hiring and dismissing their staff. The regional departments of education are the governing bodies in charge of licensing education activities and approving learning and regulatory documentation for vocational schools, while for colleges these functions are taken care of by the Ministry of Education and Science and its Department of Initial and Secondary Vocational Education. Licensing and accreditation issues related to vocational schools and lyceums are also within the competence of the regional departments of education.

The democratisation of management structures has led to the restoration of community self-management in initial and secondary vocational education: a Republican Council of Vocational Education Principals and a Council of Learning Methodologies on the development of basic and full secondary vocational education have been set up under the Ministry of Education and Science. Forty-three associations of learning methodologies for colleges are operating in different occupational profiles. They work in cooperation with the Academy of Education on the modernisation of professional standards. The Republican Councils of Vocational Education Principals are registered non-governmental associations of professional schools, which aim at increasing the quality of education. They also ensure that the right of each individual to receive professional education is guaranteed, and that the requirements set in vocational standards are followed. They are invited to take part in the collegial consultative organisations of the Ministry of

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Education and Science, and they play an important role in defending the interests of vocational education institutions while new normative and legal acts are being developed.

However, in reality local authorities and regional education management bodies serve primarily as vehicles to implement decisions taken by central administration. Favourable conditions to ensure that regional management structures work efficiently have not yet been created, which hinders the delegation of authority to the local level. Experts believe that this is primarily due to a number of obstacles accompanying the management decentralisation process launched more than five years ago:

- lack of a smooth information exchange system between the different levels of education management;
- shortage of local managers and administrators capable of working efficiently in a new environment;
- lack of a qualification upgrading and training system for managerial staff that would be responsive to new needs.

As a consequence, most local managers continue to follow outdated concepts of hierarchical authority in which the Ministry of Education and Science plays a leading role, then the regional authorities come in, and finally the local authorities.

Involvement of social partners

Social partnership in vocational education and training is still a new phenomenon. There is growing awareness of the need to increase cooperation between education and training institutions and employers. However, trade unions are still excluded from this cooperation and do not play an active role in promoting training in enterprises. Because the trade union movement is in a process of adaptation to new market conditions, it is for now engaged primarily in issues such as health and safety at work, salary negotiations, the fight against poverty and unemployment, protection of the internal labour market, or social and economic protection. Education

and training (initial and continuing) are not yet on their agenda.

Developing a system of social partnership with employers is an important factor in increasing the quality of training provided by institutions of initial and secondary vocational education. Today there are some examples of cooperation, which indicate a gradual strengthening of interaction between enterprises and vocational education institutions (for example, in the city of Almaty or in the regions of Karaganda, South Kazakhstan – for more details see Annex 7). What is more, such relations are no longer confined to the provision of practical training or employment opportunities for vocational education graduates. Employers participate in the funding of VET institutions through targeted training programmes and contracts to train their employees. They also have a say in the renewal of the content of education and training, qualifications requirements, and so on. Valuable experience of successes in social partnership is being accumulated in the framework of pilot projects, carried out mainly by non-governmental organisations.

Summing up, it should be noted that employers and vocational education and training institutions have a growing interest in establishing a system, which does not mean that its development is going without a hitch. So far, only some of the necessary legal, institutional and practical prerequisites have been created to develop cooperation in initial and secondary vocational education. On the whole, this cooperation is still in the making. Its slow development is primarily due to the following reasons:

- lack of good preparation for cooperation of partners and lack of qualified managers;
- low involvement of trade unions in education and training;
- lack of concepts and strategies for the development of social partnership in vocational education;
- lack of an organisational structure (working bodies) at regional and local levels to handle the issues of social partnership in VET;

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- lack of regular monitoring of local labour market needs and research-based forecasting of its development;
- low efficiency of the information exchange system between the enterprises, the employment services and the VET system;
- lack of tax incentives for enterprises cooperating with VET institutions;
- inertia and inability of most vocational education institutions to adapt themselves to the employers' needs.

Financing

In 2002 in the state budget of the Kazakh republic, KZT 103.1 billion (US\$ 672.5 million) were allocated for education, including KZT 3.68 billion (about US\$ 24 million) for vocational schools, KZT 2.99 billion (US\$ 19.5 million) for colleges, which amounts to only 6.4% of the total budget for education (in 1998 it was 5.9%). As in previous years, these funds cover primarily payroll, meals and maintenance costs. Only 5% of the allocated funds were spent on learning aids and equipment, and building repairs. Only KZT 54 million (US\$ 352 200) were allocated for strengthening the physical infrastructure of vocational schools and lyceums, which represents an average of KZT 200 000 per institution (approximately US\$ 1 300). The average annual expenditure per student in vocational schools was slightly above KZT 41 000 (US\$ 267), while in colleges it was KZT 62 000 (US\$ 404).

According to the data provided by the Kazakhstan Statistics Agency, in 2002 the share of GDP dedicated to education was 2.75%, and the share of State expenditure was 12.57%. The share of basic and full secondary vocational education and training represented 0.18% of GDP and 0.8% of state expenditures. These are low percentages (for example the EU average share of GDP is 5.2%).

Since 2000 funding for vocational schools and lyceums has in principle come from regional budgets. However, in a number of regions basic and full secondary vocational education is funded from local budgets, which hinders the implementation of a

number of programmes for the development of the physical infrastructures and learning processes.

Expansion of the private sector in basic and full secondary vocational education creates an increased financial burden on students and their parents who have to pay for tuition fees. Therefore, it should be acknowledged that there are two main sources for financing vocational education: public budget and private individuals' funds.

There are still only few cases of enterprises asking training institutions to organise tailored-made training programmes for their own staff (and who are ready to pay for it).

