



New trends in higher education

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# **Private higher education in Georgia**

**George Sharvashidze**



International Institute for Educational Planning

## **Private higher education in Georgia**

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George Sharvashidze

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## **LIST OF ABBREVIATIONS**

CSB	Caucasus School of Business
DAAD	Deutscher Akademischer Austauschdienst (German Academic Exchange Service)
ESM	European School of Management
FEDE	European Federation of Schools
GDP	Gross Domestic Product
GEL	Georgian Lari
GIPA	Georgian Institute of Public Affairs
HDI	Human Development Index
HEI	Higher Education Institution
IBSU	International Black Sea University
IDP	Internally Displaced Person
IREX	International Research and Exchange Board
ISAC	International Student Advising Centre
MOE	Ministry of Education
OSGF	Open Society Georgia Foundation
SSSP	Social Science Support Programme

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## EXECUTIVE SUMMARY

The establishment of private higher education institutions in Georgia was generated by the emergence of new occupations and an increased demand for new job skills following the new political and economic situation in the early 1990s. The traditionally high prestige of university education provides another possible explanation for the proliferation of private higher education institutions and for the creation of new state institutions during the last decade. The number of private institutions has thus reached 214 and the number of state higher education institutions has increased from 19 to 26.

Judging by enrolment rates, state institutions still dominate the higher education market. But in particular professional fields, such as business management, economics and law, the share of private universities is considerably higher, as the newly established private institutions are aiming to train professionals in the areas most relevant in a transition economy. According to recent sociological surveys, some reputable private institutions ensure a higher level of teaching in economics, social sciences and law, due to their well-organized learning process, better facilities, and qualified teachers.

Graduates from private educational institutions also show a high rate of employment: an average employment rate for graduates of the most successful private institutions is 86 per cent. This survey, however, only includes data on the most successful private institutions. In the absence of clearly defined attestation and accreditation procedures, an accurate evaluation of the majority of the higher education institutions is impossible, but it is believed that the quality of most private universities is low.

## Executive summary

The emergence of private higher education in Georgia was an essentially unregulated process. Both the legislative framework and taxation policy concerning higher education institutions have remained largely chaotic: in the absence of a Law on Higher Education, the activity of state and private institutions are regulated by existing statutory acts, the Law on Education remaining the main regulatory document; most private higher education institutions have established a fairly adequate system of self-financing, but due to an unregulated taxation policy they spend about 53 per cent of their income on taxes and make very low profit, if any.

The establishment of the private sector made higher education accessible to a broader portion of the country's population. However, the quality provided by private institutions is an issue of growing concern. In many cases, the competence of graduates of private universities is too low to successfully compete on the job market. Also, given the current economic situation, it is unlikely that in the foreseeable future there will be a demand for so many people with higher education. An increased number of unemployed people with university degrees could cause social tension or even a social crisis.

Nevertheless, private higher education institutions represent a threat to the state universities, providing a good incentive to rethink the general approach to higher education and to attempt a reform of the system. The new competitive environment has compelled the state universities to reassess their mode of functioning, to establish new courses, and to adapt their programmes so as to meet the demands of the modern higher education market. The introduction of two-step programmes and of a credit system by some institutions, as well as changes in the system of entrance examinations, could be seen as the beginning of a reform in the state sector of higher education.

Thus, the introduction of the private sector can be seen as an important step towards modernizing the country's higher education system. However, Georgia has to develop an appropriate legislative framework and design an education policy in order to adapt its higher education system to new social and economic realities; links have to be established between higher education institutions and the labor market, and the quality of both state and private higher education institutions needs to be improved.

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## PREFACE

Universities in most countries were dependent on public funding for their growth and expansion. The economic crisis and the resulting financial squeeze, as well as the structural adjustment programmes of the 1980s, generally reduced the efficacy of the public sector to provide continued and adequate funding support for an expanding higher education sector. Countries adopted varying strategies to cope with the situation. One of the important strategies common to many countries was the encouragement and promotion of private universities. Many countries, where no legal provision for the operation of private higher education institutions existed, enacted laws in favour of establishing private universities/institutions.

Today, the private sector is the fastest growing segment in higher education within many countries. For example, in transition economies, over a short period of 5 to 10 years private higher education institutions came to outnumber the public ones, making the private sector an important partner in the provision of higher education. The market-friendly reforms in the developing world are also creating conditions conducive to the growth and expansion of the private sector. Private institutions are established by philanthropic, religious, and private organizations and foundations, and by for-profit private agencies.

The private sector of higher education, which emerged in the 1990s, is self-financing and occasionally profit-making. Its main source of income is student fees. Students are willing to pay for their education at private institutions since many of the latter offer market-friendly courses that almost guarantee a job to their graduates. The

## Preface

profitability of private institutions depends on their ability to make savings on expenditure. They thus save on salaries by employing teaching staff on a part-time basis or by relying on teachers from the nearby public universities.

The International Institute for Educational Planning (IIEP) initiated a research project with the objective of analyzing the trends and patterns in the organization of private higher education. The present publication is the outcome of a study carried out in Georgia within the framework of the above-mentioned research project. The present study shows what happens when a state-based, centrally planned economic system collapses. The author has elaborated on the proliferation of private higher education institutions immediately after the collapse of the centrally planned system. Many of these private institutions were unable to survive due to their incapacity to attract a number of fee-paying students large enough to contribute to the financial stability of the institution. Some of those institutions had to close down in the years immediately following their establishment.

I would like to thank my colleague at IIEP, N.V. Varghese, for directing the research study on Private Higher Education, and George Sharvashidze and his team at IIPM, Tbilisi, for carrying out the study on Georgia.

Gudmund Hernes  
*Director, IIEP*

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## I. INTRODUCTION

### 1. Country profile<sup>1</sup>

*Form of Governance:* Presidential Republic

*Head of State:* President Eduard Shevardnadze

*Geographic location:* South Caucasus

*Area:* 69,700 km<sup>2</sup>

*Population:* 5,411,000 (1995), 56 per cent residential, 44 per cent rural

*Capital:* Tbilisi, population - 1,253,000

*Administrative territorial units:* the country is divided into nine districts, 65 regions, five towns of republic dependence, autonomous Republics of Adjara and Abkhazia, Tskhinvali region

*National currency:* Georgian Lari (US\$1= GEL2.08)

*Gross Domestic Product (GDP):* US\$995 per capita (1998)

*Mortality rate:* 7.7 per cent (1 May 1998)

*Birth rate:* 11.2 per cent (1 May 1998)

*Internally Displaced Persons (IDP):* 288,000 in Georgia, 118,000 Georgian refugees in Russia

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1. Parliament of Georgia.

## Private higher education in Georgia

*Life expectancy:* 72.63 (76.12 for women, 68.70 for men, 1990)

*State language:* Georgian, on the territory of Abkhazia - Georgian and Abkhazian

*Religion:* Main religion is Christianity - Georgian Orthodox Christianity, other confessional groups include Shiite and Sunni Muslims, Armenian Gregorians, Catholics, Baptists, Judaists

*Unemployment rate:* 6 per cent at labour exchange, 20 to 25 per cent by forecast of experts

*Human Development Index (HDI):* 0.645 (1993)

## 2. Background and historical context

The first university in Georgia, Tbilisi State University, being at the same time the first University in the Caucasus was founded in 1918. However, Georgia has an ancient tradition of education, as evidenced by the functioning of the School of Philosophy and Rhetoric of Phazisi in the Georgian Kingdom of Colchis (4th century), as well as the setting up of cultural-enlightenment centres in Palestine (5th c.), Syria (6th c.), Greece (10-15th c.) and Bulgaria (11th c.). The 11th century saw the beginning of the so-called 'Golden Age' of Georgia, the heyday of political influence, cultural development and economic prosperity of the country. Philosophy, astronomy, mathematics, rhetoric and music were taught at the Gelati and Ikalto Academies (11-12th c.). In the period of political and economical decline, when Georgia became Russia's colony (19th c.), there were no national higher education institutions (HEIs) in the country. At the beginning of the 20th century, when Georgia gained its independence, one of the first steps it took towards democratic development was the establishment of a national university.

## 1921-1991

In the Soviet era, Georgia had the highest percentage of the population with a university degree or specialized secondary education among the republics of the Soviet Union. As of 1989, about 15 per cent of Georgia's adult population had graduated from a university or completed some other form of higher education. About 57.4 per cent had completed secondary school or obtained specialized secondary or initial vocational education. In 1988, some 86,400 students were enrolled in Georgia's 19 institutions of higher learning.

Higher education institutions were based in Batumi, Kutaisi, Sukhumi, Gori, Telavi and Tbilisi. Georgia also had an extensive network of 230 scientific and research institutes employing more than 70,000 people in 1990 (*Encyclopaedia of Georgia*).

**Table 1.1 Population with higher and secondary education (000) based on population censuses, 1959-1997**

Level of education	1959	1970	1979	1989	1997
Total educated population	1,424	2,064	2,896	3,585	3,784
High	153	274	425	613	867
Non-completed high	43	70	79	98	98
Secondary-special	173	256	415	760	745
Secondary	436	783	1,212	1,474	1,464
Non-completed secondary	618	681	765	640	610

Source: State Department for Statistics of Georgia, 2000.

During the Soviet rule, the Central Ministry for Higher and Specialized Secondary Education in Moscow handed down policy decisions to ministries in the republics for their implementation at local and regional level. The higher education system had the same

## Private higher education in Georgia

pattern across the country; admission, curricula and assessment at different HEIs in different Soviet republics followed one and the same pattern.

The period of tuition in Soviet universities was five years (in medical schools – six years), and upon completion, students obtained their degrees. Postgraduate study was called aspirantura (three or four years' study),<sup>2</sup> whereby postgraduate students who successfully defended their theses, were awarded the candidate's degree which was the first step that would allow them to conduct independent academic research. The highest academic degree was the Doctor of Science degree that was conferred on candidates successfully defending a doctoral thesis, constituting an original and significant contribution to knowledge.

The Supreme Attestation Committee (Vysshaja Attestazionnaja Komisija) in Moscow was in charge of supervising the process of conferment of academic degrees.

The Soviet government was in a position to finance education and science as dictated by its political priorities and military imperatives. Three layers of science organizations were established: university research, research within the system of the Academy of Sciences, and military research that received the strongest support from the state and was viewed as the elite activity. All three systems were fairly isolated from each other, with very weak internal links existing between universities and the system of the Academy of Sciences, and military research enjoying a special status.

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2. In medical schools – additional step of *ordinatura* was implemented.

Dramatic events in the political and social life of Georgia in the 1990s resulted in cardinal changes in the educational system. The onset of the economic depression following independence saw the disintegration of the tertiary education system, which was an important part of the planned economy in the Soviet Union: young specialists with university degrees were placed in a job through the mechanism of assignment across the country. Higher education was a guarantee for a secure job and stable income. The labour market offered a vast number of jobs, and graduates of Georgian HEIs could be employed anywhere in the Soviet Union. The collapse of the Soviet system and the disintegration of the USSR brought about a disruption of the links between universities and the common labour market. Apart from that, new political and economic realities negatively affected the implementation of joint academic projects: the existing links between different research centres and university laboratories of the USSR were disrupted, and entire branches of science found themselves in isolation.

### **3. Educational reforms since the 1990s**

After 1989, Georgia experienced a disastrous drop in production output, real income, consumption, capital investment, and virtually every other economic indicator. For example, official statistics showed a decline in national income of more than 70 per cent in 1994 from 1985 levels.<sup>3</sup>

The creation of new state and private HEIs seemed the last thing to be expected given the difficult situation of the country; yet, educational institutions of all kinds started emerging across the country. One of the possible explanations of this ‘Georgian miracle’ could be the traditionally high prestige of university education – it

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3. Parliament of Georgia.

## Private higher education in Georgia

constitutes the big prize for the average Georgian citizen because it is traditionally associated with access to higher social layers, prestige, secure life, etc. On the other hand, new economic and social realities called for new professions and required an entirely new set of skills. At the same time, tertiary education could be considered as an area of potential profit for some institutions of higher education.

