



**STOCKTAKING REPORT ON SOCIAL  
DIALOGUE IN VOCATIONAL EDUCATION  
AND TRAINING AND EMPLOYMENT  
ARMENIA**



**etf**

SHARING EXPERTISE  
IN TRAINING

# **STOCKTAKING REPORT ON SOCIAL DIALOGUE IN VOCATIONAL EDUCATION AND TRAINING AND EMPLOYMENT IN ARMENIA**

**DRAFT**

Karl-Axel Skølstrup, Senior Expert, European Training Foundation

## Acronyms:

VET	Vocational Education and Training
DFID	UK Department for International Development
USAID	United States Agency for International Development
IVET	Initial Vocational Education and Training
CVET	Continuing Vocational Education and Training
HRD	Human Resource Development
CEDEFOP	The European Centre for Development of VET
ILO	International Labour Organisation
GDP	Gross Domestic Product
dvv	German Adult Education Association
GTZ	German Technical Assistance Programme
MLSI	Ministry of Labour and Social Issues
MOES	Ministry of Education and Science
MOFE	Ministry of Finance and Economy
MPPAP	Modernisation Priorities Paper and Action Plan
MTEF	Medium Term Expenditure Framework
NCU	Department for European Financial Assistance Coordination, Ministry of Finance and Economy
SPSP	Sector Policy Support Programme
SESA	State Employment Service Agency

## Methodology and acknowledgements

The stocktaking report has been written mainly based on findings from an ETF mission to Armenia 17-20 September 2007. The mission involved meetings with the main stakeholders involved in social dialogue including the Ministry of Labour and Social

Issues, the Ministry of Education and Science, the State Employment Service Agency in Yerevan and Vanadzor, The Union of Manufacturers and Businessmen, the Chamber of Commerce and Industry, the Builder's Union, the Confederation of Trade Unions, the Institute for Education, the EC Delegation as well as the regional authorities at Vanadzor, the Chamber of Commerce and Industry of Vanadzor, the Yerevan State College of Humanities and the State Technological College in Vanadzor.

In addition to interviews recent documentation related to education, training and employment in Armenia have been consulted.

The authors wish to extend heartfelt thanks to the involved authorities and institutions for their kind availability, hospitality and cooperation.

## Executive summary

Partly as a consequence for the growing economy, the Armenian authorities have taken a number of reform initiatives in recent years aimed at improving the country's ability to increase economic growth and social coherence. In this context, education and training reform is of growing importance as a tool for achieving these important objectives.

The reforms implemented since 1999 have covered strategic, conceptual and legal aspects as well as introduction of modular curricula and improvement of quality through supply of equipment to a selected number of schools.

A general problem for the education system in Armenia is that it does not meet current requirements of the labour market. Each year thousands of young people graduate from universities and VET institutions, but the education and training they have received does not correspond to labour market needs, quantitatively nor qualitatively.

Education reform is considered a top priority in Armenia. In vocational education and training (VET) the key driver of change is the economic and social consequences of this mismatch between the VET supply and labour market demand. Not only are the qualifications that graduates from the existing VET programmes have achieved not often required by companies - the graduates are also ill prepared for self-employment. At the same time there is a growing need for qualified workers of lower and middle levels in the newly developing sectors of economy. Expectations and potential benefits from increased social dialogue in VET and employment are thus very high, and a structured and well functioning dialogue between VET providers and social partners is seen as a key tool to improve the situation.

The Armenian authorities are well aware of that and their strategic plans do include social partnership as a priority. However, the culture of social dialogue is not yet developed, as the ministries and social partners themselves admit, .Open discussion and exchange of views seem to be still somewhat difficult, guided by hierarchies and, in a few cases, also by overprotective attitudes of institutions and individuals

There exists a real demand from employers for qualified specialists and they also appear genuinely interested to play more active role in VET, mostly in the rapidly developing fields of the economy. Organisations of Social Partners (Union of Manufacturers and Businessmen of Armenia, Chamber of Commerce and Industries of Armenia, Union of Constructors) are also interested to make VET provision relevant to labour market needs. The trade unions also expressed readiness to develop cooperation with the government and the employers into a tripartite social dialogue model.

At the provider level, several schools and colleges have a history of involvement with employers, but this appeared to have taken place mostly on a bilateral basis or under the umbrella of a donor financed project.

In order for rapid improvement of VET relevance to labour market needs to take place, this stocktaking report recommends a set of recommendations to be implemented which will require continued strong political support to the process at Government level and firm determination by the employers and trade unions that they from now on have to enter in to a process of change which requires not only financial and human resources from their members, but the initiation of a new culture of cooperation and trust which can only be built by having broad national interests as the focal point for their commitment to the social dialogue process.

