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Social and economic development of Kazakhstan and significance of education

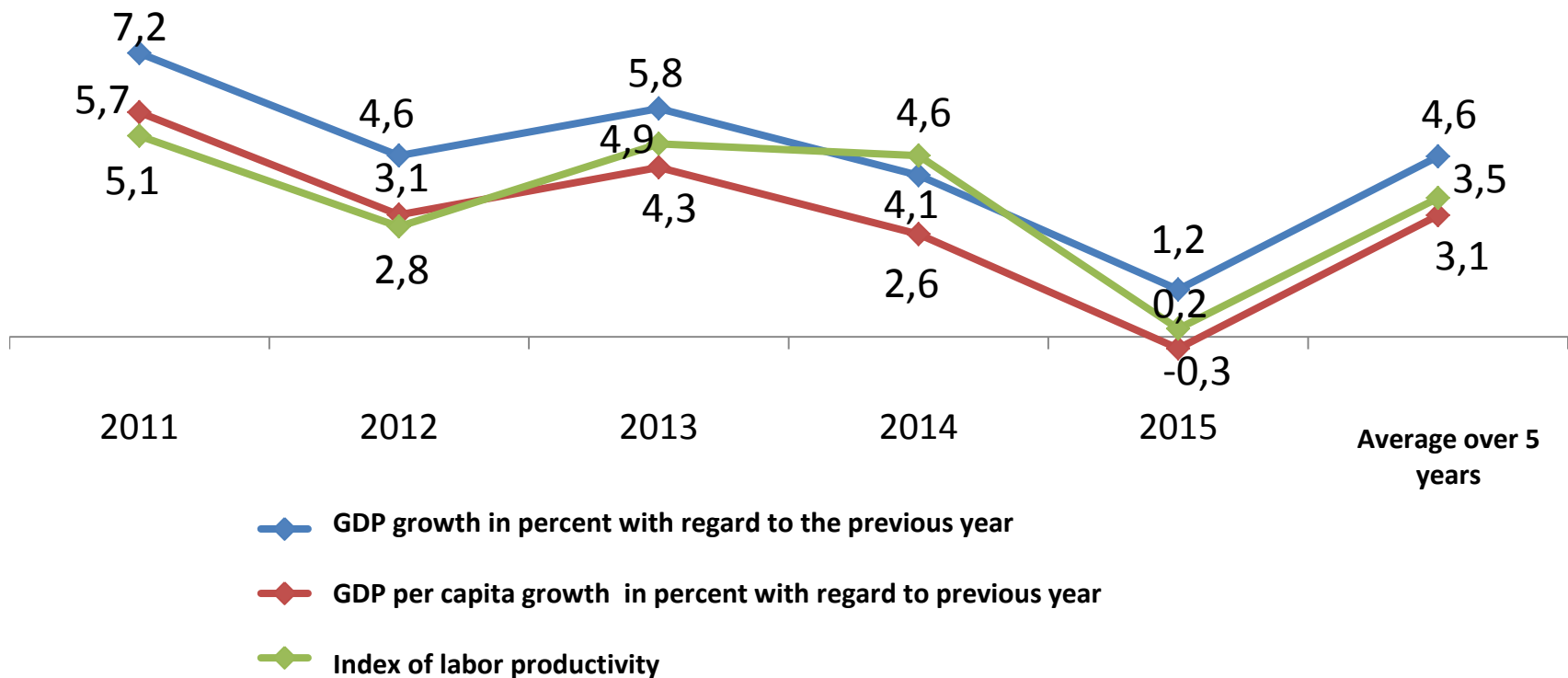


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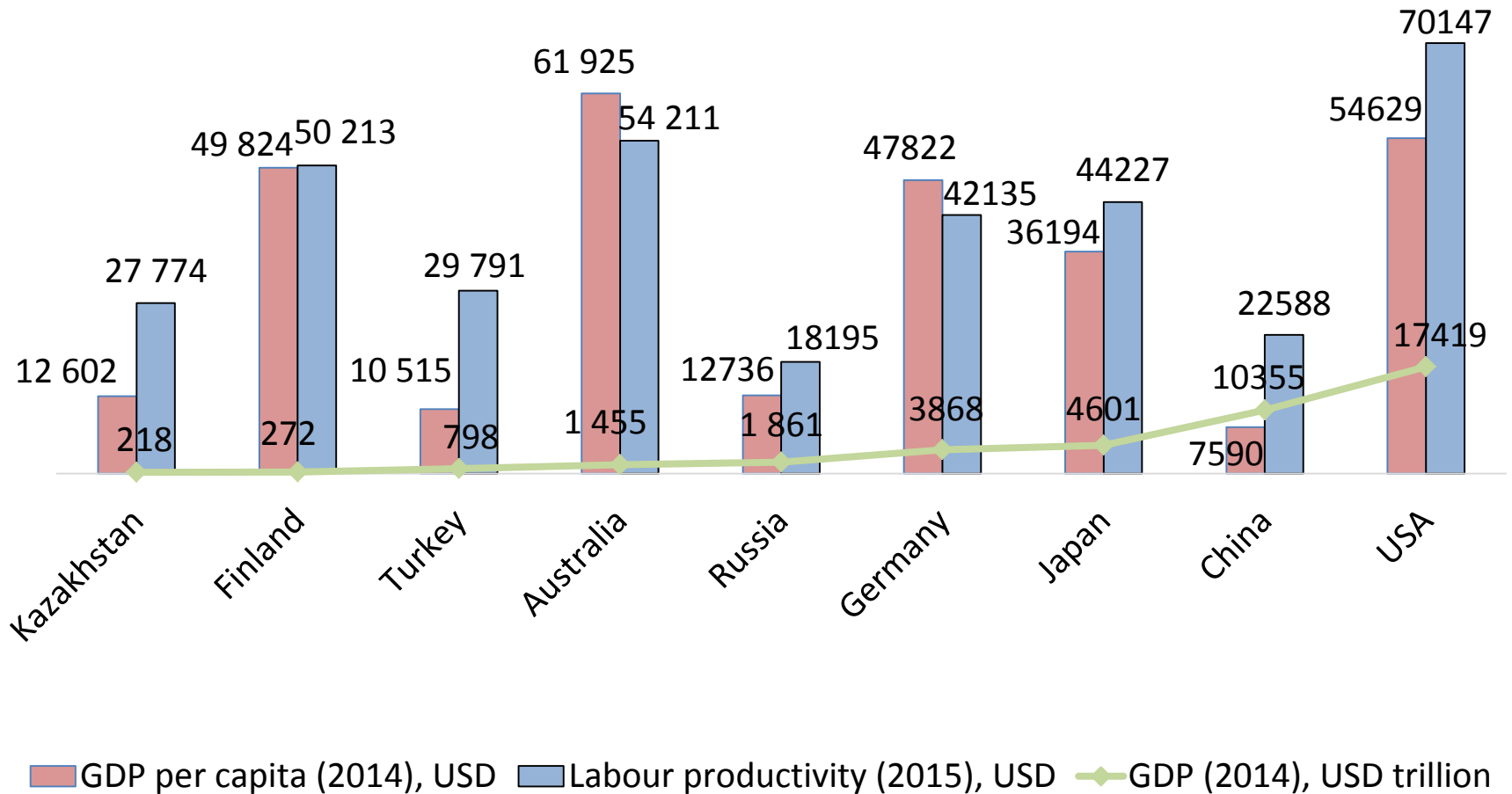
27-28 October 2016

Kazakhstan demonstrates positive trends in economic development

- Over the last 5 years GDP and GDP per capita of the RK increased in average by 4.6% and 3.1% respectively. Labor productivity grew in average by 3.5% per year
- Decrease and low growth performance were registered only in 2015



Along with this, indicators of economic development of the RK are still lower than in advanced countries



For more than 50 years the role of EDUCATION as a fundamental factor of human capital development is recognized by many developed countries in the world

- Economic growth is determined for 64% by human capital and 16% by physical capital and 20% by natural capital (*World Bank, 2007*)
- State policy and institutional reforms in developed countries are aimed at creating favorable conditions for the formation of human capital (*WEF, 2015*)
- Approximately 1/3 of income from investments in human capital is determined by the higher intellectual abilities; 2/3 of revenues by cognitive and social skills, as well as the qualifications and personal factors (*OECD, 1999*)