In the early 1990s, Georgia retained the basic structure of educational institutions and programmes established in the Soviet time, although the need for major reforms was being discussed. Private education institutes started to appear, and tuition fees were introduced in the state universities.

During the Soviet era, the state provided for free education at all stages. Despite the fact that the higher education sector in Georgia had historically been composed of state institutions only, operating under strict central control, private HEIs have shown remarkable growth.

Private educational institutions were opened in addition to the state institutions on the basis of the Decree of the Supreme Council of the Republic of Georgia issued in June 1991. The provisions contained in the decree were further reaffirmed in the Law on Education adopted in 1997. In January 1992, the Decree of the State Council of Georgia declared higher education institutions to be autonomous.

The decree was not supported by any statutory act regulating the functioning of private schools. Only in the mid-1990s did the educational authorities begin to develop new legal provisions to address this problem. The Law on Education (1997) was the first attempt to solve this problem. Many private HEIs appeared in Georgia against the backdrop of a legislative chaos. In 1991-1992 the Ministry

of Education (MOE) issued over 200 licences to private HEIs. The Ministry of Education lacked the necessary control mechanisms to effectively regulate the process of ‘mushrooming’ of private universities. However, many of the newly emerged private HEIs closed down in the first two or three years of existence as a result of ‘natural selection’: competition from the state universities, insufficient resources (most of private HEIs lacked even such basic capacities as appropriate premises, facilities, libraries, etc.) and low credibility of those new establishments; by the beginning of 1993, only about 70 private HEIs were still functioning.<sup>4</sup> But the Law of Georgia on Military Service (29 December 1992) changed the dynamics of development of private HEIs: under Article 30 of this law, students of private universities were allowed to defer their compulsory military service. Due to a complicated political situation (civil war, ethnic strife), military service was considered as very dangerous. Young people of call-up age were seeking ways to evade it. Studies at HEI were one of the possible ways to at least postpone military service. This created a demand for new student places and many new private HEIs appeared as a response to this demand. Their number grew rapidly. If in 1993 only one new private university was granted a license, the following two years saw the establishment of 21 and 26 new private HEIs, respectively (*Chart 1.1*).

The quality of instruction, the courses offered, as well as the professional qualifications of the teaching staff at private HEIs were often of little or no importance for students: the basic rationale for them to enrol was the prospect of getting a diploma, not knowledge, while from the teachers’ perspective, private HEIs were often seen as an additional source of income. Since the salary at the state HEIs made up only 10 per cent of the consumer goods basket, part-time

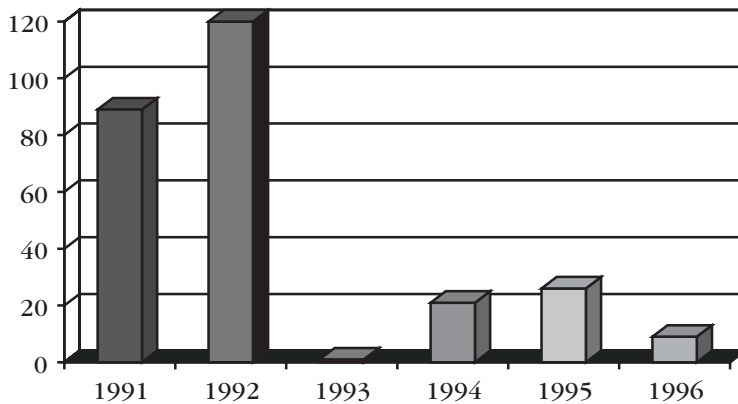
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4. Tax Inspection of Georgia.

## Private higher education in Georgia

jobs at the private HEIs helped many university teachers to survive under severe economic conditions. The only determinant condition for students' enrolment was the payment of tuition fees. In most cases, private HEIs' profits were used to enhance the material well-being of their management. This tendency largely compromised their reputation, and sociological surveys record a negative attitude towards private schools on the part of the country's population.<sup>5</sup>

**Chart 1.1** Number of licensed HEIs by year



*Source:* Ministry of Education of Georgia, 1997.

On the other hand, the introduction of private HEIs served to create a competitive environment, as some of the institutions offered good educational facilities with well-organized learning programmes, new teaching methods and market-friendly courses, and thus became very popular and earned prestige among the community.

5. Research of the Department of Sociology (Tbilisi State University).

Competition with the state HEIs became more difficult with the introduction of the so-called 'private' (fee-paying) sector within state institutions: in 1993, tuition fees were introduced at state higher educational institutions. A certain quota was set for the annual admission of students whose fees are covered from the state budget. Applicants who have obtained lower grades in entrance examinations are admitted but have to pay tuition fees. The five-year system was changed, and nowadays the state higher education institutions offer a multi-level education, whereby after four years' study, a student acquires a Bachelor's degree with limited employment perspectives.

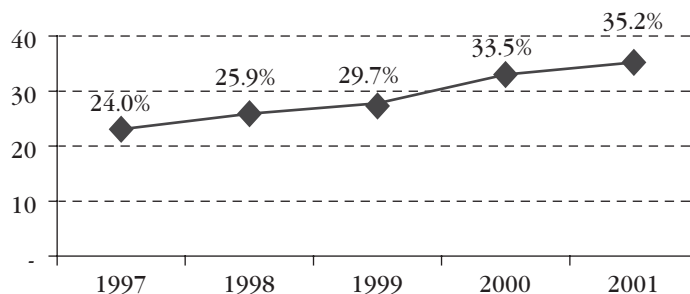
At the second level (two or three years' long), a Master's degree completes what is considered as full higher education. Professional post-graduate gradation has remained the same as in the Soviet period: a) the 'Candidate of Science' degree is awarded to a graduate specialist after he has defended a thesis based on advanced postgraduate research; b) the 'Doctor of Science' degree is awarded to the holder of a candidate of science degree who has defended a doctoral thesis.

Despite the high number of private HEIs in Georgia, the conferment of the Candidate's and Doctor's degrees remains the exclusive prerogative of the state universities and research institutions of the Georgian Academy of Sciences.

A keen demand for tertiary education, as well as a favourable image among the public served to attract new students to the state HEIs. The number of students at the so-called 'fee-paying sector' has gradually increased and presently over 35 per cent of the total student body belong to the non-budget sector (*Chart 1.2*). The introduction of fees was a forced step: universities had to take this measure in order to survive in the dire socio-economic situation they were facing.

## Private higher education in Georgia

**Chart 1.2** Number of students in the non-budgetary sector as a percentage of total number of students enrolled at the state HEIs in 1997-2001



*Source:* Ministry of Finance of Georgia, 2001.

Given the right to raise funds, the state universities began to accumulate additional revenues from providing commercial educational services. As stated in the Charter of Tbilisi State University (the oldest and by far the largest university in Georgia): “The university defines the principles of administering the income (special funds) perceived from its commercial activities and from providing commercial educational services, and is entirely in charge of managing these funds”. However, because of the unregulated taxation policy, the state HEIs are facing additional financial problems. Since HEIs are not classified as non-profit organizations, they have to pay excessively high taxes to the government: Tbilisi State University is the second biggest taxpayer in the country after the Georgian Railway, whereas the Georgian Technical University has surpassed the Coca-Cola Corporation in terms of taxes paid.

Thus, two main tendencies in the development of the higher education system are evident: the introduction of a fee-paying sector in the state universities (as a means of generating income) and the establishment of private HEIs.

The number of private HEIs in Georgia has reached 214, whereas the number of state HEIs increased from 19 to 26 over the last decade.<sup>6</sup>

#### **4. Selection for the case study**

For the purpose of this study, a selection has been made among those private educational institutions that rank high as compared to others,<sup>7</sup> and where teaching and assessment processes stand more or less close to international standards (e.g. the use of objectively verifiable performance indicators).

#### **5. Conclusions**

- Traditionally high prestige of tertiary education as well as new economic and political realities, led to the emergence of private HEIs in Georgia.
- The share of the state in the financing of higher education has decreased, while public funding has increased. The state HEIs have introduced a non-budgetary (fee-paying) sector. Despite the lack of clarity regarding the legal status of higher educational institutions and the unregulated taxation policy, this can be seen as the first step towards the process of privatization.

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6. Ministry of Education of Georgia.

7. Research of the Department of Sociology (Tbilisi State University).

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## II. POLICY SHIFTS IN HIGHER EDUCATION

### 1. The situation of public higher education before the 1990s

Before the 1990s, higher educational institutions in Georgia were mainly represented by ‘universities’, ‘academies’ or ‘institutes’. The difference between these entities was as follows: generally a ‘university’ was the highest level educational institution with a wide range of academic and scientific activities, while an ‘academy’ or an ‘institute’ were schools with a relatively narrow range of activities where students were taught a particular subject or skill.

During the Soviet period, Georgia’s public education system comprised 19 institutions of all the three types (*Table 2.1*) that trained specialists in more than 400 disciplines. All places in these institutions were fully funded by the state on the basis of ‘state orders’ for the number of places in each discipline. Stipends were paid to almost all students, with some differences in the level of stipend depending on the student’s performance. The average length of tuition was five years (six years for medical schools).

The ‘state order’ can be defined as the number of state-funded study groups and student places available within each of those groups. To access the state-funded university education, an applicant had to pass competitive state-level entrance examinations. Each educational establishment had its specific set of entrance examinations. The number of examinations and the list of specific disciplines were determined by the central government (except for art schools). As examinations for all institutions were held simultaneously, candidates could only apply once in a given year. Success in the examinations

## Private higher education in Georgia

usually required significant private tuition to supplement the public secondary school curriculum. Centralized control over entrance examinations has remained until now; The typical statute of examinations, their number, etc. are to be approved by the Ministry of Education.

As mentioned above, Georgia had the highest percentage of residents with tertiary education. More than 85,000 students were enrolled in HEIs in the late 1980s. Most HEIs were under the auspices of the Ministry of Higher Education (see below); the Conservatory, the Institute of Theatre and the Academy of Arts belonged to the system of the Ministry of Culture; medical schools were overseen by the Ministry of Health, whereas Agrarian and Veterinary Institutes as well as the Georgian Institute of Subtropical Industry were supervised by the Ministry of Agriculture.

It is to be noted that before 1988, three different governmental authorities were in charge of education in the USSR: the Ministry of Primary and Secondary Education, the State Committee for Initial Vocational Education, and the Ministry of Higher and Specialized Secondary Education. In 1988, the merger of the above authorities resulted in the establishment of the USSR State Committee for Education. In the Georgian Soviet Republic, the Ministry of Education combined all functions and responsibilities concerning education. But despite these institutional changes, the line ministries remained the same.

Institutions of higher education were mainly located in the capital city, Tbilisi, while pedagogical institutes were established in practically every region of the country. Higher education was provided almost exclusively in Georgian, although 25 per cent of the courses were taught in minority languages such as Russian, Abkhazian, Osetian, Armenian, and Azerbaijani.<sup>8</sup>

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8. Parliament of Georgia.

**Table 2.1** Number of students and teaching staff at state HEIs by 1980

Name of state higher educational institution	Number of students	Number of teachers
1 Tbilisi State University	16,112	1,411
2 Abkhazian State University	2,755	202
3 Georgian Polytechnic Institute	26,512	1,936
4 Kutaisi Polytechnic Institute	4,286	254
5 Georgian Agrarian Institute	5,000	350
6 Tbilisi Medical Institute	5,454	345
7 Georgian Veterinary Institute	2,300	140
8 Georgian Institute of Subtropical Industry	3,300	200
9 Tbilisi Pedagogical Institute	5,226	358
10 Tbilisi Pedagogical Institute of Foreign Languages	2,200	244
11 Kutaisi Pedagogical Institute	2,411	155
12 Batumi Pedagogical Institute	2,049	124
13 Gori Pedagogical Institute	1,900	114
14 Telavi Pedagogical Institute	1,342	100
15 South Osetian Pedagogical Institute	2,000	116
16 Georgian Institute of Physical Culture and Sport	1,600	170
17 Tbilisi Academy of Arts	791	231
18 Tbilisi Conservatory	720	346
19 Georgian Institute of Theatre	400	100
<b>Total</b>	<b>84,558</b>	<b>6,896</b>

Source: *Encyclopaedia of Georgia*, Volume 10, 1986.