The main findings and recommendations are aimed at the strengthening the institutional level. in order to strengthen the ability of the system to meet labour market needs and continually adjust to changing requirements:

The three main recommendations are:

- to form a high level working group with representation from the relevant Ministries and social partners with the task to address the key strategic issues in relation to social dialogue.
- to negotiate a tripartite agreement between the government and the social partners to form the foundation for partnership in education.
- to empower the National VET Council to become the key policy and implementation driver and its representation to reflect the required shift in the governance model of vocational education and training

A summary of findings and recommendations are included in the report page 17

## 1 Introduction

In most societies social dialogue is considered critical for the success of initial (IVET) and continuing (CVET) Vocational Education and Training (VET), in particular where the social partners are involved in identification of training needs, curricula and content of training, thus reducing the gap between the formal state-financed education system and the end users in the world of work.

In the global economy, social dialogue is further made necessary by industrial restructuring, new technologies, new forms of organising services and production as well as increasing dependence on intellectual capacity within enterprises. This has also brought a new recognition of the need for tacit skills and informal routes within the education system for acquiring the skills and competences needed for flexible and adaptable Human Resource Development policies to bring the required results both for the individual and society. These developments imply a need for new approaches and strong partnership at all appropriate levels.

In the European Union the Lisbon summit in 2000 and the Copenhagen declaration 2002, created a new dynamic on HRD issues by setting itself the strategic objective of making the European Union a competitive economic area based on innovation knowledge and social cohesion, capable of tackling the necessary changes in a manner consistent with its values and concepts of society' This led to a renewed focus on social dialogue in education and training and in particular top priority to the need for the development of life long learning strategies to support both the objective of economic development and social cohesion within the Union. It also lead to the realisation that only a joint effort by the EU commission, the national governments and social partners, each within their mandate and responsibility could make the Lisbon ambitions and objectives a reality.

Some countries have been fortunate enough to have a long history and culture of social dialogue in VET, but for most countries in transition the need to restructure the world of work and the related education and training provision, is an extremely difficult process which involves change of mindset, establishment of a new culture of partnerships and trust between central government, providers and the private sector.

The countries emerging from the fall of the Soviet Union have been faced with a difficult challenge, particularly with respect to a general lack of trust between an emerging private sector with a focus on short term economic survival on the one hand and a declining public sector which wanted to hang on to privileges and controls on the other.

The result – in relation to HRD policy development and implementation – has been that the world of work and the world of education have faced the new challenges by working together in an informal, ad

hoc setting in the best cases or not even attempted to establish any kind of structured cooperation, including the ability to monitor labour market needs both at national, regional and local level.

A number of governments have tried to improve the situation with ambitious and often donor initiated legislation, but actual implementation with impact on the community, improving the potential of the local economy and the way schools have been run, has not emerged.. In some cases individual projects have had short lived impact at school level, but at the system level there are mostly few tangible results.

## **1.1 Key issues for social dialogue in vocational education and employment**

In order for social dialogue to play this vital role in fostering economic growth, sustainable development, creation of more and better jobs, a culture for learning, active citizenship and personal development, it will be necessary for governments and the labour market partners to make strong political and financial commitments and play an active role in order to create the necessary conditions and instruments for effective social dialogue.

New skills are required in order to cover the needs of both traditional and new, innovative enterprises as well as those for the whole workforce. Simple technical skills or abilities are no longer sufficient. A new set of general personal and societal competences, complementary to specialised qualifications are needed. Beyond literacy and numeracy, key skills that comprise problem solving, ability to learn how to learn, computer literacy are essential to promote employability and to enable enterprises to adjust to the quick pace of change.

In order for these changes to take hold and become reality, a number of principles and new approaches need to be applied:

### ***Partnership***

To put social partnership into practice means working together and identify the responsibilities of the different actors. It also means the involvement of social partners in the development, implementation and evaluation of policies in cooperation with public authorities and learning institutions.

### ***Shared responsibility of employers, employees and public authorities***

In order to build a sense of shared responsibility among all key actors, it will be essential and particularly vital that the public authorities promote a general framework for social dialogue within which they insure that measures are undertaken to address the needs of specific groups of the population and economic sectors.

### ***The role of the social partners***

Social partnership poses new challenges for both employers and employees at all levels and their involvement will have to build on comprehensive and innovative strategies and practices as well as identification of new methods in terms of promoting and delivering training and learning

### ***Access and motivation***

Access to and participation in learning is influenced by several factors: level of qualification, age, gender, type of contract, size of enterprises. The impact of these factors has to be taken into consideration in order to meet key challenges. The provision of information, guidance and counselling are vital in order to develop the trainability and employability of the individual as well as enhancing the competitiveness of enterprises. Social partners and government need to cooperate closely in order to make VET in particular, attractive to all segments of the workforce throughout their working life.

### ***Diversity***

The 'one size fits all' model does not work in the realities of today's labour market. In order to meet the needs for diverse modes of working, the most advanced European countries are already implementing individual curricular and individual learning pathways. The initiative in Armenia to establish a database of modular training programmes is an important step in this direction, but could be developed further in by a joint effort between social partners and the government. In order to address diversity, it will also be necessary to shift from an input based approach to teaching and learning to an outcome based VET provision which can secure active and student-centred learning processes.

### ***Quality***

Education and training systems should be evaluated according to a set of quality indicators in order to help both government and social partners to get the best value for money from the system. Particularly the social partners have a role to play in identification of these indicators as well as in the monitoring and evaluation process.