Adaptation of the legal framework

In recent years the Ministry of Education and Science has paid special attention to streamlining the regulatory, legal and methodological basis of initial and secondary vocational education. The government of the Republic of Kazakhstan has adopted a number of resolutions (Annex 6) aimed at stabilising and developing the basic and full secondary vocational education network, and deepening reforms in its standardisation and its learning, methodological and information support structure. With the view of bringing basic and full secondary vocational education systems closer to the 'real sector' (the formal sector, that is, all economic spheres from which the government perceives taxes from the incomes generated), the Ministry of Education and Science has submitted proposals for amendments and supplements to the draft legislation and a number of current laws, including the Laws of the Republic of Kazakhstan 'On Education', 'On Licensing', 'On Social Partnership', 'On State Procurement', and Tax Code of the Republic of Kazakhstan. The draft Law of the Republic of Kazakhstan 'On Vocational Education and Training' is currently under preparation. The section 'Initial and Secondary Vocational Education' of the draft *Concept of Education Development in the Republic of Kazakhstan* has been designed.

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The amendments introduced are oriented towards the following changes:

- establishment of new vocational education and training institutions that will provide training for skilled workers and the technical skills that are needed on the labour market;
- involvement of large enterprises in the organisation of vocational education for young people;
- provision of access to vocational education to all layers of the population and increasing their interest in receiving high quality initial and secondary vocational education.

2.3 MODERNISATION OF THE EDUCATION AND TRAINING SYSTEM

Adaptation of curricula, programmes, teaching and learning methodologies

Changes in the economic situation and labour market demand in the country have called for the revision of the basic and full secondary vocational education. The Occupations Register now contains 300 professions for initial vocational education and 371 specialisations for secondary vocational education. In 2002 a three-year textbook design and publishing programme was launched that also included the development of learning and methodological materials on vocational subjects for institutions of initial and secondary vocational education. The programme provides for the preparation and publication of 828 textbooks and 2 295 titles of learning and methodology materials with a total cost of around KZT 695 million (approximately US\$ 4.5 million). Regional information programmes for institutions of basic and full secondary vocational education have been designed and are now in their implementation phase. These programmes are financed from local budgets; the planned budget is around KZT 696 million (US\$ 4.5 million).

In 2002 permission was given to introduce training programmes in 281 occupations of secondary vocational education,

including: technical occupations and services – 130 (46.3%); occupations in education, culture and arts – 60 (21.3%); economic occupations – 49 (17.4%); occupations in humanities – 21 (7.5%); and medical occupations – 21 (7.5%). These are not necessarily newly developed training programmes for new specialities, but for specialities that have been included in the new Classifier of Occupations.

The government of the Republic of Kazakhstan has given its support to the development and approval of an action plan aimed at involving big companies, enterprises and employers' associations in the training process to meet the needs of the machine-building sector. Similar measures are being developed with the ministries in charge of the agricultural, transportation and construction sectors. The implementation of these plans represents a good basis for social partnership in continuing training and will lead to a dissemination of the experience to other sectors.

The modernisation efforts of the Ministry of Education and Science are primarily aimed at revising and expanding the list of occupations for skilled workers to better serve the needs of the respective sectors of the economy. To achieve these goals the following measures have been taken.

- Training programmes in 29 new occupations have been introduced in vocational schools and lyceums (such as hotel and catering business, electrical equipment maintenance in the oil and gas sector, multifunctional machine operator, real estate manager, tourism services, oil refining operator, oil and gas production and exploration drilling operator, entrepreneur for small businesses). The new occupations have emerged as a response to the needs of local enterprises.
- Training programmes for 25 new specialities have been introduced in colleges (such as intellectual property, industrial assessment, industrial tax law, translation, information technologies, crop protection and agricultural ecology).

Design of educational and occupational standards

Standards in 41 occupations of initial vocational education and 177 occupations of secondary vocational education have recently been developed and approved in the process of new standards creation and streamlining of the existing State Generally Binding Standards and Syllabi of initial and secondary vocational education. There were plans to introduce in 2003 standards in 46 additional occupations of initial vocational education, and 22 occupations of secondary vocational education. All these activities are aimed at improving the quality, flexibility and diversity of vocational education, and make it demand-driven. However, the lack of experience and proper methodologies for the design of basic and full secondary vocational education standards, along with underdeveloped financial incentives for potential standards designers, the lack of independent evaluation mechanisms and the purely formal participation of employers have led to a mismatch between the content of standards and modern economic and industrial requirements. The proposed revisions to standards were not holistic; curricula and syllabi were not revised according to the needs of enterprises but mainly through increasing or reducing the number of hours taught for various themes within the overall time allocation in the study plan for various disciplines.

Another aggravating factor is the weak expertise in standard development, which in practice takes place without any involvement from sectoral and professional associations.

The procedure for developing standards is briefly described below.

- The Institute for Professional Education of the Academy of Education develops guidelines and conducts seminars for methodologists of education and training institutions on the issues of standard development.
- The Institute for Vocational Education and Training provides a list of occupations for which standards should

be developed based on the Classifier of Occupations.

- The Institute for Vocational Education and Training launches a tender for the development of standards.
- Standards are submitted to an expert committee, which reviews them using the agreed criteria.
- The selected standards are submitted to the ministry for approval.
- Standards are approved by an Order of the ministry.

In the past three years there has been no significant progress in the assessment, accreditation and quality assurance system of initial and secondary vocational education, despite the importance of these issues and the problem that their absence can create.

Development of non-formal education and training

By the end of the 1990s the growing competition on the education service market led to the increased quality of non-formal vocational training programmes, which became more demand-driven. Non-governmental and international organisations and foundations played a positive role by introducing innovative methodologies and modernising the content of education. Multi-level training and retraining programmes for young people and adults that were based on interactive methods, individual and micro-group work practice, replaced general lectures. The experience gained in a number of regions, particularly big cities, shows that the most successful programmes are courses in business ('Start and improve your own business' from the ILO), management, information and communication technologies, banking, and foreign languages, as well as training for other occupations that are in demand on the labour market (gas and electrical welder, plumber, electrician, and the service sector).