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During the Soviet rule, the Communist Party of the Soviet Union controlled the operation of the Georgian education system. Theoretically, education was inseparable from politics. The combination of party organs and government agencies overseeing education at all levels led to a sizeable bureaucratic machinery that made impossible any proper management of the system.

The management of higher education institutions in Georgia was effected through a hierarchical system of the Soviet type. Under the working regulations (statute), the Rector was the person holding the highest position, directing the activities of a school, and supervising the academic council and the rectorate. The Academic Council of a university elected the rector and his appointment had to be confirmed by the Minister of Education. Rectors of major HEIs were members of the Advisory Board of the Ministry of Education. Vice-Rectors were assigned to supervise specific areas (research, tuition, etc). Deans represented the middle management and led the educational process in their respective divisions. Heads of departments were also part of the middle management, and they led the academic and pedagogic work in line with the specifics of their departments.

The Academic Council was composed of a Rector, Vice-Rectors, Deans, Heads of departments, an academic secretary, and several representatives of administration. The Academic Council approved curricula, projects, and academic reports. The rectorate was composed of a Rector, Vice-Rectors, Deans as well as some other managers (Heads) of the institute's structural units, based on the Rector's decision.

This hierarchical system of management has remained virtually unchanged and is still in place at most HEIs.

Despite strong governmental control and ideological pressure during the Soviet era, universities played an important part in promoting the ideas of freedom and independence. As universities combined in their work activities related to education, science and culture, they became centres of the Georgian culture. HEIs were much more than merely a site for classroom learning – they were home to free and objective scholarship.

## **2. Policy shift towards the private sector in higher education**

The positive legacy of the Soviet system was a high level of education among the population: basic illiteracy was negligible and over 15 per cent of the adult population had higher education.

But in the years immediately following independence, Georgia suffered one of the sharpest economic declines among all the newly independent states. The officially estimated GDP in 1994 was only 15 per cent of its 1989 level; the tax ratio collapsed from 30 per cent in 1991 to 3.7 per cent in 1995 (Orivel, 1996), making it impossible for the government to finance its basic functions. Economic instability was aggravated by the civil war and secessionist movements of several ethnic groups.

Since independence, the educational sector in Georgia has experienced a dramatic reduction of its budget. This was the consequence of the overall decline of the Georgian GDP on the one hand (more than 75 per cent reduction between 1991 and 1994), and of the decline of the share of education within the GDP on the other (from more than 7 per cent in 1991 to less than 1 per cent in 1994), (Perkins, 1998). This was an unprecedented decline in the history of educational systems world-wide.

## Private higher education in Georgia

In addition to financial difficulties, problems inherited from the Soviet era, such as a lack of experience in planning and managing the educational system, aggravated the crisis of higher education in Georgia.

The former Soviet system was not concerned with preparing students for democratic citizenship and for the changing demand for labour characteristic of a liberal market economy; it used to train workers and professionals for a planned economy. The main goal of universities world-wide is directly opposite: universities are meant to impart to students the kind of knowledge and attitude that are a necessary precondition for building healthy civil societies and achieving good governance and democratic political systems.

HEIs need to be flexible to meet demands of a changing society. A well-organized higher education system can be a good tool to develop a civil society and reduce poverty: tertiary education is recognized in many countries with transition economies as a tool for poverty reduction. The training of a well-qualified labour force, including scientists, professionals, teachers for primary and secondary education, as well as future public servants and business leaders is one of the functions of HEIs; its successful implementation can directly or indirectly impact the processes of transition to a democratic society. Higher education can support knowledge-driven economic growth and poverty reduction through the generation of new knowledge. At the same time, tertiary education offers better opportunities for low-income students and minority groups to enhance their employability and income prospects.

Since the accumulation of knowledge is one of the major factors in economic development that plays an important role in terms of a country's competitive advantage, it was imperative to change the higher education system in Georgia. Recognizing an urgent need to

train skilled manpower, Georgia was searching for ways to shift the focus of its higher education system from creating an educated elite to providing flexible and market-oriented professionals.

The increased demand for job skills, as well as the growing trend for individuals to undertake multiple careers and the emergence of entirely new occupations due to the new political and economical situation generated by Georgia's independence induced a need for the introduction of private higher educational institutions. Since the state HEIs, with their burden of traditions, were not sufficiently flexible to quickly adapt to changing demands on the labour market, only private institutions could offer students such courses that would take the new reality into account. Therefore, the introduction of private higher educational institutions in 1991 was the first step towards establishing a modern higher education system.

It is believed that competition and market forces in higher education will push all institutions to higher quality standards. The creation of a competitive environment after the introduction of private HEIs in Georgia forced the state universities to revise and reassess the existing system, which led to the creation of fee-paying sectors, new faculties and new programmes. This was a positive shift in the development of the higher education system, though reforms were often chaotic and unplanned.

### **3. Regulations regarding the operation of private HEIs**

To encourage the creation and growth of private institutions, the Government of Georgia formally granted them the right to operate in the country and imposed no restrictions on their number. It is to be noted, however, that Georgia's policy regarding private universities was limited to these steps. Both the legislative framework and taxation policy in respect of HEIs have remained largely chaotic. In

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the absence of a Law on Higher Education, activities of state and private HEIs are regulated by existing statutory acts.

Below is a chronological summary of some regulations concerning the operation of private (and state) HEIs.

- June 1991 - the Supreme Council of Georgia issued a directive on the establishment of private higher educational institutions.
- January 1992 - the State Council of Georgia declared the autonomy of higher educational institutions.
- 1993 - Establishment of the Rectors' Council of State HEIs of Georgia. As seen from the name of this entity, the membership in the council is limited to rectors of the state HEIs of the country only. Thus, rectors of private higher educational institutions do not take part in the council's activities. The Rectors' Council is an advisory body to the President of Georgia which defines the guidelines for higher school modernisation and development, reform directions, the structure of professional training, priorities of academic and technological progress, higher education standards, etc. Given that private HEIs' already have a substantial share in the higher education market in Georgia, alongside with state universities, it is necessary to consider the involvement of representatives from these institutions in the Rectors' Council.
- April 1994 - the Council of Tbilisi State University developed the Concept of University Education that identified the main goals and objectives of a higher education reform. The document considered the role of the state *vis-à-vis* higher education, the autonomy of HEIs, the new system of learning phases (a 4-year - Bachelor's programme and a 2-year Master's programme), issues related to the continuity between Master's and doctoral degrees, etc. The above concept formed part of the Resolution on Education Reform issued two years later by the Cabinet of Ministers.

- September 1996 – the Cabinet of Ministers issued the Resolution on Education Reform giving high priority to specialized tertiary education; links between vocational schools, colleges and universities were defined.
- June 1997 – adoption of the Law of Georgia on Education: the purpose of the law, *inter alia*, was to regulate the legislative and financial aspects of higher education, define the objectives of higher professional education, prescribe the division of responsibilities between executive and legislative powers, define assessment and examination processes of HEIs, and provide regulations for the registration and certification of educational institutions. Until the adoption of a Law on Professional Education comprising the laws of higher and postgraduate education, the process of higher education is to be governed by the above law and respective regulatory acts.
- June 1999 – the Law of Georgia on Legal Persons under Public Law established a procedure for the creation of a legal person under public law, as well as for its activity and organization. This law was important for state HEIs, since many of them are established as legal persons under public law.
- June 1999 – adoption of the Law of Georgia on the Georgian Academy of Sciences, whereby the Academy is recognized as the highest academic public body in charge of defining the priority directions of the fundamental science, co-ordinating research, and advising the Government of Georgia on academic matters. Under this law, co-operation with state universities and other higher educational establishments, together with the co-ordination of the ongoing basic research in the country represent one of the main objectives of the Academy.
- July 1999 – adoption of the Law of Georgia on Licensing Entrepreneurial Activities: under this law, the activities of private educational institutions are considered as entrepreneurial (on a

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par with banking, transportation, lotteries, etc.), and are subject to licensing by the Ministry of Education of Georgia.

- July 1999 – a Presidential Decree defined the status of the rector of a state university.
- December 2000 – establishment of the Board of Academic Experts of Georgia that became the principal regulatory body responsible for the attestation of academics.

Many of these laws and resolutions replaced previous regulations and decrees, but due to a lack of co-ordination in the activities of governmental agencies, most of them still remain only a wish list. Weak management, lack of institutional capacities, as well as the absence of a proper legislative framework prevent the Ministry of Education from effectively regulating the higher education system in Georgia.

### 4. Implications of the policy shift

The shift in governmental education policy had particular implications in the following areas.

#### **Financing arrangements for provision of higher education**

Changes in the higher education system concerned, among other things, the financial aspects of their activities. The disastrous economic decline in 1991-1994 had led to a reduced funding of education by the state. In 1994, the government embarked on a comprehensive reform programme which allowed to achieve certain improvements. Inflation was brought down to acceptable levels and the fiscal situation was brought under control. The economy started to grow in 1995, with 1996 and 1997 registering growth rates of over 10 per cent. Since 1995, a modest recovery has also taken place in the educational sector, as shown in *Table 2.2* (Orivel, 1996).

**Table 2.2 Public expenditure on education related to Georgia's GDP, 1995-1998 (million GEL)**

	1995	1996	1997	1998
Total public expenditure on education	28.8	71.6	101.2	133.3
Georgia's GDP	3,694.1	5,724.1	6,800.0	7,756.0
Public expenditure on education as a percentage of GDP	0.8	1.3	1.5	1.7

Source: Ministry of Finance of Georgia.

The share of the GDP spent on public education was only 1.7 per cent in 1998, while the average figure for developing and developed countries was 3.9 per cent and 5.1 per cent (UNESCO, 1997), respectively (*Table 2.3*). In the following years, the tendency towards a decrease of public education expenditure is noticeable (*Table 2.4*).

**Table 2.3 Public expenditure on education as a percentage of GDP, 1998**

Public expenditure on education as a percentage of GDP	
Georgia	1.7
Developing countries (average)	3.9
Developed countries (average)	5.1

Source: UNESCO, 1998.

In 1998, the state budget allocated GEL26 million for state higher educational institutions (directly financed from the central budget), which accounted for only 0.32 per cent of GDP.<sup>9</sup> Statistical figures for recent years show a decrease in all financial indicators associated with higher education.

In the period between 1997 and 2001, the share of the state funding towards the higher education system as a percentage of GDP

9. Ministry of Education of Georgia.

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decreased from 1 to 0.5 per cent, while the state expenditure as a percentage of GDP was reduced from 16.7 to 14 per cent. Similarly, state expenditure towards higher education as a percentage of GDP decreased from 0.5 to 0.3 per cent, and the share of the state budget expenditure towards higher education as a percentage of total state budget expenditure went down from 3 to 2.1 per cent (*Table 2.4*). Correspondingly, the state budget funding allocated to specific state higher educational institutions has been constantly decreasing, which has eventually manifested itself in the average expenditure per student. Whereas in 1997 the average per student expenditure amounted to GEL367, in 2001 this indicator went down to GEL289.<sup>10</sup> Such a situation makes a proper learning process virtually impossible.

**Table 2.4 Financial indicators of higher education, 1997-2000**

	1997	1998	1999	2000
Total HE expenditure as % of GDP	0.6	0.4	0.4	0.3
State HE expenditure as % of GDP	0.5	0.4	0.3	0.3
Total HE expenditure as % of total state budgetary expenditure	3.0	2.4	2.1	2.1

*Source:* Ministry of Finance of Georgia.

The state HEIs have responded to this inevitable cutback in funding by admitting fee-paying students in addition to state-funded students and renting out their facilities to private HEIs. Nevertheless, state universities have little real financial autonomy and are obliged to spend state funding according to budgetary line items.