## **Resources**

The inclusion of social partners in the HRD system at all levels will require new efforts in terms of shared investment in human capital and human resource development. In order to make this a long term and sustainable effort, it is necessary to identify new ways of funding at company and government level e.g. individual learning accounts, incentives to promote on-the-job training, apprenticeship models with shared costing etc.

One of the immediate challenges for implementing social dialogue in Armenia will be to restructure institutions and their management in such a way that a culture of social dialogue is nurtured and promoted and a formal role in VET policy making is introduced. One of the instruments used by the most successful EU countries to obtain trust, transparency and successful cooperation is to apply the *principle of parity* at all levels of HRD policy development and implementation. True partnership must imply equal interest in obtaining the best possible results for all partners and therefore also shared equal responsibility at the national, regional, sectoral and institutional policy level for successful outcomes from the system

## **1.2 State of play in the European Union**

In EU countries a Cedefop survey<sup>1</sup> shows that the social partners have a formal role in VET policy making in all EU countries covered by the survey. This role includes representation in tripartite bodies at national level; in the majority of cases also at sectoral level and in many cases also at regional and local level (enterprise or educational establishment) In countries with a tradition for state regulation, social partner representation is determined by legislation. In countries with a tradition for voluntarism, notably UK and Ireland legislation is less precise concerning social partner involvement in VET policy. Still, in both countries social partners play a major role in developing VET policy. Irrespective of the degree of state legislation, in all countries the social partners are widely involved in initiatives to e.g. promote Life Long Learning and to encourage learning at work. In a number of countries, the social partners are, directly or indirectly, involved in arrangement for funding initial and continuing VET and promoting access to learning.

The Cedefop survey also shows that in addition to their role in the formal structures of VET policy making, the social partners are involved in all countries in various activities concerned with the implementation of VET actions, particularly at sector and local level. The social partners are involved in developing curricula and new qualifications and developing on-the-job-training. This takes place in all countries irrespective of the degree of state legislation.

A major trend in EU countries is that VET/HRD systems have become increasingly decentralised and include an increased level of school autonomy in order to make the system more responsive to overall transformation of the economy and the schools more important partners for local labour markets. In recent years many countries have introduced individual learning accounts or training vouchers in order to encourage involvement in learning opportunities, share the cost of learning and to promote a dynamic market for learning in their countries.

An important policy area for the European Commission is to focus on 3 main initiatives for streamlining the education policies of member states:

- development of an European Qualification Framework (EQF) which will create a common qualification reference system in member states and thus promote transparency and Life Long Learning policies
- promote a European Credit System for Vocational Education and Training (ECVET) which will facilitate mobility in employment and education by transfer of credits within EU
- create a Common Quality Assurance Framework (CQAF) in order to increase trust and transparency within the quite different education systems of EU member states.

---

<sup>1</sup> Social dialogue over Vocational Education and Training in Europe, CEDEFOP 2005

All these European Commission initiatives are developed with very active participation of social partners and their implementation at country level will be next to impossible without acceptance and support from social partners – who have signed e.g. EU wide cooperation charters in order to support these important political developments within the community.

## 2. Socio economic background

### Economic growth

Economic performance of Armenia during the last decade has been remarkable: in the 1st quarter of 2007 the growth rate of GDP comprised 10.1% compared to 13% for the same period of 2006<sup>2</sup>.

Armenia is also one of the first Commonwealth of Independent States (CIS) countries in which the volume of GDP recovered in 2003 to its pre-transition level.

According to EBRD Transition report 2007, GDP per capita grew from 659 USD in 2001 to 1989 in 2006<sup>3</sup>.

Despite limited natural resources and a relatively unfavourable neighbourhood, Armenia's poverty rate had dropped from over 55% at the start of the transition to around 30% today. Growth reduced extreme poverty even faster; from over 20% in the mid-1990 to less than 5% in 2005<sup>4</sup>.

Analysts identify as main factors which have contributed to the steady economic growth to be the following:

- stable macro-economic policy;
- successful fiscal policy;
- significant volume of international aid as well as Diaspora grants;
- growth in such sectors as construction, services and on exports.

A study by USAID from 2004 estimates the amount of remittances from the Armenia's long-term Diaspora and the communities of recent migration at around USD 900 million, or 30% of GDP. The study considers remittances from non-emigrant temporary workers and long-term emigrants, as well as formal and informal transfer channel. The economic effects of remittances are positive not only for poverty reduction but also for capital remuneration.

In recent years the most rapidly expanding sectors of the economy have been construction, which almost tripled its outputs during the period 2000-2003, followed by trade and catering (51% increase) and industry (38%). Agricultural outputs increased for the same period by 20%.

Industry increased at a lower pace because of a decline in the diamond processing activities, which was due to a temporary disruption in the supply of uncut diamonds from Russia. Meanwhile, the utility sub-sector (electricity, gas and water supply), grew by 9.9%, owing to the expansion of the gasification programme. The mining sub-sector also showed an increase of 8,7% and new emerging sub-sectors, like textile, chemicals, machinery and tools have expanded their production although from low bases.