In practice, access to non-formal training programmes is limited for rural dwellers and socially disadvantaged groups, as they cannot afford these relatively expensive services.

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Some joint ventures created on the basis of large international companies have contributed positively to the development of professional training in Kazakhstan. For example, the international company 'Philip Morris' has not only trained qualified workers following international standards but it has contributed to setting up modern farming businesses and creating new workplaces. Another example worth mentioning is the enterprise 'Imstalkon' which produces metal structures and has more than 6 000 employees. Each of its departments has a five-year plan to train or retrain its staff using different methods of training: university teachers, mentoring, internal training, and traineeship inside and outside the enterprise.

Links between initial and continuing education, formal and non-formal training are in the inception phase. The exchange of experience and best practices and the introduction of training programmes in economics, management and entrepreneurial skills development serve as a basis for emerging cooperation. Enterprises cooperate with training institutions primarily for the organisation of practical training; there are no other forms of cooperation.

Network of formal and non-formal training providers

As already mentioned in Section 1, formal basic and full secondary vocational education is provided by vocational schools, lyceums and colleges. They may operate as independent training providers or as part of higher education institutions.

Non-formal vocational education is provided through a network of different state or private institutions and organisations. This network includes non-school based education; sports, arts and leisure centres; as well as community associations; sectoral, professional and regional associations; non-governmental organisations; training, retraining and upgrading courses; private tutoring, on-the-job training, training in youth organisations; political parties, and so on.

In recent years religious organisations have started to play a growing role in education and training: in local communities, 49 confessions conduct not purely religious but also moral and ethical education.

Such a wide variety of non-formal education programmes, together with institutions of initial and secondary vocational education and training, offer good opportunities for young people and adults who wish to pursue continuing training. However, these opportunities are mainly accessible in big cities.

In rural areas the number of organisations stemming from civil society is growing. These associations try to combine their common interests to provide mutual assistance and learn from each other. Despite their low level of institutionalisation and their instable status they have a certain impact on providing skills to local people, in entrepreneurship, social and other life skills.

It should be mentioned that most employers and entrepreneurs, sectoral and professional associations, are now in a development phase which severely limits their ability to fully participate in a demand-driven system of continuing vocational training. As a rule, their participation is limited to consultations and workshops on the principles of the legal system, business, management, marketing and other economic subjects. They cannot provide specialised vocational training, for example, for skilled workers (welder, lathe operator, moulder and so on), as they do not have the necessary training facilities. Thus, despite a diversity of training providers and a wide variety of formal and non-formal training programmes, the newly established and restored enterprises are still not able to find the qualified workers and specialists they need.

Teachers and trainers

As of the beginning of 2003 the total number of teaching staff of basic and full secondary vocational education institutions in the country amounted to 28 865. Of these, 20 952 worked in state institutions

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and 4 052 in private ones. The breakdown of teaching staff by type of vocational education institution is given in Table 3.

Table 3: Teaching staff of vocational education institutions

Teaching staff	State	Private	Total
Colleges	12 012	7 369	19 381
Vocational schools	8 940	544	9 484
Total	20 952	7 913	28 865

Source: Ministry of Education and Science of the Republic of Kazakhstan

The student/teacher ratio in both state and private colleges is 10.7:1, in state vocational schools the student/teacher (trainer) ratio is 9.6:1, and in private vocational schools it is 6.5:1. More than 70% of all trainers have secondary vocational or secondary technical education. This indicator is below the international standard (1:10–15): one of the reasons could be an improper use of human resources, or the high number of general and specialised topics (and the corresponding high number of teachers) that are taught in vocational schools.

The teaching staff of vocational education institutions is ageing: around 30% of teachers and trainers have been teaching for between one and 10 years and 70% have been teaching for more than 10 years. The average teaching load per teacher exceeds the standard teaching load by 1.5 times. According to the data provided by the Ministry of Education and Science, in 2002 vocational education institutions had a shortage of 1 194 teachers in vocational subjects. Highly qualified teachers and trainers keep on leaving vocational education institutions because of low salaries. As of the beginning of 2003 the average salary in education varied from KZT 10 000 to

KZT 15 000 (approximately US\$ 67 to 100). In 2002, for the first time 100 grants and 30 loans were provided to train teachers and trainers for vocational schools and colleges in higher education institutions.

According to existing norms, teachers should attend skills upgrading courses not less than once every five years. However, funds are not available to pay for all vocational education teachers and trainers and administrative staff to attend such courses. For example, during the last academic year only 2 794 college teachers attended skills upgrading courses, representing 14.4% of all college teachers. The courses offered concentrate mainly on pedagogical and management issues. There are no skills upgrading courses for technical specialities. The situation is worsened by the absence of methodological departments for vocational education and training in the regional skills upgrading institutes.

Most teachers upgrade their skills through methodological work organised in colleges, or during short seminars organised by vocational education specialists from the regional departments of education.

Training in enterprises

Only large, and some medium-sized enterprises can afford to have their own training programmes: other enterprises have to hire trained workers. In the financial, transport, communication, mass media and industrial sectors, virtually all companies undertake training programmes for their staff, while in the light, food, hotel and catering sectors, 70% of all enterprises have in-company training programmes. The financial sector has the broadest variety of training programmes. In general those benefiting first from training are middle management staff (much more than low level and top management staff). Many enterprise managers consider that their main partners in recruitment, training, retraining and qualification upgrading are the different training centres, professional associations, recruitment agencies and employment services. The main incentive to organise training is the need to increase

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the quality of services and products delivered.

These programmes of non-formal education have been brought about by changing qualitative skills requirements as well as the creation of new types of enterprises and organisations that need workers with modern skills. However, a number of problems are still standing in the way of further progress. Among those are the following unresolved problems:

- lack of integrated quality assurance system for such training services;
- limited access to training programmes due to their high price;
- lack of information and statistical databases;
- underdeveloped legislative regulation;
- poor links with the system of formal vocational education.