The Law on Education stipulates that a state educational institution shall be provided with an annual budget funding which is calculated on the basis of financial norms (defined for all types and levels of educational establishments) and of the number of students in a given

10. Ministry of Finance of Georgia.

institution (as required in order to fulfil the state order). But since financial norms have not yet been defined, the drawing up and approval of an annual budget for the higher education system is based on the analysis of funding allocated and spent in previous years. In addition, the total number of students admitted under the state order is also taken into consideration. In reality, however, the size of budgetary funding for state universities is a matter of negotiations, largely dependent on the influence and connections of a concrete rector, which creates a propitious environment for corruption (Tevzadze, in press). Besides, the use of different sources of budget funding by different state HEIs leads to a difference in status between them: five universities are financed from the central budget, nine by the Ministry of Education, three from the local budget, whereas the remaining institutions receive their funding from respective ministries.

The Law on Education further stipulates that a non-state educational institution shall be financed from the state budget when it executes the state order. But because most private HEIs are in no way involved in the system of state orders, their financing from the state budget only exists in theory.

The funding sources for private higher educational institutions are: a) tuition fees; b) funds received as a gift, endowment, legacy or grant; c) funds received from the execution of contracts with the state, natural and legal entities (including foreign partners), etc.

Private institutions of higher education have established a fairly adequate system of self-financing. But since the taxation policy still remains uncertain, all institutions encounter serious difficulties as they pay 53 per cent of their income as taxes.

### **Management and administrative control of higher education in the country**

In contrast to what existed in the Soviet period, institutions of higher education have now been declared autonomous, even though their autonomy is often of a merely formal character. The centralized control by the Ministry of Education no longer exists, and even if the MOE wished to exercise control over HEIs, it would prove largely impossible due to the lack of appropriate capacities to do so. The Department of Higher Education within the ministry only employs five officers.

As mentioned above, the Law on Higher Education of Georgia has not yet been adopted. But the legislative vacuum is partly filled with various resolutions and decrees, aiming to regulate the functioning of state and private HEIs. The Law on Education of Georgia is the main regulatory document.

According to this law, the Parliament of Georgia shall define the main directions of the state policy and programmes in the education sector and ensure their implementation through the budgetary funding of relevant state educational programmes. The powers and the competence granted to the President of Georgia in the education sector are significant: the state policy in the education sector shall be executed by the President of Georgia. In addition, the President approves: a) the targeted state programmes of education, b) the closure or establishment of higher educational institutions (proposed by the Ministry of Education), and even candidates to the position of rector at a state higher educational institution (proposed by the Minister of Education).

Several attempts were made to turn the system of university management into a more democratic mode. According to the HEI

organizational chart, the main governing body is the university council, whose decisions are binding on all organizational units of a university or all members of its staff. The rector is the chairperson of the university council, *primus inter pares*, “the first person amongst the equals” who supervises all the activities of the university. In reality, the rector often has most of the power in governing an HEI and controls the decisions of the university council. As it stands, the management of HEIs has not yet undergone any significant changes.

### **Regulation of quality control measures**

Attestation and accreditation procedures in Georgia’s higher education system are not clearly defined yet. Although Article 27 of the Law of Georgia on Education entitled ‘The Assessment and Accreditation of Educational Institutions’ defines objectives and procedures of quality control the question of its implementation still remains open.

The first attempt to establish mechanisms for monitoring the activities of private HEIs was made in January 1995, when the Cabinet of Ministers of Georgia created the National Board of Accreditation. But since members of the board were nominated only according to the representation principle (representatives of parliamentary committee, MOE, rectors of state universities) and were not necessarily professionals, the Board was doomed to failure; it was dissolved the very year it had been founded, having only issued a few draft regulatory documents. Two years later, the Law on Education defined the main principles of quality control and accreditation of HEIs: under that law, the evaluation of an educational institution examines the implementation of licence terms, the respect of state educational standards and educational programmes; the state accreditation certificate is issued on the basis of such an evaluation. The administrative bodies named in the law are in charge of carrying

## **Private higher education in Georgia**

out the certification and accreditation of an educational institution. Conditions, terms and rules of assessment and accreditation of an educational institution are regulated by the Law on Education.

Article 52 of the Law on Education entitled 'The Term for Approving the Higher Education Institutions Accreditation Board and its Members' states that the regulations and members of the Higher Education Institutions Accreditation Board shall be approved after three months of the enactment of the law, i.e. in 1997. However, this did not happen. Only in July 1998, did a Decree of the President of Georgia establish the principles and statutes of an accreditation board. However, the draft statutes show that the Accreditation Board is unlikely to become a working body capable of providing transparent quality control, because of limitations contained in the inherited representational, rather than professional, principle of its staffing: members of the board are representatives of formal authorities. In addition, since its creation, the Board has not held a single meeting.

### **Role of the state in promoting higher education**

In the mid-1990s, under the conditions of an overwhelming economic depression, the Georgian authorities were doing their best to sustain achievements in education made by Georgia during the Soviet era. The reform of the educational system is to be seen as an attempt to overcome the sequels of that period. International organizations played a significant role in supporting the intellectual potential of Georgia. UNESCO, the Council of Europe with their special programmes, the Open Society - Georgia Foundation, the British Council, the German Academic Exchange Office (DAAD), the Konrad Adenauer Foundation, the Alexander von Humboldt Foundation and others helped Georgian educational institutions to create satisfactory conditions for academic activities. They supported

many students, as well as teachers and scholars, enabling them to continue their educational, teaching or research activities.

For instance, in only one year the Open Society - Georgia Foundation awarded a total of US\$514,500 in grants, thus supporting more than 600 scientists and students within the framework of the International Soros Science Education Programme. The Science Journal Donation Programme provides new information to the scientists and students who work in natural sciences. In 1999, the International Student Advising Centre (ISAC) held about 20 different educational, scientific and short or long term training programmes and summer schools. The total amount of ISAC grants was US\$33,191. In 2000, the total budget of the Social Science Support Programme (SSSP) amounted to US\$665,000, with a US\$250,000 contribution from the Georgian state budget (OSGF, 1999).

Within the framework of USA programmes - Muskie, Fulbright and others - over 300 scientists, young specialists and students were sent to different American universities.

The International Research and Exchange Board (IREX) sends about five scholars and university faculty members from Georgia to the USA annually. Thanks to support from the Carnegie Corporation of NY, IREX/Tbilisi is able to support the University Partnership Programme in Georgia. This programme enables Georgian HEIs to apply for a grant to develop partnership with an international counterpart.

The programmes of DAAD (Deutscher Akademischer Austauschdienst - German Academic Exchange Service) and other German foundations provided an opportunity for over 300 students and young scientists to study and do research in Germany.

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The European Union (EU) contributes to the development of the higher education system in Georgia through the TEMPUS programme which supports the collaboration between European and Georgian HEIs. Only in 1998, the programme funded five projects, with a total budget of EUR 1,000,000,000.

Some professional associations, such as the International Brain Research Organization, for instance, have established special scholarships with the aim to facilitate the survival of qualified young physiologists.

In 2001, support from international organizations was still required to create the legislative framework for reforms of the higher education system. Recognizing the high priority of tertiary education for the country's development and the urgent need and importance of reforms, an expert team created under the auspices of the Georgian Parliament drafted the Law of Georgia on Higher Education in February 2001.

After the evaluation of the draft, public discussions with all the interested parties were held with the support of the Open Society - Georgia Foundation. These discussions revealed the need to define a strategic vision of, and the policy for, the development of Georgia's higher education.

A team of Georgian and European experts was established to elaborate issues related to the integration of the Georgian higher education sector in the European space, and to prepare the development of the higher education system in Georgia. This activity was initiated by several Georgian authorities and supported by the Council of Europe.

As a result of preliminary negotiations, an agreement relative to co-operation on a number of education-related issues was signed between the Open Society Georgia Foundation (OSGF) and the Educational Directorate of the Council of Europe on 22 June 2001.

In 2001, a white paper on *Strategic Choices for the Future of Higher Education in Georgia* was underway, and in 2002, work began on a new educational legislation (the Law on Higher Education, the Law on Professional Education and the Law on Lifelong Education). It is now hoped that those reforms will bring the Georgian educational system closer to internationally accepted norms and standards.

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### **III. GROWTH AND EXPANSION OF THE PRIVATE SECTOR**

#### **1. Types of agencies providing private higher education – religious, commercial, philanthropic organizations, etc.**

A vast majority of private higher educational institutions are non-profit organizations. Some of the new institutions are non-profit organizations established for philanthropic motives, others are for-profit organizations established by entrepreneurs who see a profitable market, others yet are branches of foreign institutions seeking to increase their revenues.

A special group of non-state HEIs consists of theological academies and seminaries, founded by the Patriarchate of Georgia: Tbilisi and Kutaisi Theological Academies, theological seminaries in Kutaisi, Batumi, Gelati. No other confessional or philanthropic agencies currently provide higher education in Georgia.

#### **2. The expansion of the higher education sector in terms of institutions, enrolment, type of courses offered, and number and profile of teachers<sup>11</sup>**

According to the latest statistics provided by the Ministry of Education, the number of private high education institutions in Georgia in 2000 was 214. As shown in *Table 3.1*, private HEIs are present in all regions of Georgia, with their main areas of concentration in the capital city, Tbilisi, the Autonomous Republic of Adjara (where all 14 HEIs are concentrated in the capital of republic, Batumi), and in the Imereti

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11. All statistics provided by the Ministry of Education.

## Private higher education in Georgia

region, where 17 out of 23 HEIs are located in Kutaisi, the second largest city of Georgia.

**Table 3.1 Number of private HEIs, students, and teachers by region<sup>12</sup>**

N°	Region	Number of HEIs	Number of students	Number of teachers
	<b>Georgia</b>	<b>214</b>	<b>45,707</b>	<b>10,350</b>
1	Tbilisi	142	28,566	7,374
2	Abkhazia	5	3,046	383
3	Adjara	14	4,008	763
4	Guria	4	63	21
5	Imereti	23	4,727	800
6	Kacheti	9	892	248
7	Mzkheta-Mtianeti	1	78	17
8	Megrelia-Svaneti	4	2,265	309
9	Samzkhe-Djavakheti	3	464	63
10	Low Kartli	4	699	231
11	Kartli	5	899	141

*Source:* Ministry of Education of Georgia, 2000.

Private HEIs exist in the form of universities, academies, institutes or schools, although there are no clear rules as to how they are awarded one or another particular name. There are 33 universities, 22 academies (ranging from the Academy of Arts to the Diplomatic Academy and Customs Academy) and 167 various institutes and schools.

12. Statistics are not complete, especially on Guria Region.

The total number of students in private HEIs is 45,707, with 55 per cent of female students. However, gender distribution varies from region to region (*Table 3.2*) depending on the specialization of HEIs.

Interestingly, around 30 per cent of private HEIs (62 out of 214) are accommodated at school or college premises, sharing the facilities with secondary schools or other organizations.

There is a general tendency towards an increase in total student enrolment, although in some regions opposite processes are noticeable. A low number of students in the sixth and seventh years of study could be explained by the absence of a Master's programme (MA) in most private HEIs. Since most of private HEIs offer four-year courses, the number of students enrolled in the fifth year is also low (*Table 3.2*).

**Table 3.2 Student enrolment by year of study**

N° Region	Total number of students	among them		Number of students by year of study						
		Female	Male	I	II	III	IV	V	VI	VII
<b>Georgia</b>	<b>45,707</b>	<b>25,106</b>	<b>20,601</b>	<b>10,081</b>	<b>9,137</b>	<b>9,296</b>	<b>9,071</b>	<b>6,849</b>	<b>733</b>	<b>540</b>
1 Tbilisi	28,566	15,848	12,718	6,738	5,854	5,539	5,604	3,677	614	540
2 Abkhazia	3,046	1,658	1,388	710	648	622	535	520	11	0
3 Adjara	4,008	1,809	2,199	756	711	833	823	833	52	0
4 Guria	63	16	47	15	11	12	7	18	0	0
5 Imereti	4,727	2,881	1,846	911	890	1,158	1,019	709	40	0
6 Kacheti	892	403	489	155	160	166	171	229	11	0
7 Mzkheta-Mtianeti	78	30	48	12	23	19	12	12	0	0
8 Megrelia-Svaneti	2,265	1,290	975	315	415	508	488	539	0	0

## Private higher education in Georgia

**Table 3.2 (continued)**

N° Region	Total number of students	among them		Number of students by year of study						
		Female	Male	I	II	III	IV	V	VI	VII
9 Samzkhe-Djavakheti	464	246	218	100	132	110	83	39	0	0
10 Low Kartli	699	464	235	238	119	125	111	106	0	0
11 Kartli	899	461	438	131	174	204	218	167	5	0

*Source:* Ministry of Education of Georgia, 2000.