### 2.1 Employment

However, despite impressive economic growth rates, Armenia has yet to experience growth in employment. Armenia has actually faced "jobless growth" or actually even "job loss growth". As a result of the restructuring process, a large shift of employment towards the low productivity sector of agriculture occurred without a commensurate increase in the contribution of the sector to GDP.

---

<sup>2</sup> National Institute of Statistics (NSS), socio-economic indicators, food security and poverty survey January – June 2007

<sup>3</sup> IDA at work, 'Armenia, reaping the benefits of steady reforms' 2007

<sup>4</sup> National poverty line based on annual household surveys prepared by national Statistics Service

The NSS reports an increase in the number of employed population from 1,082 million individuals in 2004 to 1,112 million on average in January-December 2006. Estimates based

on the Integrated Living Conditions Survey (ILCS) show among the population 16 and over an increase in employment rate from 46 to 48.7% and a decrease in unemployment: from 27% to 19.3% between 1998/99 and 2004 (World Bank and NSS 2006). The number of registered unemployed job seekers declined from 147,000 at the end of 2003 to 88,900 in December 2006 with an unemployment rate of 7.1% as registered by SESA. However, it is necessary to point out that the results of the labour force sample survey of household highlight an unemployment level of 3.5 times higher and the main reason for this is that a significant part of the unemployed is not inclined to believe in job seeking through state employment centres and doesn't apply to these centres. The highest number of registered unemployed are in the North-West and Northern part of the country, namely in the regions of Lori (17.2%) and Shirak (16.2%) where the economic decline caused by the earthquake of 1988 and the closing down of large chemical factories still hamper economic recovery.

## 2.2 Education

Education indicators are high in Armenia as 99.4% of adults and 99.8% of young people are literate (2004).

As in other CIS countries, the large majority of pupils opt for the secondary general education pathways. According to official data only 3% opted for VET pathways (public and private) following basic education in both 2003/04 and 2004/05. Less than a quarter of students enrolled in VET pathways (22.5% in 2003/04 and 21.2% in 2004/05).

The Armenian VET system is articulated with general education in terms of pathways and diplomas. Graduates of the full cycle of the two non-tertiary levels of VET (preliminary or "craftsmanship" and secondary, or middle-professional) are awarded both diplomas: secondary general (Matura) and vocational (craftsperson and junior specialist).

The VET system underwent several phases of reform, in particular after the adoption of the Law on Education in 1999, followed by the rationalisation programme that reduced the number of less relevant VET schools. In this reform phase, preliminary VET was practically disrupted, up to 2004. In 2003 Armenia has engaged in a renewed reform and modernisation of the Vocational Education and Training system with EC (Takis) assistance.

In 2005 the non-tertiary VET system comprise: 26 schools of preliminary (craftsmanship) VET (28 in 2006-2007), with an enrolment of 6.1 thousand students in 2006-2007; 83 public secondary VET schools (colleges), with 27.8 thousand students (2005-2006); 34 private secondary VET schools; 3 universities provide secondary VET programmes (University Colleges). In the aftermath of the resumption of craftsmanship education in 2004, 28 vocational profiles are offered in different types of establishments in the academic year 2006-2007. Secondary VET schools offer approx. 185 vocational profiles, out of 257 inserted in the Classifier, which has been reviewed and updated during the last three years - and still ongoing

Higher education is the only sub-sector of education that has registered a clear growth in the number of entrants, students and graduates.

The challenges faced by Armenia in the field of education are the following:

- sharp decrease of public fund which plunged from 7-9% of GDP in the 1980 to 2-3% during the last years;
- private household expenditure on education, which is roughly twice that of public
- expenditure and this spending is very uneven across the income distribution with consequences of inequalities in access to education .
- lower quality of education as a result of decrease in public spending with a reduction of 37-40% in the teachers salaries and no investment in new textbooks and laboratory equipment. Underfunding of the maintenance of buildings and equipment has not only affected the quality of education, but has also contributed to an accelerated deterioration of all capital assets. Many buildings are now unsafe and beyond repair and need to be replaced.

As regards skills and education of the workers, the results of the BEEPS<sup>5</sup> 2005 survey highlights that most of the labour force in Armenia is still largely employed in low skills but labour-intensive sectors of the economy. However, there is a concern among employers about the low level of graduates from vocational schools and universities in particular as regards horizontal competencies e.g. analytical skills, problem solving, teamwork, communication techniques, ICT skills etc.

### 3. Overall framework for social partnership in VET and employment

#### 3.1 Legal and institutional framework for social dialogue

Social dialogue in HRD in Armenia is in the process of being established:

The 'Law on Preliminary Professional (Craftsmanship) and Middle Education' of the Republic of Armenia (VET Law) in 2005, introduces the official concept of "Social Partners" which is:

*"Organizations or association of organizations supporting, cooperating with and interested in the development of Craftsmanship and Middle professional education and training system, including any type of educational establishment" (article 3).*

One of the State policy principles in the field of VET defined by the same law is:

*"Ensuring formation of contemporary individuals and citizens, reproduction and development of the intellectual potential and labor force in the society, competitiveness in the labor market and social partnership" (article 4)*

The same law recognises the social partners as a part of the VET system in Armenia (article 6). One of the Tasks of the VET system in Armenia is to provide co-operation with social partners (Article 10). However, no mechanisms for social partner's participation in policymaking or governance in VET have been developed yet.