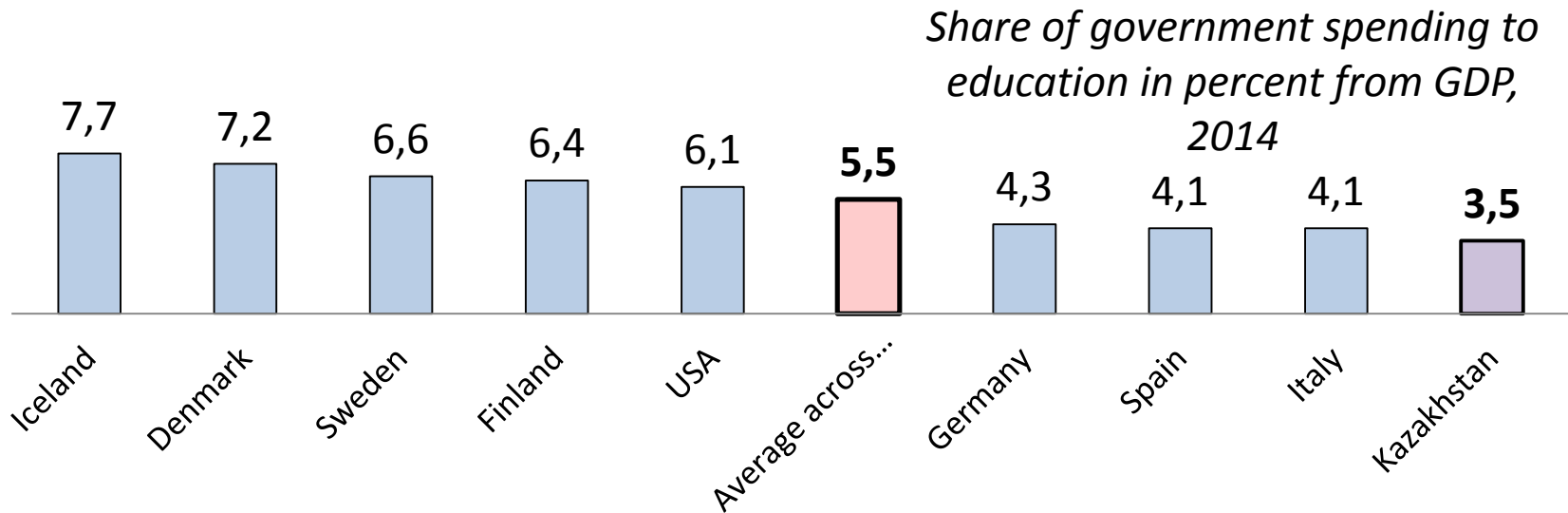
For more than 50 years the role of EDUCATION as a fundamental factor of human capital development is recognized by many developed countries in the world

- Investment in education on average provides 5-15% of additional income per academic year globally (*OECD, 1999*)
- In the OECD countries additional academic year leads to labor productivity increase in medium and long term outlook by 4-7% (*OECD, 2001*)
- In the EU countries education:
 - on microeconomic level increases individual productivity, salary and employment
 - on macroeconomic level is related to long-term rate of economic growth¹

¹ M. Klinova and E. Sidorova (2012). Human capital in the European union: *national and supra-national contexts*. Economic issues 8, 88

Increasing competitiveness of the human capital is directly dependent on volume of government spending to education

- In 2015 government spending to education in the RK made up 3.6% from GDP (*In 2011-2015 - from 3.5 to 4%*)
- This indicator is still low in comparison with average value across OECD



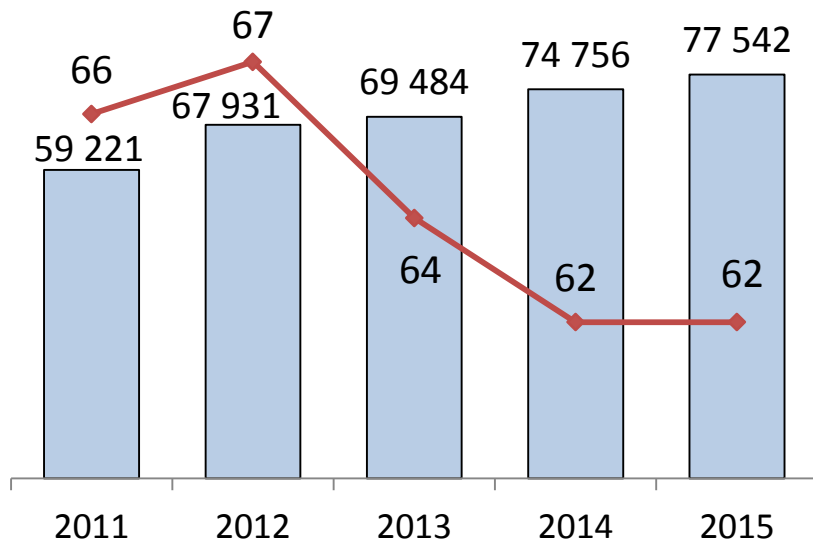
Recommendation of OECD

It is necessary to maintain the amount of investment to education on the level of 5-6% from GDP, with obligatory assurance of return on the investment ¹