In the beginning, private HEIs mostly operated in a relatively narrow range of disciplines, especially business and commerce, law and medicine, ‘cherry picking’ financially lucrative courses without any obligation to offer a comprehensive range of disciplines. At present, the range of courses and programmes offered by private HEIs is comparable to those of state HEIs, although the emphasis is still placed on the most popular courses, such as law (especially international law), business management, medicine and foreign languages. More than 50 private HEIs offer medical programmes, about 150 have business management courses and a similar number of HEIs offer programmes in law.

Considering the number and profile of academic staff of private HEIs, the following tendencies are noticeable:

- 75 per cent of the total number of teachers work on a part-time basis;
- most of the teachers also work at the state HEIs;
- about 20 per cent of private HEIs employ part-time academic staff only;
- 66 per cent of teachers hold a Doctor’s or Candidate’s degree.

For many teachers their job with a private university is seen as an additional source of income, which means that they often work at several HEIs simultaneously. The total number of teachers, as provided in *Table 3.3*, reflects this tendency. It is therefore difficult to evaluate the real number of teachers.

**Table 3.3** Number of teachers

N°	Region	Total number of teachers	Full-time staff of which		Part-time staff of which			
			Total	Dr.Sc.	Cand.Sc.	Total	Dr.Sc.	Cand.Sc.
	<b>Georgia</b>	<b>10,350</b>	<b>2,626</b>	<b>511</b>	<b>1,127</b>	<b>7,724</b>	<b>1,597</b>	<b>3,643</b>
1	Tbilisi	7,374	1,436	369	622	5,938	1,340	2,904
2	Abkhazia	363	113	36	73	270	56	135
3	Adjara	763	327	37	115	436	32	107
4	Guria	21	8	2	6	13	0	13
5	Imereti	800	285	30	140	515	45	232
6	Kacheti	248	100	9	39	148	31	80
7	Mzkheta-Mtianeti	17	6	0	6	11	0	11
8	Megrelia-Svaneti	309	237	20	83	72	20	22
9	Samzkhe-Djavakheti	63	5	0	5	58	17	29
10	Low Kartli	231	89	4	27	142	27	62
11	Kartli	141	20	4	11	121	29	48

*Source:* Ministry of Education of Georgia, 2000.

### 3. Assessing the trend towards the expansion of the private HEIs as compared to public institutions

The number of authorized private higher education institutions in Georgia jumped from zero in the 1990 to 214 by 2001, capturing around 30 per cent of all higher education enrolments. Since 70 per cent of all students are enrolled in 26 state HEIs, these latter still

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seem to dominate the higher education market. But in particular professional fields, such as business management, economics and law, the share of private HEIs is considerably higher, as the newly established private institutions are trying to fill the gap and train professionals in the areas that are most relevant for transition economy. State universities, with their decades-old traditional curricula, were not flexible enough to meet new market requirements and modify their programmes. As a result, private HEIs have readily filled this niche. The resulting competitive environment compelled the state universities to establish new market-oriented courses and adapt their programmes so as to meet the demands that emerged in the higher education market. At present, state and private educational institutions offer courses of comparable content (or at least their names seem to suggest so), although the quality of teaching may differ. Non-traditional medicine seems to be the only course offered by a private institution that has no 'counterpart' in the state medical schools.<sup>13</sup>

There are certain similarities with regard to the regional expansion of private and state HEIs in the country, despite significant differences in their number: similarly to state universities, most private institutions are located in big cities (the capital city of Georgia, the capital of the Autonomous Republic, etc.). However, private HEIs are also present in smaller towns, such as regional centres, thus educationally 'covering' considerable geographical areas, though mountainous and highland regions still remain without tertiary education providers. Expansion of private HEIs has raised the accessibility of higher education.

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13. Ministry of Education.

Better accessibility is in principle considered as an advantage for the higher education system. However, lower admission requirements compromise the quality of education. Many private HEIs have no entrance examinations, and the only precondition to become a student is ability to pay tuition fees. As mentioned above, the share of students in the private sector is around 30 per cent, but the growth rate of student enrolment in private and state educational institutions is comparable.

#### **4. Why does the social demand for private higher education continue to be high?**

In 1992, an estimated 24 per cent of the respective age population were enrolled in higher education (Perkins, 1998). There are no reliable statistics for the last years, but the tendency remains the same. Higher education in Georgia has been traditionally very prestigious and considered to guarantee one a secure job.

The persisting high social value of education may also be illustrated by the growth of student enrolment in both state and private HEIs, despite the fact that tertiary education does not always provide the expected return in terms of economic advantage.

However, this illogical situation cannot be explained solely by the traditionally high social value of university education.

After the economic collapse of the early 1990s, many enterprises were shut down and the employment capacity went down to a minimum. Unemployment became one of the most severe problems Georgia was facing. It was especially frustrating for the young people to be left without any prospects for the future. Instruction at HEIs was seen as a possible alternative as it gave the illusion of solving the unemployment problem. But nowadays, a university diploma,

### **Private higher education in Georgia**

whether obtained in a state or a private educational institution fails to guarantee employment. Tertiary education, therefore, merely postpones, but does not solve the problem of employment for young people.

The excessive number of state and private HEIs led to the emergence of an army of people holding diplomas certifying their higher education. The vast majority has no prospects of employment, at least not in accordance with their level of qualification. This situation leads to contradictions in society and is fraught with conflicts. A social explosion seems to be inevitable, as the market will not be able to provide jobs for everyone.

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## **IV. CHARACTERISTICS OF PRIVATE HIGHER EDUCATION INSTITUTIONS**

As mentioned above, private HEIs which provide quality education with a reliable assessment system were selected for this case study. These are:

- the Georgian Institute of Public Affairs (GIPA)
- the European School of Management (ESM)
- the Caucasus School of Business (CSB)
- the International Black Sea University (IBSU)
- the Grigol Robakidze University 'Alma Mater'

### **1. Ownership and management of the institution**

#### **Georgian Institute of Public Affairs (GIPA)**

GIPA was founded in 1994 (the first enrolments took place in 1995) as a result of negotiations between the Government of Georgia and the United States National Academy of Governance. The institute has a partnership with the National Academy of Public Administration (NAPA, USA). The mission of GIPA is to assist Georgia in the transition to an independent democracy with a free-market economy through the training of public sector personnel, journalists and media managers. Its founders are:

- United States Information Agency (Washington DC, USA)
- Local Governance and Public Service Institute - Open Society Foundation entity (Budapest, Hungary)
- Eurasia Foundation (Washington DC, USA)
- Government of Georgia (Tbilisi, Georgia)

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### **European School of Management (ESM)**

ESM was founded in 1992, and is a non-governmental higher educational institution having the status of a limited liability company that specializes in management training. Its partners (co-owners) are:

- Tsekavshiri (Central Union of Consumer Cooperatives of Georgia) – 20 per cent of the authorized capital;
- Tbilisi Business School (TBS) – 60 per cent of the authorized capital;
- Amalgamation of European Schools of Management (ESM International with headquarters in Seville, Spain) – 20 per cent of the authorized capital.

The authorized capital of ESM-Tbilisi is US\$20,000. ESM-Tbilisi is managed by the Board of Partners (co-owners), which appoints its Rector/Director General.

### **Caucasus School of Business (CSB)**

CSB was founded in 1998. The Caucasus School of Business is a consortium of three Georgian universities: Tbilisi State University, Georgian Technical University and Georgian State Institute of Economic Relations. The CSB has a partnership programme with Georgia State University - J. Mack Robinson Business College (Atlanta, Georgia, USA) and is supported by the University Affiliation Grant from the Bureau of Cultural and Educational Affairs.

### **Grigol Robakidze University ‘Alma Mater’**

Alma Mater was founded in 1992. Its legal status is one of a limited liability company. The owner of Alma Mater is the Rector, Mamuka Tavkhelidze.

### **International Black Sea University**

IBSU was founded in 1995. Its founders from the Georgian side are the Ministry of Education of Georgia and the Government of Dusheti Region, and from the Turkish side – Mars and Chaglar companies. The main governing body of the university is the Committee of Trustees consisting of six members (three from each side). The day-to-day management of the university falls under the responsibility of a rector, two vice-rectors and a general secretary.

In conclusion, four out of five institutions are founded with a participation of foreign partners.

## **2. Courses offered**

As indicated by their names, the Caucasus School of Business and the European School of Management train students on management and business administration. Carrying the name of a ‘university’, Alma Mater and International Black Sea University offer a wider range of specialities. Included below are data showing the number and type of specialities provided by the institutions and the degrees conferred. All surveyed institutions are degree-granting, and most of them confer both BA and MA degrees.

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**Table 4.1 Specialities and degrees**

<b>Institution</b>	<b>Specialities</b>	<b>Degrees</b>	<b>Duration (semesters)</b>
<b>GIPA</b>	1. Civil service 2. Media management 3. Journalism	Master's	2
<b>ESM</b>	Business administration	Bachelor's Master's	8 3
<b>CSB</b>	1. Finance and Accounting 2. Marketing 3. Management	Bachelor's Master's	8 4
<b>IBSU</b>	1. Business administration 2. Finance and banking 3. International relations 4. Industrial engineering 5. Computer engineering	Bachelor's Master's	8 2
<b>Alma Mater</b>	1. German language and literature 2. English language and literature 3. Finance and credit 4. Law 5. Civil service 6. Journalism	Bachelor's	8
	7. Dentistry		10 + <i>ordinatura</i>
	1. Finance and credit 2. Business administration 3. Civil service 4. Political science 5. Sociology 6. Psychology 7. Foreign languages 8. Journalism	Master's*	4

Source: Kachkachishvili, 2001.

\* A two-phase teaching system was introduced at Alma Mater in 2001. Before then, the teaching was based on a one-step system (5-year education).

### 3. Trends in enrolment

Enrolment is increasing in all private institutions. The growth rate is on average 1.1 (2001/2000). *Table 4.2* provides data on current enrolment split between different programmes.

**Table 4.2 Current enrolments split between different programmes**

Institution	Number of students	
	Bachelor's	Master's
GIPA	-	72
ESM	212	62
CSB	220	141
IBSU	90	-
Alma Mater	Total - 748 1. Economy and business - 116 2. Law - 239 3. Civil service - 27 4. Foreign languages - 90 5. Journalism - 70 6. Dentistry - 206	

*Source:* Kachkachishvili, 2001.

Despite relatively high tuition fees (see below), the number of applicants increases from year to year. Three of the surveyed HEIs (ESM, GIPA and CSB) have admission examinations and the average rate of student admission is 64 per cent for the Bachelor's programme and 50 per cent for the Master's in all institutions. In Alma Mater and IBSU there is no competition and all applicants are admitted.

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**Table 4.3 Dynamics of competition in 1995-2000 (number of applicants and admissions)**

<b>Georgian Institute of Public Affairs (GIPA)</b>						
<b>Speciality</b>	<b>Years</b>					
Public administration	1995	1996	1998	1999	2000	
	Master's Programme					
Applicants	50	150	70	75	101	
Admissions	26	27	30	33	37	
Applications/admissions ratio	1.9	5.5	2.3	2.2	2.7	
Admission rate	52%	18%	43%	44%	36%	
<b>European School of Management (ESM)</b>						
<b>All specialities</b>	<b>Years</b>					
	1996	1997	1998	1999	2000	2001
	Bachelor's Programme					
Applicants	89	81	79	115	123	101
Admission	58	56	59	68	75	72
Applications/admissions ratio	1.5	1.4	1.3	1.7	1.6	1.4
Admission rate	65%	69%	74%	59%	61%	71%
	Master's Programme					
Applicants	-	-	-	43	32	44
Admission	-	-	-	21	23	24
Applications/admissions ratio				2.0	1.4	1.8
Admission rate				49%	72%	55%

**Table 4.3 (continued)**

<b>Caucasus School of Business (CSB)</b>			
<b>Speciality</b>	<b>Years</b>		
Business administration	1999	2000	2001
Bachelor's Programme			
Applicants	60	140	150
Admissions	30	90	100
Applications/admissions ratio	2	1.5	1.5
Admission rate	50%	64%	66%
Master's Programme			
Applicants	22	90	100
Admissions	11	60	70
Applications/admissions ratio	2	1.5	1.4
Admission rate	50%	67%	70%

*Source:* Kachkachishvili, 2001.