The VET law also envisages the establishment of VET school boards from 1 September 2008, which are supposed to co-manage schools together with the state education authority and the school director. The boards will approve school budgets, tuition fees, strategic programmes, and they will elect school directors. The membership of VET school boards is defined by a MoES regulation (20% staff, 25% students, 15% appointed by the founder, and 40% public officers, representatives of sciences, culture, economy and business – appointed by MoES).

According to the 2004 Labour Code, the General Collective Agreement is expected to be negotiated and signed. However, this has yet to happen because the institutionalisation of a national union of employers still needs to be completed. The existing Union of Manufacturers and Businessmen has to be transformed into a fully established 'umbrella association', in line with the Law on Employers' Unions adopted only in February 2007.

So far there are very few collective agreements signed, and these are at the enterprise level only.

The Armenian employment policy is based on the 2005 Employment Law. In August of 2006 by Order of Minister of Labour and Social Issues, a Model Charter of Conciliation Committees was approved. The documents define participation of social partner's in the development and implementation of employment programmes at the national and local levels. After the Law on Employers Unions was passed in February 2007, the process of establishing local conciliation Committees started in each of the existing 51 employment centres. Existing Conciliation Committees meet at least every three months. VET schools are not included.

Social partners are involved in the qualification award (assessment and final attestation - state examination) process in VET institutions by the following mechanism: MoES appoints a Head of State Qualification Commission in each VET institution who should be a renowned specialist of the given branch. Other members of the commission are appointed from the VET institution.

---

<sup>5</sup> Business Environment and Enterprise Performance Survey

## 3.2 The role of the government in social dialogue

The Ministry of Education and Science has recently developed a strategic vision titled Education 2015: 'Restoring Armenia's Strength in Education', which gives the overall aims, principles and strategic approaches for the development of education. Once it is reviewed and finalised, it will become the foundation of Armenia's 2008-2015 National Development Program for Education. Reforms are to be based on strategies that achieve the greatest impact with limited investment, such as the approach of 'networks of change', consisting of centres of excellence (or 'seeds of change') within institutions.

A more specific reform programme for VET 2008-2011 is under preparation by MoES in cooperation with the State Employment Service Agency. The work is guided by the recognised need to better match VET supply with labour market demand, in the interest of both the economy and the graduates, of whom too many remain unemployed now. As regards the infrastructure, the plans are to develop regional VET centres (1-2 per region), which will serve both initial VET and continuing training in the lifelong learning perspective. At the national level the establishment of tripartite VET Task Force and VET Council are foreseen, as well as a National Centre for VET. The functions of a VET Task Force/Council still need to be clarified, and a balanced membership agreed on the principle of parity between social partners and government.

The Government is aware of a still weak role of social partners, who do not have the power yet to become full fledged partners and therefore need strengthening. Improving the status of social partners is seen as the role of the Ministry of Labour and Social Issues, which has also established a social partner centre in cooperation with ILO, as part of the Institute of Social Research. This Institute is also in charge of developing - on behalf of MLSI - a new classification of occupations, which is seen as a key to improving links between education and labour market. The work has already started by experts describing VET and HE level occupations, but employers appear to contribute in some cases only.

The State Employment Service Agency (SESA) plays an important and active role as a provider of employment related education and training.

The agency was established in 1992 and it has 51 regional and local employment centers in all regions of Armenia. In its everyday work SESA is cooperating with employers, international organizations and educational Institutions.

The services provided by SESA:

For job seekers:

- Counseling and supporting issues related to job seeking;
- Provision of information about Vacancies and Employment Programs.
- Supporting in professional orientation and re-qualification issues.
- Support for start-up businesses for unemployed.
- Participation in employment programmes.
- Granting of subsidies for unemployed.

For employers:

- Provision of information and counseling on the labor market;
- Supporting the supply of professional staff;

SESA develops and implements active employment measures programs:

- Organizing training courses for the unemployed;
- Provide financial support to the unemployed for business start-up and creation of additional jobs in enterprises;
- Ensures the participation of the unemployed in paid public works.

In the field of Labour Market many different surveys were carried out. Surveys were realized in cooperation with national and international organizations as well as by SESA itself.

The Centre for professional orientation of youths (CPOY) in Yerevan was established in 2007. The state financing for CPOY is approved. By now the staff of CPOY is appointed and training courses for staff members are ongoing. Active work with Beneficiaries CPOY probably will start in 2008.

The main functions of the centres will be:

- to assess potentialities of young people;
- to inform about educational institutions;
- to inform about labour market needs.

The State Employment Service Agency confirmed the priority of reforming education and stressed the need to develop vocational guidance. A first modern guidance centre will be established as a result of SESA cooperation with Swedish and Lithuanian partners. The Conciliation Committees, though formally set up according to the law, still lack initiative to effectively steer the employment programmes. Budgets for active labour market measures such as training the unemployed are very low. For example, in the Marz of Lori only 60 out of 1800 registered unemployed are trained yearly. SESA also pointed out that the culture of social dialogue is still not developed in Armenia.