Training for the unemployed

Vocational training and retraining programmes for the unemployed are mainly carried out in the framework of the Government Programme for Poverty and Unemployment Reduction. Between 2000 and 2002 approximately 60 000 people received training within this programme, which covered about 80% of the total number of the officially registered unemployed at the time. Every year the authorised regional bodies call a tender to place government orders among institutions of basic and full secondary vocational education for short-term training and retraining programmes for the unemployed. These services are paid for from the local budgets. The basis for defining training programmes is the regional demand for skills, and is based on the regional development programmes. The most needed occupations are: cook, hairdresser, confectioner, security guard, administrative assistant, and so on. In 2001, 19 800 people (6% of the total number of officially registered unemployed) went through this type of vocational training; 70% of trainees found a job and 5.5% opened their own businesses. The main problem facing these training programmes is their low popularity amongst trainees, who tend to seek

training in occupations that are considered to be more prestigious. These include office manager, tourism agent, bank worker, and customs and stock exchange employee, which, as a rule, are not in demand on the local labour markets.

Training and retraining for the unemployed in the agricultural sector remains an acute problem. According to the data released by the Ministry of Agriculture, in 2002, 52 000 individuals found a job in the agricultural sector through training programmes in entrepreneurship and self-employment, micro loans and other programmes aimed at creating new jobs.

Skills needs assessment

Skills needs assessments are primarily conducted in medium-sized and large enterprises. A study conducted by the National Observatory of Kazakhstan in the framework of the ETF project 'Training for Enterprise Development' has shown that in order to assess skills needs and search for training providers, enterprises mainly rely on their own capacities. Less than half of the 60 enterprise managers surveyed rely on employers' associations to obtain this type of information. Around 40% of enterprises surveyed foresee a possible problem of skills shortage in the near future amongst their existing staff. This is particularly true for the catering and hotel business. Skills shortages are also expected among specialists and qualified workers, who represent the biggest share of staff in enterprises.

There is a lack of various skills in the following areas:

- qualified workers in production, maintenance and servicing;
- middle-level technical staff in maintenance and management;
- specialists in management, maintenance, general and technical sales/marketing, research, production, and design;
- leading specialists in general sales, marketing, research and production;
- middle management: data and information and communication technology management, technical management;

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- top level management: research, production, technical management.

The skills that are most often lacking are technical skills among workers and specialists, and at management level, the command of foreign languages and management skills (teamwork, leadership and communication skills).

The forecasted deficit of specialists and skilled workers has been felt for the past two to three years.

Here, the situation is characterised on the one hand by high unemployment and on the other, by an unsatisfied demand for qualified labour, particularly from large and medium-sized enterprises (auto mechanics, milling machine operators, welders, turners, fitters, boiler operators, tillers, designers, regulators, engineers, agricultural technicians, veterinarians and many others). There are also difficulties in filling job vacancies in research, technical and organisational management, design and administration.

According to some experts' estimates, the shortages in these skills will continue to grow as the development of the industrial and agricultural sectors gathers pace. Therefore, a number of ministries, including the Ministry of Education and Science and the Ministry of Labour and Social Protection of the Population, have defined as their priority policy objective the need to develop public monitoring mechanisms aimed at identifying and forecasting demand for training, retraining and upgrading, geared to meet the needs of the growing sectors of the economy.

To assess skills needs, some labour market analysis are being undertaken – both quantitative and qualitative. There are government bodies responsible for forecasting changes on the labour market. However, given the fast changes taking place in the transition economy, these structures are unable to timely monitor in a systemic way the developments taking place on the labour market.

In many cases, training institutions themselves are trying to identify future demand for skills in cooperation with employers or professional associations. The outcomes of these analyses result in modifications of the curricula (within the optional part of the curricula), and refitting of classrooms, laboratories and workshops.

Today, skills requirements are defined primarily at a regional level within the framework of the government's 'orders' for training and retraining, covering all types of education and carried out on the basis of the resources available from the regional budgets and the education institutions. In other words, the government's 'orders' for training are based on the financial, material, technical and human capacities of vocational schools and colleges, rather than on the needs of the labour market. In some regions, particularly in rural areas, this has led to a situation where no training at all is provided in occupations needed on the local labour markets. In addition, in urban areas, a significant number of new higher and secondary education institutions offer paid training programmes in occupations that are considered to be prestigious, but, as already mentioned, that are no longer in demand on the labour market.

The role of education and training in anti-poverty strategies

According to UNDP data⁶ the proportion of people living below the subsistence level decreased from 35% in 1996, to 27% in 2002 (UNDP used as reference the subsistence minimum equal to KZT 4.6 in 2001, or a little above US\$ 1 a day at the official exchange rate). From that group of people living below subsistence level, the majority are children (35%), low-paid employed population of working age (30%) and unemployed (29%), followed by pensioners (6%). On the other hand, and according to national statistics, the percentage of people living below the subsistence level (below US\$ 4 per day, using as a reference the parity of purchasing power) in 2002 was 24.2%, and in 2003 19.6%. This reduction might be due to the social measures taken to

⁶ 'Kazakhstan: Achievements, issues and prospects. A perspective by the United Nations', January 2004.

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combat poverty, such as social allowances including free communal services, free meals and transportation to schools.

According to the Report 'On the results of the Programme of Poverty and Unemployment Reduction in 2000–02' prepared by the Ministry of Labour and Social Protection of the Population, the successful implementation of the programme is largely due to the active measures taken to provide training, retraining and qualification upgrading to the unemployed and other disadvantaged groups. In the period under review (2000–02), about 60 000 unemployed completed different training programmes organised by the employment services. This represents around 10% of the overall number of unemployed (690 700 in 2002). The Ministry of Labour and Social Protection reports that out of 24 200 unemployed who were trained or retrained in 2002, 12 400 have found a job (representing 51.1% of the total).