#### **4. Composition of student body**

The composition of the student body at private HEIs is similar to state universities in terms of gender, age, and social background. *Table 4.4* shows selected characteristics of students in the surveyed institutions.

The number of students at a Bachelor's or one-phase education level ranges from 90 to 250 (25 to 50 students in each year of study). At the Master's level the number of students ranges from 30 to 70 (15 to 35 students in each year of study).

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**Table 4.4 Selected characteristics of students from surveyed institutions**

Institution	Gender		Age (freshmen)	Family background
	Female	Male		
<b>GIPA</b>	60%	40%	23-46*	Students mostly from an intellectual background of the capital city
<b>ESM</b>	60%	40%	17-20	Students from elite districts or high income groups of the capital city
<b>CSB</b>	50%	50%	17-20	Students from elite districts or high income groups of the capital city
<b>IBSU</b>	48%	52%	18-22	NA**
<b>Alma Mater</b>	61%	39%	17-20	<ul style="list-style-type: none"> <li>• 25% children of business people</li> <li>• 60% children of public sector employees</li> <li>• 15% are from rural areas</li> </ul>

Source: Kachkachishvili, 2001.

\*The relatively high age of GIPA students could be attributed to the fact that GIPA only offers courses for a Master's degree.

\*\* NA - not applicable

As seen from this table, gender representation does not vary greatly at different HEIs. Females account for about 60 per cent and males about 40 per cent of the student contingent. However, there are female and male dominated faculties: journalism, medicine and foreign languages have more female students as compared to the Faculties of Law and Engineering. For instance, 90 per cent of students at the Faculty of Journalism (Alma Mater) are females, and only four per cent of students at the Faculty of Foreign Languages are male. Conversely, the student body of the Faculty of Computer Engineering at the International Black Sea University has 87 per cent of male students. Notably, at management faculties the number of

males and females is roughly equal. The number of males is likely to be higher in those institutions that under contract with the military chairs of the state educational institutions, because military training allows students to be exempt from compulsory military service. Almost 90 per cent of students from all institutions are single.

Students come from different social and income groups. Institutions with relatively high tuition fees attract children from elite families, if one assumes high income and employment in the private sector or well-paid public jobs to be the criteria for being a part of the elite. Almost all students of GIPA, ESM and CSB are from the capital of Georgia, while about 15 per cent of Alma Mater students come from the country's rural areas.

As regards the students' nationality and citizenship, only the International Black Sea University has a multinational student contingent: there are students from nine different countries (the staff is also international). Thirty-four per cent of all students are residents of Georgia, 50 per cent come from Turkey, whereas others come from Russia, Turkmenistan, Nigeria, Kyrgyzstan and other countries. Students at the other four institutions are residents of Georgia.

In conclusion, there are no special policies at private institutions aimed at including minorities. Groups targeted by private and state high schools seem to be the same.

## **5. Staff composition**

Successful private higher educational institutions rarely retain full-time instructors. Instead, they are more inclined to hire instructors on a contractual basis. This allows for a greater degree of flexibility in the relations between the institution's administration and the contracted instructors.

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There is hardly a tendency to grant privileges for high academic degrees (Doctor's, Candidate's). As a matter of fact, institutions are more inclined to give consideration to other parameters (such as international training, for instance).

In particular, a considerable part of the ESM academic staff has been trained specially for ESM-Tbilisi with the assistance of different international organizations in the USA, UK, Germany and France. Most of them are former employees of scientific organizations and firms, holders of university diplomas and degrees conferred both in and outside Georgia. New academic staff is mainly recruited from trained ESM graduates. Only five teachers out of 78 divide their academic activities between ESM and state universities.

GIPA employs both Georgian and American professors on a part-time basis only. Media education professionals from the USA teach specific courses of varying duration. Some of the American professors are retired academics and practitioners. However, most of them also deliver various courses at US universities. The institute has already signed agreements with a number of collegiate organizations in the Caucasus region to provide professional training for short-term courses in a variety of specialized fields. As for the Georgian staff, preference is given to individuals who have been trained in the US or in Europe, or who have held Western-based fellowships.

The same is true for the Caucasus Business School: American teachers from Atlanta University are involved in the teaching process alongside with Georgian professors; most of the latter have previously worked outside of Georgia.

As mentioned above, the IBSU academic personnel is international, with a majority of Turkish professors. Georgian teachers are mainly invited from the state universities or research centres.

Alma Mater University is more oriented at recruiting Georgian professors teaching at state educational institutions; it is to be mentioned, however, that three per cent of full-time academic staff are young graduates from Alma Mater.

*Table 4.5* provides data on the academic staff of the surveyed institutions, by nature of enrolment (full-time, part-time) and by level of academic degree held (Dr.Sc., Cand.Sc., other university degree) split between holders of academic degrees and full- and part-time teachers.

**Table 4.5 Academic staff at the surveyed institutions**

<b>Institution</b>	<b>Full-time staff</b>	<b>Part-time staff</b>	<b>Professors/ Doctors of Science</b>	<b>Docent/ Candidates of Science</b>	<b>Regular instructors</b>
GIPA	None	26	NA*	NA	NA
ESM	12	66	3	20	55**
CSB	None	41	4	33	4
IBSU	17	33	3	12	35
Alma Mater	50	131	33	95	53

*Source:* Kachkachishvili, 2001.

\* NA - not applicable

\*\* Including those who received their Master's at foreign educational institutions

As regards the composition of academic and administrative staff, one general pattern at all institutions, is that the administrative staff work on a full-time basis and account for not more than 35 per cent of the total staff (ranging from 16 per cent at the Alma Mater University to 42 per cent at IBSU). Detailed information on the administrative and academic personnel ratio is given in *Table 4.6*.

**Table 4.6 Total staff composition**

<b>Institution</b>	<b>Academic/administrative ratio</b>
GIPA	26/10 (2.6)
ESM	72/28 (2.5)
CSB	41/16 (2.6)
IBSU	50/21 (2.4)
Alma Mater	181/30 (6.0)

*Source:* Kachkachishvili, 2001.

As can be seen from *Table 4.5*, all faculty members hold proper academic credentials. The minimum qualification expected from an instructor is a Master's degree, or equivalent experience in the appropriate field.

### **Remuneration**

In all cases, the level of remuneration fails to match international standards. However, from the perspective of the present social and economic hardship, it can be said that some educational institutions pay relatively high salaries to instructors (an average of US\$8-11 per hour at ESM).<sup>14</sup> Alma Mater has the lowest remuneration level: US\$1.5-2 per hour.

## **6. Affiliation with state universities/degree-awarding institutions**

Most private HEIs have been granted the right to confer BA and MA degrees on their graduates independently. The affiliation of some private institutions (IBSU and Alma Mater) with state universities is limited to the participation of representatives of state HEIs sitting on the Examiners' Board and Degree Committee.

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14. There is a scale of remuneration based on the teacher's qualification: US\$11 for beginners; US\$14 for instructors with two, three or more years of professional experience, and US\$20 for 'particularly esteemed' instructors.

Since the conferment of the Candidate's or Doctor's degree still remains the prerogative of the state universities and research institutions of the Academy of Sciences, graduates from private HEIs are to defend their theses at state educational/academic establishments.

## 7. Assessment of programmes' quality

### Assessment criteria for students

Among the surveyed higher educational institutions, the following use a credit system: the Georgian Institute of Public Affairs, the Caucasus Business School and Alma Mater University.

#### ■ Caucasus School of Business

One credit corresponds to 15 academic hours (a credit includes only hours spent in the classroom). Consequently, a course of 45 hours amounts to three credits. A student studying towards a Bachelor's degree must earn 18 credits per semester and 144 credits for the whole period of study. A student studying towards a Master's degree must earn 15 credits per semester and 60 credits for the whole period of study.

**Table 4.7 Criteria used to assess students at CSB**

Level	Grade	Marks
Excellent	A	90.5
	A-	89.6-90.5
Good	B+	88.6-89.5
	B	80.6-88.5
	B-	79.6-80.5
Average	C+	78.6-79.5
	C	70.6-78.5
	C-	69.6-70.5

**Table 4.7 (continued)**

Level	Grade	Marks
Poor	D	60.0-69.5
Fail	F	< 59.9
Withdrawal pass	WP	
Withdrawal fail	WF	

*Source:* Kachkachishvili,2001.

Assessment parameters:

$X_1$  - homework

$X_2$  - quizzes

$X_3$  - participation

$X_4$  - interim exams

$X_5$  - final exam

Final Grade:  $X = X_1 + X_2 + X_3 + X_4 + X_5 = 100$  marks

#### ■ **Alma Mater**

One credit corresponds to eight academic hours. This includes both the time spent in the classroom for lectures and seminars (four hours) and the time spent for individual work. Consequently, one course, which covers an average of 32 hours in the classroom (lectures/seminars), inclusive of time spent for individual work, corresponds to 16 credits. A student studying towards a Bachelor's degree must obtain a maximum of 120 credits a year and between 360 and 480 credits for the whole period of study at the university.

The following criteria are applied for the assessment of each course:

$X_1$  - individual work

$X_2$  - interim exams (tests, essays, oral exams)

$X_3$  - final exams (mostly oral)

Final Assessment:  $X = X_1 + X_2 + X_3 = 100$  marks

**Table 4.8 Assessment criteria at Alma Mater University**

Level (USA grading system)	Marks	Grade
A	91-100	5
B	81-90	4
C	71-80	3
D	61-70	2
D-	51-60	1
F	0-50	0

Source: Kachkachishvili,2001.

#### ■ Georgian Institute of Public Affairs

Assessment criteria and the marking system at GIPA are very similar to those used in CSB and Alma Mater University. A particularity of GIPA is the involvement of foreign partners in the assessment system.

GIPA and its principal academic partner, the International Centre for Journalism, monitor and evaluate the overall programme, as well as individual students and the faculty on a regular basis. The programme curriculum, activities and procedures are adjusted regularly to better meet the needs of students and the faculty.

Long-term plans: Shortly after the completion of a two-year programme, the academic partner of the project will conduct a series of follow-up contact activities, involving the American members of staff whenever possible. The goal will be to assess the programme impact, examine the potential for programme sustainability, and enhance the links developed during the project.

An alternative student assessment system (a more or less traditional one) based on marks, is used in the following higher

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educational institutions: the European School of Management and the International Black Sea University.

### ■ European School of Management

For instance, the ESM uses a 10-grade system of assessment (*Table 4.9*). As a rule, a student has to sit two or three tests and one examination (at the end of semester) in every discipline taught during the semester. If a student fails to pass a test twice on end, or fails in five different disciplines, he or she is expelled from the school.

Every academic year, on the basis of test results, all students are graded in accordance with their progress. The final rating of a student reflects the proficiency acquired in all subjects during the academic year. The rating is used as one of the main criteria in determining the amount of tuition fees to be paid by a student and the level of support provided by the school in sending the student abroad for an internship or job placement.

On the basis of academic results, the student with the highest rating in his year will have to pay only 20 per cent of the total tuition fee for the subsequent academic years; the second best-rating student will have to pay 30 per cent; the third – 40 per cent, the fourth and fifth – respectively 50 and 60 per cent of the total tuition fee.

The assessment system at ESM is similar to the system implemented by the ESM-International network. Considering that ESM-International is a member of the European Federation of Schools (FEDE) – a consultant to EC on education – its degrees are equivalent to the ones conferred by other higher education institutes within the EU countries. Moreover, as ESM-Tbilisi is a member of the Preston University (USA) network, its students may receive Preston University degrees in addition to ESM-International degrees. This demonstrates the high quality and relevance of programmes provided by ESM-Tbilisi.