¹ OECD/World Bank, (2015). *OECD Reviews of School Resources: Kazakhstan 2015* (p. 21). Paris, France: OECD Publishing

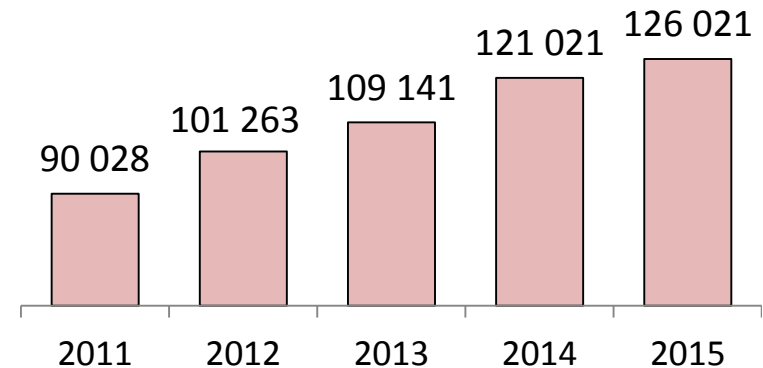
Over 5 years the average monthly salary in Kazakhstan is constantly growing

- Over 5 years remuneration of labour grew by 17.3% in real terms



■ Average monthly salary of educators, KZT

◆ Share of national average, %



■ Average monthly salary in the RK (all kinds of activity), KZT

- Average monthly salary of the of educators in nominal terms, as well as the national average, was growing steadily

- At the same time, the growth indicators are not proportional

Low income of the teachers in the RK do not allow them to increase the attractiveness of the teaching profession and teacher status

- *In 2015 the average salary in the education system amounted to 62% of the average for the Republic of Kazakhstan (OECD - 79%)*
- Pre-school teachers get the lowest salary (41%)

Level of education	Kazakhstan			Average in OECD	
	KZT	USD*	Share of national average salary, %	USD	Share of national average salary, %**
Education, including:	77 542	228	62	-	-
Pre-school	51 362	151	41	3 150	78
Primary	58 508	172	46	3 437	78
Secondary	76 042	224	60	3 805	81

* - USD rate was calculated by 345 KZT per USD (as of 19 April 2016)

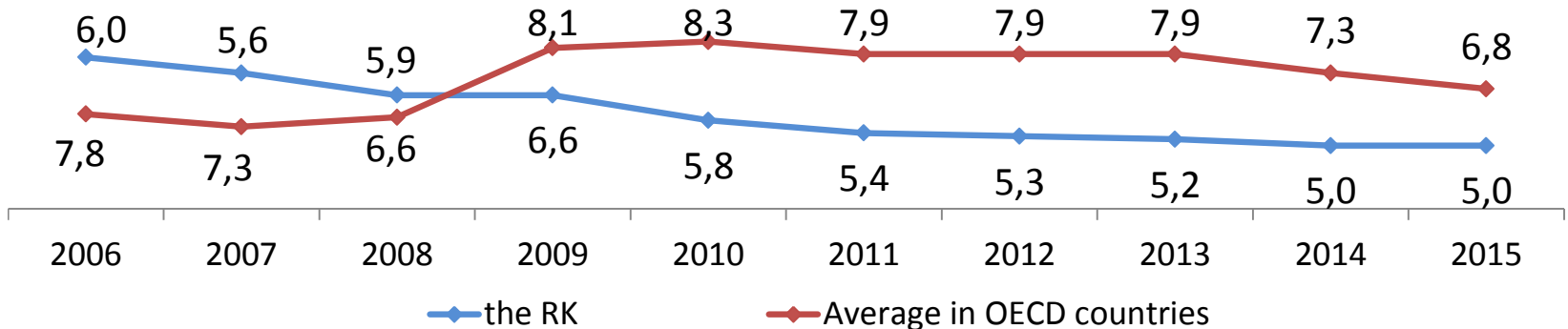
** - share of teachers' salary in terms of salary of employees with similar level of education