The 'Analysis of Training strategies for Local Development in Kazakhstan' conducted by the National Observatory of Kazakhstan in 2003 with the support of the ETF, indicates that new actors have become very active initiators and implementers of training programmes for various groups of the population, especially those most vulnerable. These new actors are non-governmental organisations – community-based organisations, which, with the financial support of international (but also national) donors, provide technical support to many regions of Kazakhstan, in particular to the ecologically and socially disadvantaged ones. For example, the ILO programme 'Start and improve your own business' has been implemented in 11 regions of Kazakhstan including cities and rural districts.

There are other examples of the positive effects of education and training on poverty reduction processes but precise information on the nature and degree of this impact is not available.

SUMMARY OF SECTION 2

- For the vocational education and training sector, the beginning of the 21st century is being characterised by a search for identity, and ways to recover and further develop the system in line with modern market relations. The emphasis needs not only to be put on vocational training for mid-level workers needed on the labour market, but also on young people who need to acquire vocational skills enabling them to undertake independent activities and self-employment.
- However, the lack of market experience together with severe under-financing hinders the development of a flexible system of basic and full secondary vocational education, and prevents expanding access to vocational education and training for young people and adults alike.
- The lack of a national labour market analysis system and the weak system of social partnership hinder the development of standards that would meet the needs of a market economy.
- The network of further or non-formal vocational training and the system of formal vocational education operate in parallel and have no links with each other. Due to relatively high tuition fees, the non-formal sector remains unaffordable to disadvantaged groups. Nonetheless, these institutions serve as a basis for continuing education for a significant number of young people and adults.

3. DEVELOPMENTS IN THE EMPLOYMENT POLICY

3

The employment policy in Kazakhstan is based on a set of measures taken by responsible central and regional bodies and aimed at exercising the right to labour and employment. The main guidelines, content and mechanisms for government employment policy implementation are set forth in the laws 'On Employment of the Population', 'On Labour in the Republic of Kazakhstan', and 'On Social Partnership in the Republic of Kazakhstan', as well as in the 'State Poverty Reduction Programme in the Republic of Kazakhstan in 2003–05', and the 'Strategic Development Plan of the Republic of Kazakhstan through the year 2010'.

Government bodies and authorities

The Ministry of Labour and Social Protection and its departments in the regions are responsible for:

- developing and implementing the main guidelines of the government employment policies;
- coordinating all government agencies' activities in the area of employment;
- developing programmes for employment;
- identifying minimum standards of social and economic security for the citizens of Kazakhstan.

The Ministry of Labour and Social Protection takes important political decisions in cooperation with the ministries of Finance, Economy, Education and Science, Health, Justice, and some others.

The key objectives of the government employment policies include measures aimed at:

- safeguarding existing jobs and creating new ones;
- improving the legal basis for labour market regulation;
- providing incentives for self-employment and support for entrepreneurship;
- providing targeted social assistance to the unemployed who live below the poverty line;
- protecting the internal labour market by regulating the use of foreign labour;

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- providing social protection for disadvantaged groups by creating safeguarded jobs;
- improving labour quality and competitiveness;
- improving the micro-credit system;
- organising public works;
- developing new forms of cooperation between the employment services, the employers and vocational institutions.

Social partnership involving government agencies, trade unions and employers' associations, serves as a primary implementation mechanism for employment policies. Under the current legislation all social partners have equal rights and opportunities for establishing contacts on social and labour issues, and holding a constructive dialogue. Tripartite agreements are the dominant form of social dialogue at the national, regional and sectoral levels. Collective agreements carry out this role at the enterprise level. In recent years the negotiations focused on the development of a consumer goods market, entrepreneurship, employment, labour protection, struggle against poverty and unemployment, protection of the internal labour market, remuneration of labour, and social and economic protection, in particular of the most disadvantaged groups of population.

In accordance with the current legislation on employment, the government undertakes different active and passive measures of social protection against unemployment. Support for job placement, vocational training, qualification upgrading, retraining and organisation of public works, are among the active labour market measures. Passive measures include provision of state social assistance to the low-income groups among the unemployed. An analysis of the employment measures shows that approximately 30% of them are passive.

The Ministry of Labour and Social Protection of the Population and its Department of Labour and Employment are responsible for the employment policies, development and improvement of the legal and regulatory basis, as well as administrative and technical activities at

national level. Regional bodies follow these issues as well. As an example, the organisational structure of the Department of Labour, Employment and Social Protection of the Population of Almaty City is given in Annex 4. As shown in this document, the different measures to implement the employment at local level include:

- financial planning and economic analysis;
- working with low-income groups, social services, community and non-governmental organisations;
- job search and employment;
- labour market analysis, implementation of employment programmes and licensing;
- organisation of public works and training for the unemployed;
- control over compliance with labour legislation;
- remuneration of labour, social partnership and labour relations.

Funding for the department comes from the local budget. The regional employment programmes have become implementation tools for the employment policies on the local labour markets.

A number of obstacles are impeding the development of active employment measures, a few of which are mentioned below.

- The current legislation does not incite employers to recruit disadvantaged and vulnerable people. Legislation is also incomplete on all issues related to competitions organised to buy training services for the unemployed.
- There is no consistency of approach to identify labour market needs when developing the list of occupations for which training will be organised for the unemployed. The wishes of the unemployed often do not coincide with the needs on the labour market.
- The interests of authorities, employers, and employees are often diverging, and there is no system to facilitate negotiation between them. In most regions the commissions for social partnership exist only on paper and are

3. DEVELOPMENTS IN THE EMPLOYMENT POLICY

not involved in training issues, or in providing information to partners. In general, their work is not very transparent.

- International experience of continuing training is not properly taken into consideration, in particular the internationally recognised need to provide information and consultancy services to young people and adults, or the need to set up centres for career development and job search, professional orientation and

psychological support for the unemployed.