**Table 4.9 The 10-grade system of assessment at ESM**

Grade	Equivalent grade in USA system	No. of correct answers in %	Level
10	A+	96-100	Outstanding
9	A	92-95.9	Excellent
8	A-	88-91.9	Very good
7	B+	84-87.9	Good
6	B	80-83.9	Above average
5	B-	76-79.9	Average
4	C+	72-75.9	Below average
3	C	68-71.9	Satisfactory
2	D+	64-67.9	Sufficient
1	D	60-63.9	Poor
0	F	0-59.9	Unsatisfactory

Source: Kachkachishvili, 2001.

### ■ International Black Sea University

The assessment of students at IBSU includes mid-term and final examinations in each semester. All courses delivered are subjected to examination. Senior year students also have to pass the so-called state examination. The marking system is as follows.

**Table 4.10 Marking system at IBSU**

Level	Marks
Excellent	85-100
Good	70-85
Satisfactory	50-70
Fail	< 50

Source: Kachkachishvili, 2001.

### **Assessment of instructors**

Among the surveyed institutions, only the European School of Management and the Georgia Institute of Public Affairs apply a formalized assessment of the instructors' performance; the results serve as a basis for making a judgement on whether or not a given instructor should be hired for the next contractual period. The other institutions have so far never applied any such system, but are considering introducing one in the near future.

In most cases, students make those assessments themselves. They do it by means of special tests, using different parameters such as assessment criteria: theoretical knowledge, communication skills, relevance of the lecture, quality of the material presented, etc.

In some cases, assessments are performed by the institution's administration (Director, Deputy Director, and Dean). They attend lectures and make their own judgement on the instructor's skills.

### **Conclusion**

- Georgia's private higher education institutions are gradually adopting an internationally- tested and approved practice of students' assessment that is based on a credit system. There is a minimum number of credits that to be obtained by a student in order to be awarded the corresponding degree.
- Each credit takes into account both the time spent in lectures and seminars and the time spent for individual work. Several parameters are used, each having a certain 'weight' and a corresponding share in the final score. The student is generally assessed on the basis of a set of criteria between 6 and 10 items.
- If the German system of assessment is to be applied (which is based on marks), a 10-grade system is generally preferred, which allows

for more subtle aspects to be taken into account and therefore produces a more precise assessment.

- A formalized, test-based approach to the assessment of the teaching staff is gradually being implemented.

## **8. Workload**

Workloads can also be used as a criterion for assessing the quality of education provided.

### **European School of Management**

#### ■ Student's workload

The workload for the Bachelor's programme, ranges from 712 to 1,088 hours per year. The overall total for the four years of study is 3,930 academic hours, or 1,965 astronomic hours/lectures (an astronomic hour corresponds to two academic hours). Bearing in mind that a semester consists of 16 weeks, and the whole Bachelor's programme lasts for 128 weeks, it appears that one week, on average, consists of 15.4 astronomic hours/lectures, which, on average, amounts to 3.08 lectures/seminars per day.

#### ■ Instructor's workload

To the extent that most instructors at ESM are hired on a contractual basis, there are no fixed quotas for an instructor's workload. The maximum annual workload for a contracted instructor amounts to 600 academic hours/lectures, which makes an average of 150 hours per year and 4.5 hours per week.

## Caucasus School of Business

### ■ Student's workload

The Bachelor's programme consists of four years (eight semesters). Each semester lasts 15 weeks. During each semester, a student takes six courses. Each course lasts 45 academic hours which corresponds to three academic hours a week (an academic hour amounts to 50 minutes). Consequently, during the whole period of study (which lasts for 120 weeks), a student has to take 48 courses, which makes 2,160 academic hours. This means that the student's average workload amounts to 18 academic hours per week and 3.6 academic hours per day. *Note: During the first four semesters the language of instruction is Georgian and during the last four semesters it is English.*

At Master's level, the teaching programme lasts for two years (four semesters). Each semester consists of 15 weeks.

In each semester, a student takes five courses. The duration of each course is 45 academic hours, consisting of three hours per week (one academic hour equals 50 minutes). Consequently, during the whole period of study (60 weeks), a student is expected to take 20 courses, which makes a total of 900 academic hours. This means that the weekly workload of a student amounts to 15 academic hours, or three hours per day. *Note: the Master's programme is provided in English only. In addition, part-time students may be admitted.*

### ■ Instructor's workload

The Caucasus School of Business hires instructors on a contractual basis only. There are therefore no fixed quotas applicable to all instructors. As noted above, for all students studying towards either Bachelor's or a Master's degree each course comprises 45 hours per

semester. Given the fact that each instructor leads one course (subject) on average, it appears that an average instructor's workload amounts to 45 hours per semester, or three hours a week.

### **Alma Mater**

- **Student's workload** (the Department of Dentistry is taken as an example)

The total workload of a student (lectures/seminars) amounts to 2,266 hours. Given that the four-year course consists of working 132 weeks, the student's weekly workload amounts to 172 hours, which corresponds to an average of 3.5 lectures or seminars per day.

In conclusion, at successful Georgian private educational institutions, both instructor and student workloads in most cases meet international standards: a weekly workload amounts to 15-20 hours for students and 15-25 hours for instructors.

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## **V. FINANCING AND MANAGEMENT OF PRIVATE HIGHER EDUCATION INSTITUTIONS**

### **1. Sources of funding**

- Georgian Institute of Public Affairs (GIPA)

The main sources of funding are: support from the USA State Department; tuition fees.

- European School of Management (ESM)

Tuition fees have become the only source of funding over the past several years.

- Caucasus School of Business (CSB)

The main sources of funding are tuition fees and support from donor organizations - Eurasia Foundation and USA.

- Black Sea International University

Tuition fees are the main source of funding for the IBSU. Foreign partners contribute with equipment supplies.

- **Alma Mater University**

Source of funding: student's contributions and dental clinics operating at the university premises. Since 2001, Alma Mater University has been involved in the implementation of the TEMPUS programme, which has provided funds for equipping the university facilities and for organising training for faculty and students.

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### 2. Fee rate by course

Tuition fees vary between US\$400 and US\$3,000 per annum at different HEIs, depending on the programme and specialization. Notably, all institutions show a tendency towards increasing tuition fees.

*Table 5.1* shows data on student fees split between different programmes.

**Table 5.1 Student fees split between different programmes, 1995-2000 (US\$)**

<b>Georgian Institute of Public Affairs (GIPA)</b>					
<b>Speciality</b>	<b>Years</b>				
Public administration	1995	1996	1998	1999	2000
Master's Programme					
Tuition fees per annum	0	0	500	500	600
<b>European School of Management (ESM)</b>					
<b>Speciality</b>	<b>Years</b>				
Business administration		1998	1999	2000	2001
Bachelor's Programme					
Tuition fees per annum		1,200	1,425	1,700	2,000
Master's Programme					
Tuition fees per annum		2,000	2,000	2,500	3,000
<b>Caucasus Business School (CBS)</b>					
<b>Speciality</b>	<b>Years</b>				
Business administration			1999	2000	2001
Bachelor's Programme					
Tuition fees per annum			1,000	1,000	1,000
Master's Programme					
Tuition fees per annum			1,500	1,500	1,500

**Table 5.1 (continued)**

<b>International Black Sea University (IBSU)*</b>					
<b>Speciality</b>	<b>Years</b>				
Business administration	1996	1997	1998	1999	2000
Preparatory classes	500	500	500	550	1,000
Bachelor's Programme					
Tuition fees per annum	700	1,750	1,750	1,750	1,750
<b>Alma Mater University</b>					
<b>Speciality</b>	<b>Tuition fees per annum for 2001</b>				
Bachelor's Programme					
German language and literature	400				
English language and literature	550				
Economics and business	450				
Journalism	500				
Law	500				
Government officer	500				
Dentistry	800				
Master's Programme**					
Economics					
Business administration					
Government officer					
Political science	500 to 1,000				
Psychology					
Sociology					
Foreign languages					
Journalism					

*Source:* Kachkachishvili, 2001.

\* In the academic year 2000-2001, tuition fees (per annum) were different for students from the former Soviet Union republics and other countries: US\$1,000 for students from the post-Soviet space and US\$1,750 for students from other countries.

\*\* The Master's programme was introduced in 2001. Exact prices by specialities were being established at the moment.

### 3. Pattern of expenditure

The pattern of expenditure of private HEIs seems to be quite different from state universities, although in both institutions salaries constitute the biggest share of the budget. Private higher educational institutions can cut costs by eliminating resources they deem expensive or unnecessary. In the case of more conservative public institutions these items may be deeply embedded in the traditional educational system. The organization of the learning process at private HEIs is thus usually more effective. Among the various cost-cutting measures being implemented, the following are particularly important:

- downsizing the full-time faculty;
- reducing the number of instructional hours;
- emphasizing lower-cost courses, such as business administration.

Theoretically, such an organizational pattern should lead to increased revenues and higher profits for the institution. But because of an unregulated taxation policy, most private HEIs can only make very low profits, if any (private HEIs give away about 53 per cent of their income as taxes). *Table 5.2* presents the pattern of expenditure of each institution for 2001, reflecting the differences in the nature of expenditure between institutions.

Expenditure on personnel account for over 60 per cent of total income at GIPA, ESM and IBSU, while at Alma Mater University, they only account for 15 per cent. At the same time, Alma Mater spends more on equipment – 37 per cent of total income, compared to 5 and 10 per cent respectively at ESM and GIPA. These differences result from the fact that Alma Mater is the only private university in our survey founded without any foreign participation, for which reason it has to spend its own resources to provide facilities, equipment, etc.

At the same time, Alma Mater has a Faculty of Dentistry, which induces considerably higher costs than a business faculty or a management faculty. A very low share of equipment costs (0.4 per cent) at IBSU can be attributed to the support from the foreign partner institutions which supply the required equipment (this is also the case for ESM and GIPA).

**Table 5.2 Pattern of expenditure at surveyed institutions**

<b>Georgian Institute of Public Affairs (GIPA)</b>	
<b>Item of expenditure</b>	<b>% of total income</b>
Salaries	62
Administrative expenditure (advertising, transport, etc.)	10
Rent of building	2
Equipment	10
Other academic expenses	14.5
Power/maintenance of own diesel-generator	1.5
<b>European School of Management (ESM)</b>	
<b>Item of expenditure</b>	<b>% of total income</b>
Salaries of teaching staff	43.1
Salaries of administrative/managerial staff	23.6
Equipment, spares and consumables	5.4
Teaching aids	3.04
Power/maintenance of own diesel-generator	6.5
Maintenance, including building maintenance	7.7
Transport	1.0
Other academic expenses, including travel and publicity	6.1
Taxes (property, road, defence, etc.)	0.8
Contingencies	3.4

## Private higher education in Georgia

**Table 5.2 (continued)**

<b>International Black Sea University (IBSU)</b>	
<b>Item of expenditure</b>	<b>% of total income</b>
Salaries (academic and administrative staff)	60.3
Miscellaneous	5.9
External service (police protection, etc.)	5.4
Rent (university building and dormitories)	22.2
Various facilities (water, electricity, internet, etc.)	1.2
Food	4.6
Equipment	0.4
<b>Alma Mater University</b>	
<b>Item of expenditure</b>	<b>% of total income</b>
Salaries of academic and administrative staff	15
Rent	28
Equipment & facilities	37
Taxes	20

*Source:* Kachkachishvili, 2001.

Detailed information on the level of salaries for academic staff was provided in *Chapter IV*, with ESM and Alma Mater University used as an illustration.

The monthly salary of the Programme Managers at ESM varies from US\$250 to US\$500. The minimum monthly salary of technical staff is equivalent to US\$40 (cleaners busy for 1-2 hours per day).

Salaries at GIPA are much higher: The monthly salary of the Dean is US\$1,282 (including 20 per cent of taxes). The technical personnel and drivers are paid US\$384 and US\$540 per month, respectively (including 20 per cent taxes).

