



# TORINO PROCESS 2016-17

# ARMENIA

EXECUTIVE SUMMARY

Executive summary of the Torino Process 2016–17 Armenia report.

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## Acronyms

<b>AMD</b>	Armenian dram
<b>NEETs</b>	(Young people) Not in employment, education or training
<b>USD</b>	United States dollar
<b>VET</b>	Vocational education and training

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## ARMENIA

### EXECUTIVE SUMMARY

#### 1. Introduction

In Armenia, vocational education is improving thanks to a gradual process of change. The overall aim is to increase the size of the vocational sector and extend the range of services that it provides to businesses and individuals in both urban and rural areas.

The Armenia Development Strategy for 2014–2025<sup>1</sup> was adopted by the government in March 2014. One of its main objectives is to increase employment by creating high-quality, high-productivity and well-paid jobs. The strategy identifies the education sector as a fundamental tool for the sustainable development of the country. Increasing the sector's quality, effectiveness, relevance and access at all levels are top priorities. The strategy provides a framework within which policy performance can be assessed.

The strategy covers various economic sectors and recognises agriculture and rural development as a priority for the economic development of the country. The following two key objectives have been identified:

- supporting the food industry value chain, which is one of the sub-branches of agriculture with export potential;
- increasing productivity and the creation of non-agriculture jobs in rural areas, thus contributing to balanced regional development.

Between 2014 and 2016, Armenia improved the legal framework for vocational education and training (VET) by updating its strategy for a national qualifications framework and introducing legislation to support continuing vocational training and the validation of non-formal and informal learning.

Key developments have involved steps to improve the internal efficiency of the system, e.g. by developing state educational standards and modular programmes, training manuals and methodological materials, and by providing training. In addition, a VET management information system and a VET portal<sup>2</sup> have been developed and set up.

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<sup>1</sup> See [https://eeas.europa.eu/sites/eeas/files/armenia\\_development\\_strategy\\_for\\_2014-2025.pdf](https://eeas.europa.eu/sites/eeas/files/armenia_development_strategy_for_2014-2025.pdf)

<sup>2</sup> See [www.vetarmenia.am](http://www.vetarmenia.am)

Since the last Torino Process report, Armenia has consolidated its education and labour market policies to strengthen:

- professional orientation through career guidance centres in 22 vocational institutions;
- regional educational networks of vocational institutions led by 12 regional centres;
- planning and performance management system models, including a training programme;
- vocational colleges, including the provision of equipment and adaptations for people with disabilities.

Between 2014 and 2015, the activity rate in the 20–64 age group declined from 71.4% to 70%, reversing an upward trend over the previous four years. Correspondingly, the employment rate for the same age group also fell from 58.7% to 56.7%. This was mirrored by increases in the total and male unemployment rates for 20–64 year-olds from 18.1% to 19.1% and from 16.3% to 18.1% respectively. The female unemployment rate for this age group was stable at 20.1%. While the overall unemployment rate increased, that of young people aged 15–24 fell from 37.2% to 32.5% in total, and from 30.7% to 28.6% and from 44.9% to 37.2% for males and females respectively.

These improvements in the youth unemployment figures were accompanied by slight decreases in the percentage of young people (aged 15–24) not in employment, education or training (NEETs), which fell from 38% in 2014 to 35.6% in 2015. The respective disaggregated figures fell from 37.5% to 36.4% for males and from 38.5% to 34.8% for females.

The number of students in upper secondary VET as a percentage of total upper secondary students increased from 26.6% in 2013 to 29.2% in 2014 among males, and from 18.9% to 22.2% among females.

Concerning the educational attainment levels of the labour force, between 2014 and 2015 the largest increases were recorded in the share of males having low-level education, with an increase of 1.4%, and in the share of females having medium-level education, with an increase of 1.2%. The share of 30–34 year-olds with tertiary education remained stable, with the percentage changing only slightly from 30.7% to 30.6%. The disaggregated figures showed, however, divergences between males and females, with the male figure falling slightly from 29.5% to 28.3% and the female figure rising from 31.8% to 32.6%.

In September 2016, the government adopted the State Programme for the Regulation of Employment in 2017, which contains 21 active labour market measures. The total budget for the programme amounts to more than AMD 2 billion (plus donors' contribution). In addition, as a separate measure, training and consultancy services for jobseekers with disabilities will also be provided (the budget for this measure amounts to AMD 18.6 million).

## 2. Main findings

### Vision for VET

Since 2014, policy developments in vocational education have been stable and consistent. Developments are more focused on the introduction of mechanisms designed to support the further implementation of vocational education. These mechanisms include legislative support for continuing vocational education and the validation of non-formal and informal learning, and the creation of networks between vocational education colleges to share information and experience.

The number of students in upper secondary VET as a percentage of total upper secondary students has increased from 15.1% in 2010 to 25.7% in 2014, indicating a growing sector. The overall level of

educational attainment of the labour force was stable between 2014 and 2015. There was a slight increase in the proportion of low- and medium-level attainment and a slight decrease in the percentage of the population with high-level attainment, which fell from 30.7% to 28.8%.

Armenia has a clear plan for the development of VET and the labour market in its National Strategy for Sustainable Development, which sets targets and goals for the period 2014–25. The strategy is supported by VET measures that aim to improve the volume and quality of skills and employment over the period 2017–20.

## External efficiency

Improving the efficiency of the labour market and increasing the level of employment are key national priorities. The government aims to increase the number of employed people and improve employment and labour market participation rates. Employment growth in the future will be mainly associated with a decrease in unemployment as the number of people aged 16 years and above will not change significantly in the period between 2015 and 2025.