In August 2006 the Minister of Labour and Social Issues has approved the model Charter of Conciliation Committees by his order. According to this order, and the Employment Law several 'Conciliation committees' are already established. The main task of the conciliation committee is to ensure participation of Social Partners in the processes of development and implementation of state programs on employment.

The function of the National Conciliation Committee is:

- to discuss national and local employment programmes and give its opinions on that
- to discuss projects on employment of non-competitive population,
- ask State Employment Service for information about progression of annual state programmes on the developments of labour market and employment.

The UMBA and Trade Unions are in the conciliation committee on the national level.

### 3.3 The role of employers in social dialogue

At the moment the main actors in social dialogue among employers are:

**The Union of Manufacturers and Businessmen (UMBA)** was established in 1996 and has more than 550 member companies. Its legal status at the moment is an NGO. However in February 2007, a law on Employer's unions was adopted and the law will establish the Union of Employers as a national umbrella organisation for employers. The Employers Unions on local levels are now in the process of establishment.

**The Chamber of Commerce and Industry (CCI) of Armenia** has 11 regional member CCIs. In Armenia 2500 enterprises are members of regional CCI-s.

Besides UMBA and CCI in Armenia there are also sectoral unions such as: the Union of Incoming Tour Operators Armenian, the Union of food manufacturers, Union of information technology enterprises etc. The Builder's Union, with 95 member companies, is particularly active, thanks in large part to the booming building and construction sector which at the moment employs 12000 workers.

According to UMBA, "VET schools do what they want, teach what they know and have been teaching since long ago". Employers complain of the VET graduates' lack of work related generic skills, such as communication, problem solving and team work. Some steps have been taken by UMBA to influence school programmes (contacts to some schools and an ongoing employer survey on education to be concluded in October). As a short term solution,

UMBA plans to develop their own quality assurance mechanism of accrediting education and training institutions.

The Builders' Union sees VET as far from satisfactory and pays an increasing attention to how qualification needs in the sector are not met. Despite good levels of craftsmanship, the workers lack

knowledge and skills in the new technologies, and at the same time there is a severe lack of young graduates with lower and medium qualification levels.

The Employers also raised the issue of the private sector not being seen as an equal partner by some Ministries. In the context of social dialogue, this is a key issue to be addressed by the Government.

### **3.4 The role of trade unions**

**The Confederation of Trade Unions** has been established in 1992 and has 24 member Trade Unions Overall the trade unions have 300.000 members. Each sectoral trade union has its own constitution and the Trade Unions have good cooperation with the state and were actively involved in the development of the new labour code.

Though seen by government agencies and employers as insufficiently powerful and rather passive in human resource development issues, the trade unions do have an established infrastructure at national, regional and local levels, with still high individual membership.

Compared to employers, trade unions are well organised but in need of modernising and rethinking their role of defending the rights of employees by being more active in the area of qualifications, training and skills development.

The Confederation of Trade Unions has a training and research centre, which in November December 2006 has conducted research on youth employment.

### **3.5 VET schools and social dialogue**

State VET Institutions are funded only by the Government from the State budget and the tuition fees paid by the families. There are no laws/regulations/collective agreements on funding of VET at any level. It is up to the Government to decide volumes of funding for each year. In VET 1 (preliminary or craftsmanship) students subsidised by the MoES represent 50-60% of total enrolment while in VET II (middle specialised education) they represent 30% of total enrolment. This implies that VET to a large extent is financed by the families through the tuition fees.

Vocational schools (totally 136 schools) in Armenia are mostly state owned. Some of them belong to MoES, others to Ministries for Agriculture, Health, Culture and Energy or to the Regional Governments (Marzpetarans). Besides this 21 private Vocational Education institutions are active in the country.

Social partners do not have institutionalised representations in schools or colleges and they don't take part in any steering/ advisory forum at the moment, but as mentioned earlier, the establishment of VET institution boards is envisaged by the VET Law (article 18)

Management functions within a craftsmanship and middle professional educational institution is carried out by the Government and the director and board of the educational establishment The school board is the joint management body of the educational establishment created for a term of 5 years with representation of teachers, students, as well as representatives of education governance bodies.

The number of board members is specified by regulation, but not more than 20 people and their mandate includes approval of the budget, strategic programmes, educational fee of the establishment and election of the director,

The VET system is split into two unconnected levels (preliminary/craftsmanship and middle) and delivered in rather small schools, the lower level in vocational schools (former PTU's), and middle level in colleges (former technikums). At present, there seem to be no schools that could aspire to become large regional VET centres, unless significant investments in single schools or merging their capacities are considered.

Most of the initial 2-3 year VET programmes and school capacities (teachers, masters, and facilities) of both levels are still not adjusted to new labour market needs. An example was given by the Builders' Union of the Armenia's: there is only one building and construction college in Yerevan which is large enough and has competent staff, but so far it has not managed to meet the demand for skilled workers in this booming sector.