#### 4. Expenditure per student

**Table 5.3 Expenditure per student (US\$)**

<b>Institution</b>	<b>Per student expenditure</b>
GIPA	6,700
ESM	1,700
CSB	NA*
IBSU	2,300
Alma Mater**	350-600

*Source:* Kachkachishvili, 2001.

\* NA - not applicable

\*\* Different amounts of expenditure per student at Alma Mater University depends on a specific faculty. The average expenditure per student at the Faculty of Dentistry amounts to US\$600 per annum, while for students of all other faculties (law, foreign languages, business administration, etc.) the figure stands at US\$350-400.

#### 5. Profitability

All institutions in our study are non-profit organizations. The money left after all taxes are paid is minimal. For instance, the maximal profit earned by the Alma Mater University in 1999 was GEL65,000 (about US\$30,000). All profit is reinvested into the educational infrastructure of the institution.

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## VI. SUMMARY AND CONCLUSIONS: GENERAL ASSESSMENT OF PERFORMANCE

### 1. Graduation rates

It is no secret that a number of students fail to cope with the curriculum and to obtain their degree. This is mainly due to strict academic discipline and exacting requirements that students have to meet.

*Table 6.1* provides information about average graduation rates of HEIs over the last five years.

**Table 6.1 Average graduation rate at HEIs over the last five years**

Institution	Graduation rate
GIPA*	97%
ESM**	62%
CSB	89%
IBSU***	87%
Alma Mater	90%

*Source:* Kachkachishvili, 2001.

\* The high graduation rate at GIPA can be explained by the character of the programmes offered and the composition of the student body: since GIPA offers only graduate programmes and a BA is the minimum degree required for admission, the students' experience normally helps them to complete the programme successfully.

\*\* ESM has the lowest graduation rates, ranging from 42 per cent to 75 per cent per annum: this is due to very strict academic requirements.

\*\*\* Many IBSU students leave the university in order to continue studies at some educational institution in their home country.

## Private higher education in Georgia

The average graduation index at all private HEIs included in our survey is 85 per cent, with GIPA having the highest rates (97 per cent).

### 2. Employment prospects for graduates

Private educational institutions show a high rate of graduates' employment. Due to well-organized programmes, which imply a combination of classroom learning and practical experience, many students can gather job experience during their studies. This helps them to find interesting and attractive jobs in after graduation.

For instance, a considerable number of third and fourth-year students at ESM manage to combine their studies with a part-time job at international organizations, banks, consulting and audit firms and other companies operating in Georgia. The overall average employment rate for graduates at the private HEIs included in this survey is 86 per cent. Reported job placements are shown in *Table 6.2* below.

**Table 6.2 Employment rate**

Institution	Employment rate
GIPA*	91%
ESM	87%
CSB	77%
IBSU	92%
Alma Mater**	86%

*Source:* Kachkachishvili, 2001.

\* About 25 per cent of GIPA graduates are not employed in Georgia: they have left the country to continue education or have started working abroad. It should be noted that only 22 per cent of graduates from the Faculty of Public Administration, trained as government officers, work in line with their professional qualifications at public agencies or governmental bodies; others are employed with private, non-governmental or international organizations.

\*\* 15 per cent of graduates from the Faculty of Dentistry work in clinics owned by the Alma Mater University. Two per cent of graduates from other faculties stay at the university and start their teaching career.

### **3. Implications for equity and quality**

Due to the considerable number of new private institutions, higher education has become accessible to a larger number of people. But the quality of education offered at those institutions remains an issue.

The number of students at the surveyed HEIs is not very high, but these institutions have placed the emphasis on quality rather than quantity. The high quality of programmes offered by these institutions has been confirmed by international experts and is evidenced by the employment rates of their graduates.

Equity indicators (age, gender, social status, nationality, religion, etc.) at the private institutions are generally similar to those at state HEIs. Traditionally, equity was not an issue at the state universities during the Soviet period; state and private HEIs alike in today's Georgia have retained the same approach.

Students need to have a good command of Georgian, since it is the language of instruction at most state and private HEIs in Georgia. However, many private institutions also offer courses in English and German, alongside with state HEIs, which offer courses in Russian; national minorities are not, therefore, at a disadvantage.

It should be mentioned that all students, irrespective of their social status or background, can be admitted to HEIs (in some cases, subject to passing the entrance examinations). Relatively high tuition fees are no longer considered as a social barrier – rather, they are seen as a judicious investment into a secure future.

By training qualified professionals in areas, mostly needed by the country at a time of economical and political changes, private educational institutions are making a valuable contribution to society.

#### **4. Comparison with public institutions**

There are many similarities as well as differences between private and state providers of tertiary education in Georgia. The growth rate of enrolments is equal between the two sectors. The quality of private HEIs varies, however, between the few that are highly competitive and others that are doing little more than selling diplomas.

Tuition fees at the fee-paying sectors of state universities and at private HEIs appear to be equally subject to variation. It should be noted that some of the most popular private institutions increase their tuition fees from year to year, but rising costs do not affect the level of enrolment at those establishments. For instance, annual tuition fees at ESM increased from US\$650 in 1996 to US\$2,000 in 2001.

Due to the good reputation of the surveyed private institutions, their graduates have no difficulty in finding interesting and well-paid jobs. As mentioned above, on average 86 per cent of graduates find jobs immediately after graduation. The highest employment rate among the state universities is 26 per cent at the Faculty of Communications of the Georgian Technical University (Kupatadze, unpublished); the other faculties of the same university show an average enrolment rate of 3 to 4 per cent, which is an exceptionally low figure. One should bear in mind, however, that our survey provides data for the most successful private institutions. There are no data available on employment rates of graduates from other private HEIs. Since their quality is believed to be poor, the employment index is likely to be low. Moreover, a number of governmental agencies are following unofficial directives to employ graduates from the state universities only, which is more proof to the fact that many private HEIs are considered to be selling degrees which do not correspond to any real qualifications or knowledge.

One important aspect should also be considered: colleges and universities are becoming global players in an environment with open borders. Due to globalization processes, the movement of skilled labour is becoming increasingly common, and internationally certified qualifications are a great advantage for individuals who wish to find employment abroad. Four out of the five private HEIs in this survey have been founded by international organizations and/or are branches of foreign educational establishments, which means that their diplomas are considered at a par with some European and American ones. This not only implies that their graduates have better chances to meet the demand of the global labour market, but is also important for the further development and improvement of the higher education system in Georgia.

The large number of private HEIs and their relatively even geographic distribution throughout the country, means that an increasing percentage of the population has access to higher education. It is to be noted, however, that even though private HEIs have improved access to tertiary education for less-privileged groups, including students coming from rural areas, tertiary education in Georgia generally remains the prerogative of an elite, with the majority of students coming from the wealthier segments of society. The likely outcome of this situation is a system that provides free, high quality education to students from wealthy backgrounds (who can afford a better preparation to examinations), allows less well-prepared students with the ability to pay tuition fees to attend private universities, and excludes students with low or middle income or forces them to contract debts in order to pay for private tuition.

The core question is whether or not the overall quality of the higher education is compromised by the emergence of private institutions.

## Private higher education in Georgia

The introduction of private institutions tested the ability of state universities to compete. Competition was a motivating factor for them to upgrade the quality of their services. Most of state institutions have changed the structure of their programmes by replacing them with a western undergraduate and graduate system and introducing new subjects and curricula, particularly in economics, social science and law. These were fields in which private HEIs dominated the market, due to modern programmes and new approaches to teaching. Recent sociological surveys showed that private HEIs (in particular, ESM, CSB and GIPA), compared with state universities,<sup>15</sup> can ensure a higher quality of teaching in these subjects due to their well organized learning process, better facilities and qualified teachers. Again, this cannot be said of the other private universities and colleges. Due to poor qualifications of their teaching staff and hastened time-to-degree requirements, many private HEIs fail to provide high-level qualification for their students.

Even though the surveyed private institutions are leaders in the field of teaching economics and business management, they are not in a position to cover the whole range of professions. In higher education, there are certain programmes that are important to society but are expensive to run and not necessarily attractive to the market. Since many private institutions are profit-oriented, this can influence the choice of programmes in which an institution is willing to invest. The level of interest for a course or an institution manifested by potential students who are able to pay high tuition fees, does not constitute an adequate criterion for measuring the usefulness of that course or institution to society. There are certain programmes and courses that are crucial to Georgia's cultural and social development, and should be supported by state, but which may not be necessarily attractive to applicants at the moment.

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15. (Department of Sociology of the Tbilisi State University, forthcoming).

Despite existing differences, there is a close interdependence between private and state institutions. Many private colleges depend on state schools or universities for renting facilities and hiring part-time academic staff, while state institutions and their staff (whose salaries are extremely low) depend on private institution for a supplementary source of income. However, working at the same time at many private HEIs means increased workloads for the instructors, and as a result, a decline in teaching quality.

Nevertheless, private institutions constitute a threat to state HEIs: state universities find themselves losing income-earning courses; they can also lose their qualified teachers. This is a good reason for rethinking and changing the general approach to the higher education system. Owing to competition from private education providers, a number of steps have been taken to adapt to the new market conditions. The introduction of two-step programmes and a credit system,<sup>16</sup> as well as changes in the system of entrance examinations<sup>17</sup> could be seen as the beginning of a reform in the state higher education system.

State universities should be aware of severe competition from the new tertiary education providers, such as virtual universities, corporate universities, and franchise universities. Thus, reforms of higher education should encourage each institution to strive for higher standards in all its activities.

At present, a proper evaluation of the quality of the higher education system in Georgia is impossible due to the fact that attestation and accreditation procedures are not clearly defined yet. In addition, the typical problem of small countries makes the process

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16. The credit system has been adopted by the Tbilisi State University and Georgian Technical University.

17. Entrance examinations have been abolished at the Academy of Arts and Kutaisi State University.

## Private higher education in Georgia

of certification and quality assurance more difficult. The establishment of a regional assessment centre for Caucasian countries initiated by the Council of Europe could be a solution to this problem.

The social impact of the private educational sector has not yet been evaluated. The emergence of private higher education in Georgia was an unplanned, and for the most part, unregulated phenomenon. Private HEIs aimed to satisfy the ambition of many people to get higher education which has traditionally been very strong in Georgia (unfortunately, on many occasions the drive is to obtain a diploma, not knowledge). But unemployment in Georgia is still very high and it is highly unlikely that there will be such a high demand for trained specialists in the foreseeable future as to employ the vast number of people with higher education. In many cases, the qualifications of private HEIs' graduates are too low to allow them to meet competition under the conditions of a market economy. Many of those students are bound to soon realise the questionable value of their degrees as they will have to face unemployment.

An increased number of unemployed people with university degrees could have a snowball effect; social tension or even a social crisis seems to be inevitable in the nearest future. Unfortunately, little is being done to raise public awareness on this issue. Georgian society is not ready to deal with the problem of increased unemployment. The old Soviet infrastructure of adult training has been destroyed and has not yet been replaced with a new one. There is practically no tradition of lifelong learning.

The system of higher education in Georgia should be adopted to the new social and economic realities, and an intersectional approach seems to be the most effective one in order to avoid a social disaster.

Links between HEIs and the labour market should be reestablished; quality of both state and private HEIs should be increased.

The low quality of most private HEIs led to significant negative results and the few private HEIs considered in our survey are not enough to change the general picture.

A reform of higher education in Georgia has to follow the general pattern of development accepted worldwide: a decrease of public funding and an increase of private funding have to take place in the higher education system. State and private HEIs should be brought to the same starting position, regardless of ownership, in order to create an environment of genuine competition. Nowadays the Law on Education is discriminative towards private HEIs and hinders their development.

The elaboration of a general strategy of development of the Georgian high education system should address all of these problems, and, notably, clarify terminology and determine the mechanisms of funding.

In this respect, the role of Georgian Parliament is hard to overestimate. Under the auspices of the Parliament of Georgia, a team of Georgian and European experts has been established to work on issues related to the further development of the higher education system.

Georgia has to develop an educational policy that would structure a balanced market of higher education and ensure the availability of the required programmes. Society shall take advantage of the opportunities offered by providers and attention should be paid to maintaining institutional and programme diversity.

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