- There are no mechanisms for evaluating the impact of projects already implemented at central and local levels.

Finding ways to solve the abovementioned problems would strengthen the implementation of employment policies, give them a more social orientation, and link them more closely to the needs of different groups of the population.

4. CONCLUSIONS

4

There have been positive changes in the economic development of Kazakhstan over recent years, although they were not deep enough to impact the developments in the basic and full secondary vocational education and training. It is well known that the recessionary tendencies in the country's economy in the mid 1990s have affected the vocational education and training system most of all. Therefore, more time is needed to radically improve its situation. Nonetheless, many problems related to the adjustment of the system to the new social and economic environment have already been addressed.

The legal basis for a modernised basic and full secondary vocational education system has been designed. The decentralisation process of education management is now under way. The modernisation of the content of education is being undertaken, including the design and updating of educational standards and curricula. A programme for the provision of new learning and teaching methodological material is currently under implementation; new teaching and learning techniques are being introduced. The physical

infrastructure of vocational education institutions is also gradually improving.

Developing social partnership with employers, employment services and local government bodies is becoming a priority for vocational education institutions and education authorities. Involvement of trade unions is still at a very early stage of development.

However, there are still many problems to be addressed related to the quality of training for providing skills that are needed on the labour market. Largely, these problems persist due to the insufficient funding of the initial and secondary VET system, poor physical infrastructure of VET institutions, and the departure of a significant portion of the teaching staff during the restructuring period, as well as low salaries and wages.

Demographic developments have badly affected vocational education institutions by reducing potential enrolment and therefore income for schools. Providing access to initial vocational education and training, particularly for young people in

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rural areas, remains a rather urgent problem to be addressed. Cooperation between basic and full secondary vocational education institutions and enterprises, employment services, and non-formal training providers is not stable and efficient enough. The needs for retraining and upgrading the skills of vocational education teaching staff are not being fully met. An efficient system of vocational guidance and counselling for young people needs to be established.

To resolve the abovementioned problems and to further modernise the basic and full secondary vocational education system, Kazakhstan's Ministry of Education and Science has identified a set of priority areas, including the need to:

- identify strategic areas for the development of the basic and full secondary vocational education system, and design the Law of the Republic of Kazakhstan 'On Vocational Education and Training';

- design public mechanisms to monitor and forecast training, retraining and skills upgrading needs, with due consideration for national and regional economic development;
- modernise fiscal policies related to public expenditure on vocational education and training, and increase public funding for the VET system in compliance with the needs of the socio-economic development of the country;
- undertake measures to enhance and update the physical infrastructure of the basic and full secondary vocational education institutions in line with the requirements of modern learning technologies;
- foster social partnership;
- provide training, retraining and skills upgrading financed by local and international employers.

The implementation of these measures will lead to an increased quality of training delivered to skilled workers and mid-level specialists, which is geared to meet the needs of the country's economy.

ANNEXES

ANNEX 1: AGE STRUCTURE OF THE POPULATION (AS OF THE BEGINNING OF THE YEAR)

	1999	2000	2001	1999	2000	2001
				Percentage of the total number		
Total population	14 957 800	14 896 100	14 841 900	100.0	100.0	100.0
Under 1 year	217 800	205 100	214 800	1.5	1.4	1.4
1-4	972 300	911 800	861 500	6.5	6.1	5.8
5-9	1 501 100	1 446 900	1 384 200	10.0	9.7	9.3
10-14	1 606 900	1 602 100	1 586 500	10.7	10.8	10.7
15-19	1 398 900	1 422 900	1 450 900	9.4	9.6	9.8
20-24	1 292 200	1 302 300	1 308 400	8.6	8.7	8.8
25-29	1 154 600	1 164 300	1 173 600	7.7	7.8	7.9
30-34	1 069 800	1 054 300	1 052 300	7.2	7.1	7.1
35-39	1 201 600	1 175 500	1 133 500	8.0	7.9	7.6
40-44	1 037 600	1 063 800	1 092 100	6.9	7.1	7.4
45-49	855 400	869 900	883 600	5.7	5.8	6.0
50-54	525 700	613 900	691 600	3.5	4.1	4.7
55-59	553 000	459 000	387 000	3.7	3.1	2.6
60-64	561 600	606 300	621 100	3.8	4.1	4.2
65 and over	1 009 300	998 000	1 000 800	6.8	6.7	6.7