For VET schools outside the capital the situation is even more difficult. Due to low labour market demand in former industrial regions with most enterprises closed down, such as in Vanadzor, centre of the marz of Lori, where the economic activities though partly revived are still at 15% of the 1990 level, there is hardly any new demand for VET schools to respond to.

The impact of donor projects assisting to develop contact with employers in order to modernise curricula appear to be limited to a few individual pilot schools. They also tend to focus on short adult training programmes, without changing curricula of the 2-3 year initial VET programmes.

## 4. Social dialogue in initial VET

When describing the situation regarding social dialogue in initial VET in Armenia, it should be repeated that Social Partnership as such does not have any legal status in relation to VET policymaking at the moment, but it is planned to involve them in the work of the proposed school boards as set out in the new VET law. Policymaking in VET in Armenia is the remit of all the Ministries involved in VET through the standard decision making process within the Government structure.

Social Partners aren't involved directly in the identification of labour market needs. MoES gets information about labour market needs from the sectoral Ministries as well as from regional governments. This information is used for identification of quantitative needs of the labour market. In some cases - on individual initiative of some VET institutions' managers or in the frame of some initiatives coming from international organisations - social partners are welcomed to participate in identification of labour market needs, but there are only a few examples and no systematic involvement of social partners into the process.

Establishment of a Task Force (TF) by October 2007 and then a National Council on VET Development (NCVD) is foreseen (based on the EC Budget Support conditionalities within the TACIS AP 2006). Both structures will involve different stakeholder ministries' as well as Social Partners' representatives in order to ensure their participation in the decision making process and provide policy advice in the field of VET at national level.

Until now, no other permanent steering committee or a similar body exists in the VET System of Armenia. Steering committees or advisory boards with participation of different stakeholders and social partners, has been established only for particular projects as in the case of the two Tacis projects: "Support to the development of a strategic and legal framework for the implementation of the VET reform" and "Support to the Development of an Integrated Vocational Education and Training (VET) System in Armenia" The steering committees were disbanded after completion of the projects.

There is only one example of participation of a social partner as owner in a VET institution is the Financial Banking College, where the founders are: MoES, Central Bank of Armenia and Union of Banks of Armenia.

### 4.1 Curriculum development

VET institutions are responsible for development and approval of their curricula in accordance with the State Educational Standards. In the case of professions for which there are no existing standards, institutions should agree with the MoES, before introduction of the new curricula is permitted

Usually Social Partners are not involved in curriculum development; there is no mechanism or regulation for that. However, mostly in connection with international projects, have social partners been involved in curricula development mostly in connection with international projects. Some examples of that:

1. Financial Banking College (FBC) was established in 1998, in the framework of Bilateral Cooperation between Armenia and Germany. Within the project the German dual system of VET was implemented in the FBC. New Curricula was developed and the professionals from the banking sector of Armenia were the main actors in this process. The same people were also involved in modules development and teaching in FBC.
2. In the framework of TACIS Project "Support to the Development of an Integrated Vocational Education and Training (VET) System in Armenia" 6 new curricula were developed with active

participation of social partners, mainly employers and expert workers from the corresponding industries.

3. Institute for International Cooperation of the German Adult Education Association "dvv international" funded the development of 3 educational standards for VET in the framework of "Support to Development of the Adult Education System in Armenia" project. The standards were developed by educational specialists, but social partners were involved through consultation.
4. In the framework of the UNDP Project "Support to the Modernisation of Vocational Education and Training System" Competence-Based Qualification Standards (CBQS) for a number of occupations were developed. Along with the educational specialists, practitioners from industries were also involved in the work groups. After the drafting, employers were asked to review the standards in order to ensure maximal coherence with the LM requirements.
5. In the State Technological College of Vanadzor, modular education is introduced. Modules for different professions are developed according to the DACUM method and in the college exists a resource for continuing development of modules. Within the framework of the Tacis project --in cooperation with social partners- training manuals were developed and two of five team members were employers. Other VET Institutions in the region of Lori are informed about developments in the technological college, but they don't have resources for implementation. The Technological College is going to realize functional analysis for jobs in the Chemical Enterprise of Vanadzor, for which training will be carried out in the college.
6. The European Training Foundations' National Qualification Framework project in Armenia , whose activities started in 2006, is aimed at facilitating policy learning on vocational education and training by national key stakeholders and to clarify the possible implications of a national qualification system, through the development of a qualification framework for the tourism sector. The project is implemented on the basis of social partnership principles with involvement of employers representatives that can provide input on the current, real requirements on the labour market.

In all these examples participation of social partners was initiated by international organisations and they paid for curriculum development, There are, however, other individual examples where the VET institution in own initiative involved social partners in the development of new curricula.