Recommendation

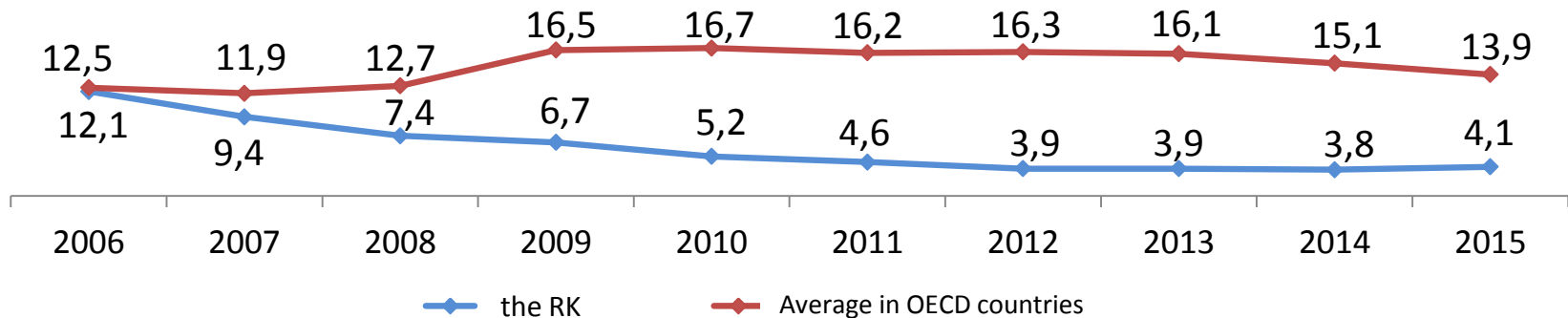
It is necessary to establish new system of career progress of teachers for their professional development and salary growth

By virtue of sustainable economic growth and stable situation on the labor market, unemployment rates have been declining in the Republic of Kazakhstan