The Armenian labour market faces the dual challenge of informal employment and unemployment. The former is a characteristic of the agricultural sector and the latter is a feature of the urban sector.

There is no centralised labour market information monitoring system and the sector skills councils do not currently play a role in anticipating skills needs for specific sectors. Skills needs are anticipated in a variety of ways.

Skills relevance is an area of concern among employers. An International Labour Organisation (ILO) survey conducted in 2016 found that almost 30% of the surveyed employers thought that school leavers were not generally equipped with the literacy and numeracy skills required by firms in the private sector. According to more than 70% of the surveyed companies, skills shortages negatively affect businesses in the private sector.

Entrepreneurial human capital is a strategically important area of development for the Armenian economy and the country has made significant progress since 2010. This has included implementing government measures for financial literacy in upper secondary schools; developing partnerships between universities and businesses; putting in place policy measures to promote entrepreneurial efforts by women; and supporting startup training for small and medium-sized enterprises.

## Efficiency in addressing social inclusion

Social inclusion measures are primarily the responsibility of the state but many partnerships between the state, non-governmental organisations and various donors support inclusion. The government has demonstrated institutional flexibility in facilitating social inclusion initiatives with donors in relation to people with disabilities or families in need.

The geography of needs in Armenia shows substantial gaps between the capital Yerevan and other areas, both urban and rural. About one third of the population lives below the poverty line, established at just above USD 90 a month<sup>3</sup>.

The State Employment Agency organises continuing vocational training to support people in the labour market. New active labour market programmes, launched in 2015, include incentives for both employers and trainees in relation to work-based learning.

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<sup>3</sup> World Bank, *Armenia: Country snapshot*, April 2015.

As a whole, the long-term unemployed population constituted 59.4% of all unemployed people in 2014, with the largest proportion living in urban rather than rural areas (88.5% compared to 14.5%)<sup>4</sup>. Among the long-term unemployed, the 25–34 age group was most affected; this was followed by those aged 35–44 and 45–54. For young people aged 15–24, those who were in long-term unemployment accounted for 17.6% of all unemployed people<sup>5</sup>.

In 2014, the inactive population was equal to 36.9% of the working-age population, which was down slightly on the 2010 figure of 38.7%.

The proportion of NEETs appears to be on a downward trend, falling from 44.6% of young people aged 15–24 in 2010 to 35.6% in 2015.

## Internal efficiency

The pre-service training of VET teachers is currently being reformed. The government has introduced a teacher certification system. This is complemented by comprehensive professional development policies and rank-based salary differentiations.

Work-based learning in Armenia is at an embryonic stage and, in general, is inefficient. The government is discussing opportunities to formalise apprenticeships and to implement apprenticeship programmes in agricultural vocational colleges as pilot programmes. The aim is to promote the implementation of work-based learning in formal VET. In 2015, the government approved procedures for continuing vocational training and the validation of non-formal and informal learning.

The Ministry of Education and Science is implementing a model for a sector-wide VET planning and performance management system. To date, national quality assurance arrangements have concentrated mainly on higher education.

Curriculum content and assessment is guided by an outcome-based approach. The aim is to establish professional orientation and career guidance support in all preliminary and middle vocational education institutions.

The national qualifications framework was revised and updated in 2016 with new definitions for each level. It has eight levels and follows the European Qualifications Framework model. Each level is based on knowledge, skills and competences. It is a generic framework and it is intended to cover all levels of education.

## Governance and financing

A system of social partnership exists, but the continuing challenge of improving the link between business and skills suggests that there is scope to review the current arrangements.

As a result of the cooperation between the government and the private sector, an emerging 'WorldSkills Armenia' model was designed, indicating that the government has the capacity to coordinate its activities with the private sector.

There is a system of intra-departmental and inter-ministerial accountability, but there are limited mechanisms for assessing institutions' performance.

The main source of VET funding is the state budget. Public expenditure on education as a percentage of gross domestic product is relatively low and has fallen successively from 3.84% in 2009 to 2.24%

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<sup>4</sup> National Statistical Service of Armenia, *Labour market in the Republic of Armenia*, 2015.

<sup>5</sup> *Ibid.*, Chapter 7 'Unemployment', Table 7.11.

in 2014. Likewise, public expenditure on education as a percentage of total public expenditure has been declining, with the figure falling from 13.45% to 9.37% over the same period.

### 3. Recommendations for action

The Torino Process 2016–17 report for Armenia identifies the progress achieved and the challenges faced in the country. It describes the priorities identified by the Ministry of Education and Science. These support the further development and implementation of VET reform and the development of vocational institutions in accordance with the country's socioeconomic requirements. Key issues for ongoing support and policy attention are listed below as recommendations for action.

- Accelerate the implementation of the national qualifications framework to improve the attractiveness of vocational education.
- Develop and implement programmes to identify skills needs and track VET graduates in the labour force.
- Consolidate the implementation of career guidance across vocational schools and colleges.
- Develop and pilot a national approach to work-based learning to support school-to-work transition.
- Accelerate the implementation of entrepreneurship learning to support the establishment of small businesses as a career option and source of employment.
- Update the quality assurance arrangements for vocational education to include business and social partners.
- Enhance initial education for teachers to provide them with the knowledge and skills necessary for extended careers.
- Update the institutional mechanisms for social partnership in VET, such as sector skills councils, to improve the capacity of the system to achieve its development objectives and to strengthen the links and networks between business and education.
- Review and expand funding sources for VET.

# MORE INFO

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