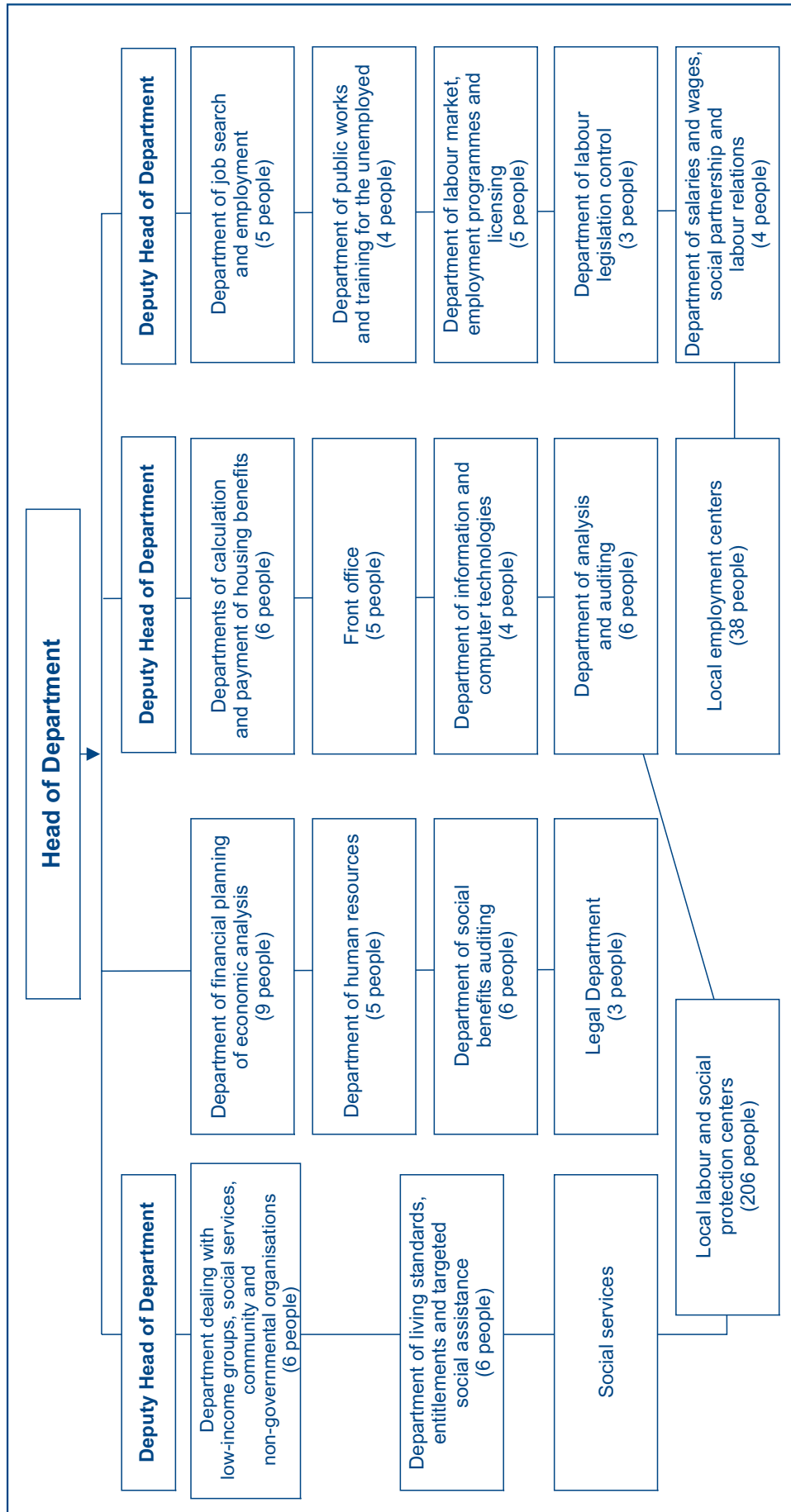
ANNEX 2: BREAKDOWN OF THE EMPLOYED POPULATION BY SECTOR

	1998	1999	2000	2001	2002
Total employed population	6 127 600	6 105 400	6 201 000	6 698 800	6 708 900
Agriculture, hunting and forestry	1 353 900	1 335 400	1 940 700	2 366 300	2 366 700
Fishery	5 900	6 900	7 500	13 100	13 500
Industrial sector – Total	903 200	904 500	855 200	830 400	824 000
• Mineral resource industry	123 700	129 000	136 800	166 500	167 300
• Manufacturing industry	627 000	627 800	572 600	513 800	503 700
• Production and distribution of electricity, gas and water	152 500	147 700	145 800	150 000	153 000
Construction	222 900	210 600	226 100	264 000	268 400
Trade, auto and household appliances repair	1 404 600	1 398 000	970 700	1 006 400	1 007 200
Hotels and catering	67 900	69 800	60 500	54 400	56 500
Transportation and communications	560 200	576 300	549 900	506 300	503 700
Finances	37 900	36 000	39 600	45 900	50 100
Real estate, rental and other services	183 500	210 800	226 000	213 600	203 400
Public management	346 200	343 500	314 000	280 500	280 400
Education	521 700	513 300	531 400	576 300	589 000
Healthcare and social services	325 900	320 300	291 600	287 100	292 600
Public utility services, other social and individual services	193 700	171 800	181 400	183 100	186 300
Household services	100	7 500	6 300	71 400	66 800
Activities of offshore organisations	-	700	100	0	300

ANNEX 3: BREAKDOWN OF THE UNEMPLOYED BY GENDER AND EDUCATION ATTAINMENT LEVEL IN 2001

	Unemployed aged 15 and over (in %)		
	Total	Including	
		Female	Male
Total unemployed population/education attainment level	100.0	100.0	100.0
Higher education	12.9	12.7	13.1
Secondary vocational education	25.7	30.0	20.1
Initial vocational education	7.4	6.8	8.1
Secondary general education	43.4	41.8	45.4
Basic general education	7.9	6.4	9.9
Initial general education	2.7	2.3	3.4
Total unemployed population education level/gender	100.0	56.7	43.3
Higher education	100.0	55.9	44.1
Secondary vocational education	100.0	66.2	33.8
Initial vocational education	100.0	52.3	47.7
Secondary general education	100.0	54.6	45.4
Basic general education	100.0	45.9	54.1
Initial general education	100.0	47.2	52.8

ANNEX 4: DEPARTMENT OF LABOUR, EMPLOYMENT AND SOCIAL PROTECTION OF THE POPULATION (CITY OF ALMATY) – ORGANISATIONAL STRUCTURE



ANNEX 5A: DATA ON THE EMPLOYMENT OF GRADUATES FROM SECONDARY VOCATIONAL EDUCATION INSTITUTIONS (AS OF 1 JANUARY 2003)