Unemployment rates, %

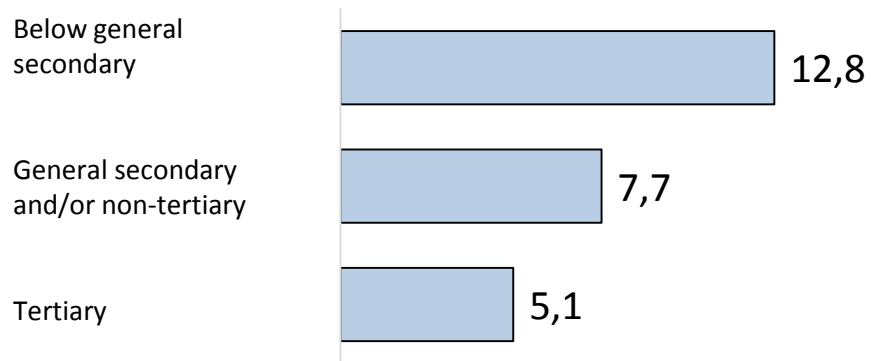


Youth unemployment rates (at the age of 15-24), %



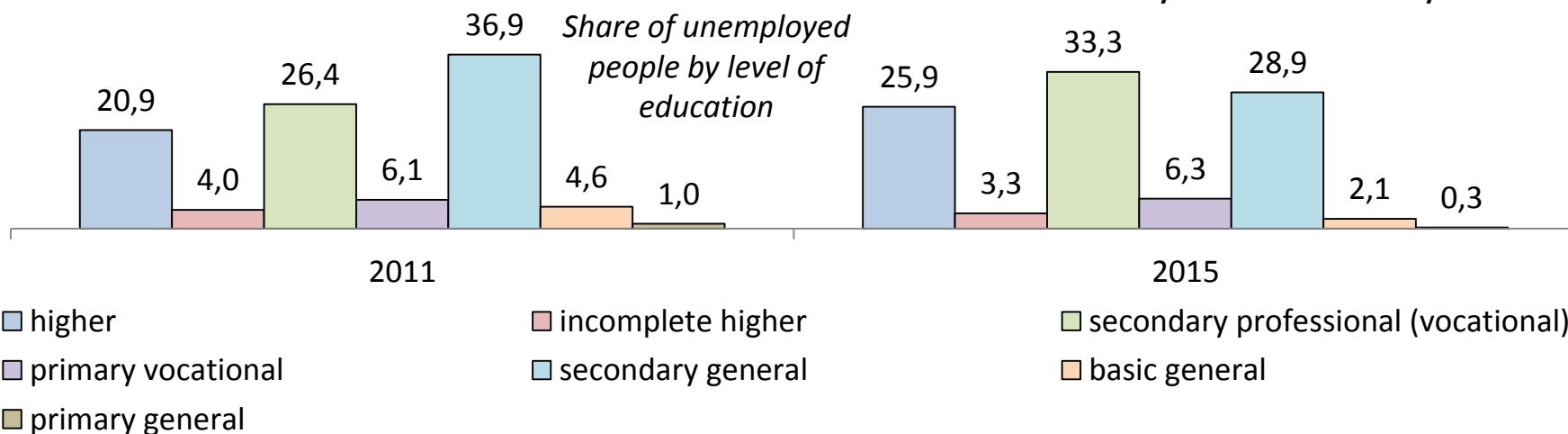
The negative trend of “graduated unemployment” in the Republic of Kazakhstan may be indicative of an insufficient quality of training for the labor market

Unemployment rate by levels of education OECD, %



■ In the OECD countries education level leads to a reduction of unemployment (*unemployed people partially completed high school - 12.8%, with tertiary education - 5.1%*)

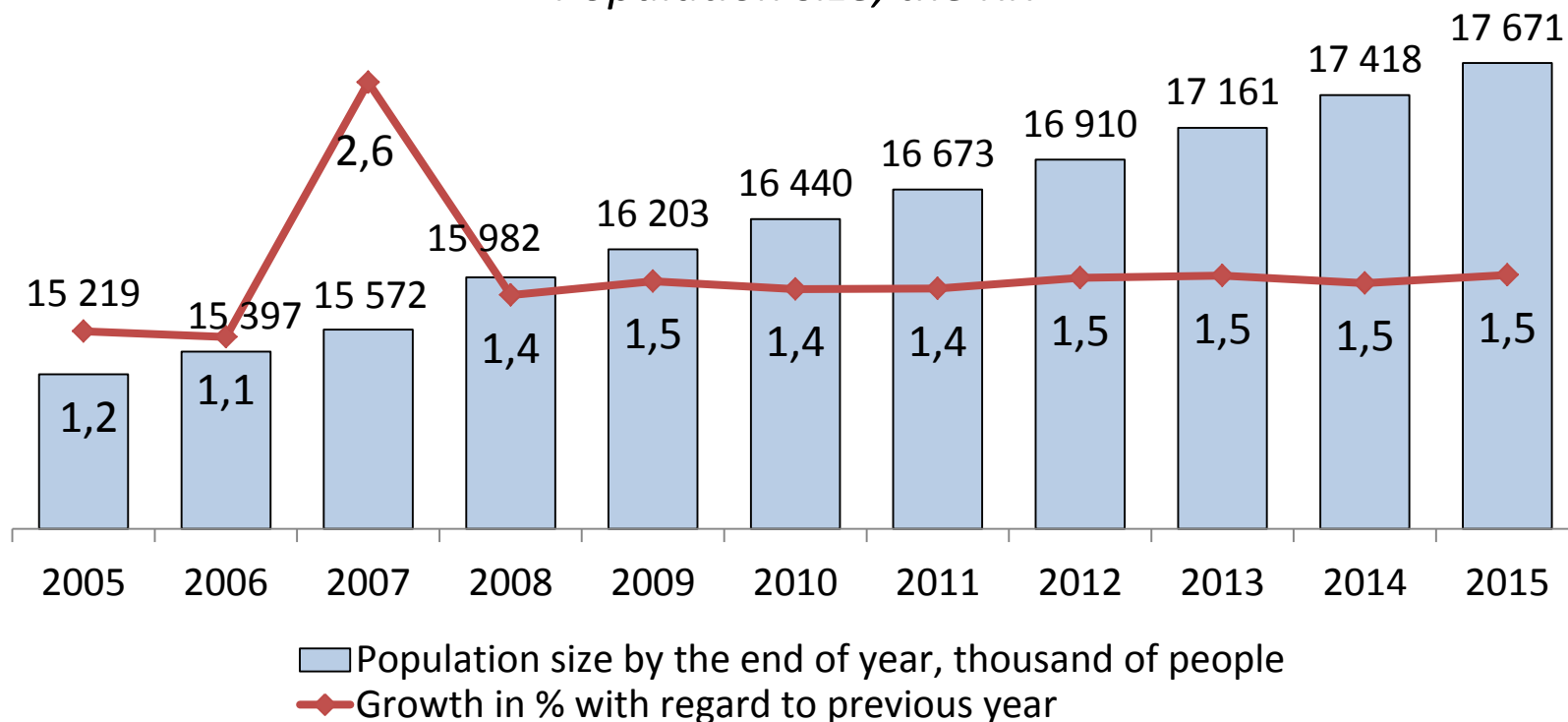
■ In the Republic of Kazakhstan the opposite trend is noted: over 5 years the proportion of the unemployed specialists with higher education increased by 5% and with secondary vocational - by 6.9%



Favorable economic conditions in Kazakhstan are the cause of improvement of the demographic situation in the country

- Only in the last 10 years the population size of Kazakhstan increased by 2.27 million people
- Population growth on average amounted to 1.5% per year

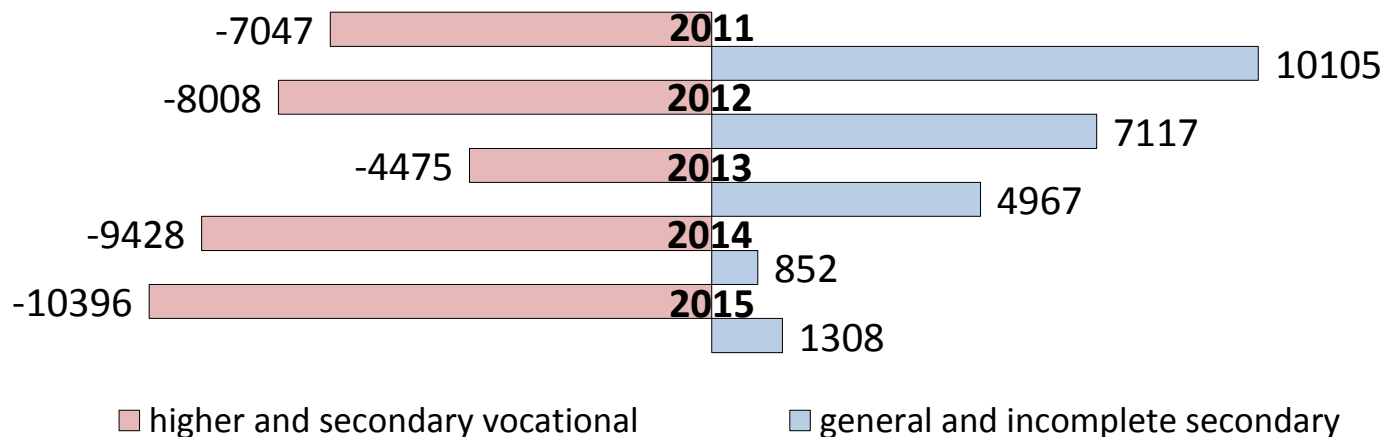
Population size, the RK



External migration of the RK is accompanied by an outflow of graduate specialists and the inflow of unskilled

- Over 5 years the negative balance of the outflow of experts with tertiary education from the country amounted to 40 thousand.
- The balance of the inflow of specialists with general and incomplete secondary education is 24 thousand.

Migration balance of the RK by level of education in 2011-2015, pers.



Recommendation

- To determine the possible causes of the outflow of the population with tertiary education in Kazakhstan it is necessary to conduct social studies
- There is a need to create a coherent system of monitoring, analysis and regulation of external migration, taking into account best international practices

Where can you find additional information?

The results of the monitoring of key education indicators in the context of macro-economic indicators are presented annually in **the national report on the status and development of education system of Kazakhstan**

- The report is published on web-sites:
 - Ministry of Education and Science of the Republic of Kazakhstan
http://edu.gov.kz/ru/page/deyatelnost/statistika_i_analitika/natsionalnii_doklad
 - JSC Information-Analytic Center
<http://iac.kz/ru/project/nacionalnyy-doklad>



Thank you for your attention!

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