Region	Total number of graduates	Employment					Left Kazakhstan	Seeking employment
		Employed	In higher education institutions	In secondary VET institutions	Drafted to the Kazakh Army			
Akmolinsk	1 737	1 160	234	-	72	41	230	
Aktubinsk	1 845	1 035	231	-	82	103	394	
Almaty	2 385	1 310	552	-	41	175	367	
Atyrau	704	482	75	-	35	34	102	
East-Kazakhstan	2 798	1 598	623	-	193	147	237	
Zhambyl	1 821	1 097	427	-	96	68	133	
West-Kazakhstan	1 035	565	193	-	32	24	321	
Karaganda	2 680	1 530	523	-	50	35	567	
Kysylorda	1 379	686	245	-	15	35	543	
Kostanai	2 423	1 421	638	-	46	53	265	
Mangistau	928	505	166	-	50	58	159	
Pavlodar	2 726	1 023	617	-	103	63	920	
North-Kazakhstan	1 508	530	449	-	60	59	410	
South-Kazakhstan	3 642	2 185	1 040	-	97	108	212	
Astana city	1 537	826	259	-	30	24	34	
Almaty city	2 444	1 127	790	-	66	146	315	
Total	31 592	17 080	7 062	-	1 068	1 173	5 209	
		54.0%	22.4%		3.4%	3.7%	16.5%	
Total number of people in employment		25 210						
		79.8%						

ANNEX 5B: DATA ON THE EMPLOYMENT OF GRADUATES FROM VOCATIONAL SCHOOLS AND LYCEUMS (AS OF 1 OCTOBER 2002)

Region	Total number of graduates	Employment				Left Kazakhstan	Seeking employment
		Employed	In higher education institutions	In secondary VET institutions	Drafted to the Kazakh Army		
Akmolinsk	2 951	1 735	180	149	144	114	236
Aktubinsk	1 587	641	81	72	5	36	258
Almaty	2 857	1 915	278	150	170	56	352
Atyrau	1 253	677	236	84	30	6	280
East-Kazakhstan	3 373	1 421	326	133	222	100	811
Zhambyl	178	137	28	18	20	10	45
West-Kazakhstan	2 670	1 588	187	237	133	102	443
Karaganda	6 746	4 832	410	324	332	62	827
Kysylorda	2 139	1 921	114	106	75	9	136
Mangistau	2 172	1 227	186	822	27	154	158
Magnistausk	848	394	87	31	30	-	129
Pavlodar	2 439	1 326	243	314	84	75	523
North-Kazakhstan	1 643	1 182	96	134	71	29	208
South-Kazakhstan	3 415	2 949	332	167	118	15	24
Astana city	2 347	2 011	168	236	20	16	6
Almaty city	504	444	36	32	6	2	16
Total	37 122	24 400 65.7%	2 988 8.1%	3 009 8.1%	1 487 4.0%	786 2.1%	4 452 12%
Total number of people in employment		31 884 85.9%					

ANNEX 6: RESOLUTIONS OF THE GOVERNMENT OF THE REPUBLIC OF KAZAKHSTAN BETWEEN 1999 AND 2002 RELATED TO VOCATIONAL EDUCATION AND TRAINING

- No 1290 'On design and approval procedures and validity of generally binding educational standards' (dated 2 September 1999)
- No 1839 'On approval of standard statute on educational institutions of respective types' (dated 2 December 1999)
- No 721 'On measures to further develop basic and full secondary vocational education in the Republic of Kazakhstan' (dated 15 May 2000)
- No 409 'On approval of the Programme of design and publishing of textbooks, learning and methodological packages on vocational subjects for initial and secondary vocational educational institutions in the Republic of Kazakhstan' (dated 29 March 2001)
- No 616 'On approval of the Programme of computerisation of initial and secondary vocational educational institutions in the Republic of Kazakhstan' (dated 10 May 2001)
- No 1188 'On setting enrolment quotas for specific population categories in secondary and higher vocational educational institutions' (dated 11 November 2002)

ANNEX 7: ILLUSTRATIONS OF SOCIAL PARTNERSHIP BETWEEN EMPLOYERS AND INITIAL AND SECONDARY VOCATIONAL EDUCATION INSTITUTIONS

The result of the cooperation between the vocational lyceum No 16 located in Almaty with the Jeep Transport Company and Remstroytekhnika – a state-owned enterprise – is that these two companies are committed to participating in all activities related to vocational training, occupational practice and employment of graduates.

Another mutually beneficial cooperation has been the one between the Kazakhmys Corporation and vocational schools Nos 1 and 9 located in Satpaev and Zhezhkazgan. The corporation has been involved in designing a customised occupational practice programme, which provides training for 23 specific skilled worker occupations, with follow-up skills retention during the occupational practice period in the enterprise.

The vocational lyceum No 3 in Karaganda and the Karaganda Telecom Joint-Stock Company have concluded a long-term agreement to annually train 100 mid-level specialists. The vocational lyceum and the company agreed on the training syllabus and occupational practice scheduling.

There are a lot of other examples of enterprises assisting VET institutions in arranging occupational practice for students or employing VET graduates. Examples include the Construction and Management College in Almaty that has been involved for many years already in social partnership with major companies and enterprises in the city, including companies like Almatyintergaz Joint-Stock Company, Gorvodokanal Joint-Stock Company, Teplocommunenegro Joint-Stock company, Basic-A Construction Corporation, and so on.

This is a very good example of a well-established cooperation that provides a full-scale occupational practice for the college students, with employers' involvement in the examination board as well as their participation in editing educational curricula and other learning activities. As a result of such productive cooperation the employment rate of college graduates is high, reaching 70% to 90% in specific occupations.

Great experience has been accumulated by the vocational school No 18, which has been operating in the educational service sector for 40 years, training mid-level specialists for public catering and trade sector. Graduates of this

vocational school have been working in the majority of companies and enterprises located in Almaty. Currently, the vocational school No 18 is interacting with more than

120 catering and trade companies in Almaty, including Ankara Hotel restaurant, Astana Hotel restaurant, and the Dastarkhan catering and trade network.

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ACRONYMS

ETF	European Training Foundation
GDP	Gross domestic product
ICT	Information and communication technology
ILO	International Labour Organisation
KZT	Tenge (Kazakh currency)
UNDP	United Nations Development Programme
VET	Vocational education and training