As previously mentioned the Social Partners are not involved in making the VET provision relevant to labour market needs in any systematic or structured way, although there are some mechanisms being applied which point in the right direction:

- Social Partners are involved in the practical training of students of VET institutions, but in the most cases the practical training isn't organized on a proper level.
- Social Partners are also involved in awarding qualifications (assessment and final attestation - State examination) in VET institutions by the following mechanism: MoES appoints a Head of State Qualification Commission in each VET institution who should be a respected specialist of the given branch. Other Members of Examination Commission are appointed from the VET Institution.
- Some VET institutions are very motivated and they already started actively to cooperate with social partners: the Financial Banking College, Yerevan State College of Humanities, Vanadzor State Technological College.

In the field of construction non-formal apprenticeship schemes are common. Apprentices (young people and adults) find a master and learn with them on the job. For this kind of education no certification or regulation is available

## 5. Social dialogue in continuing VET

In the CVET system of Armenia private ownership is the most common and a number of training institutions are owned by social partners. NGOs are also actively involved in CVET, but most of them are financed from International Donor Organizations and do not provide professional organized, market oriented CVET.

There are many examples for that:

- Financial Banking College owned by Social Partners (Union of Banks of Armenia, Central Bank of Armenia and MOES)
- Training centre of the Converse Bank, where training courses for bankers are organized. This training Centre organizes also different training courses in Financial accounting, Tax accounting and Computer accounting.
- Association of Accountants and Auditors of Armenia also organizes different trainings courses in Accountancy.
- Training Centre of the Ministry for Finances.

They mostly provide short training courses in foreign languages, accountancy and management. Other private/public companies offer training courses for their own staff as well as for people from outside.

Except for very few institutions, social partners are not involved in steering committees or other management structures of training providers, when they are not the owners. In the few cases they are involved in the managerial structures of training institutions, they participate mostly in the final decision making process.

Private training institutions are very active in the educational market and since there is little public funding, these organizations can find their niche. The main clients for training are private firms and the general population. The State Employment Service Agency, in the frame of its active social programs, organizes training courses for unemployed people with funds from the state budget.

Curricula for continuing education are developed at company level. Some companies form their own qualifications or rather positions which mostly don't correspond to the national qualifications, and train the staff in accordance with these positions' profiles.

Some training companies are using authorized international training modules for their trainings and Certification (ACCA, ELTS, TOEFL, Microsoft etc.) mostly related to accountancy, language and IT courses.

Some training companies have initiated development of educational standards. The ARLIAN training and consulting company has developed an educational standard on the speciality salesman on its own initiative.

International and regional cooperation in training modules development has started in cooperation with the International Labour Organization (ILO). The Union of Manufacturers and Businessman of Armenia is involved in this process. Also in cooperation with ILO, a new network for modular training is established. A data base of modules will be established in the Network of Modular Education with financing from ILO.

There are only a few examples of public VET schools providing CVET courses or programmes.

## 6. Social dialogue in employment

Within the government, the Ministry for Labour and Social Issues is responsible for development and implementation of social dialogue

In employment, social partnership started earlier than a legal framework for it was created. In 2000 a council of support to the business was established - lead by the Premier Minister. Members of this council are business representatives.

The new labour code, which regulates social partnership in Armenia, was put into practice in 2005 and according to the code there are 4 levels of social partnership in Armenia: national, sectoral, regional and institution levels of social partnership (Labour Code of RA, Section 2, Chapter 9, Article 41).

A tripartite agreement on employment will be signed between the Government, the Trade Unions and Employers Union. On the national level, the restructuring of UMBA to Employers Union will be finished only by the end of November 2007. Only then will it be possible to sign the tripartite agreement. Treaties on technical cooperation, as well as on the "Worthy Jobs" scheme have been signed, and tripartite agreements exist on enterprise level. Employers and Labour code social partners were actively involved in the development of the Law on Employment.

The newly established conciliation committees have a potentially important role to play in identifying labour market needs with regard to active labour market measures and qualification requirement at the local level.

An institute for Social Partnership is in the process of establishment at the National Centre for Social Research

## 7. Donor support in education and training

Two recent studies by international organisations give a wealth of relevant background information and refer specifically to social partnership in VET and employment in Armenia:

The ETF in-depth study on labour market and VET issues in Armenia (November 2006) concludes that the inputs of social partners, particularly employers, constitute one of the pillars for VET modernisation. The study recommends a systemic and better participation of social partners in skills development policy and programmes, and empowerment of local and regional players (schools, local authorities, civil organisations) in these issues in order to achieve better responsiveness to local socio-economic needs.

The World Bank study on labour market dynamics in Armenia (January 2007) recommends involvement of employers' organisations as an important instrument for minimising skills mismatch in the labour market. First, occupational standards, or employment specifications, must be defined by employers following procedures agreed by all stakeholders. Second, training standards, or learning specifications, could be used to define curricula in training institutions.

The Ministry of Finance and Economy (MFE) is the leading institution as regards donors' financial support (grants and loans) and the TACIS co-ordinating unit reports to this ministry. The MFE introduced a unified information system covering donors' strategies and projects. However, leadership and ownership of the government in effective co-ordination of donors strategies around the adopted state VET strategy and policy priorities was still in early development during the implementation of the EC sector budget support programme under Tacis Action Plan 2006, and will need to be further assessed.

In the sectors of education and employment, co-ordination of donors' interventions needs to be strengthened. The World Bank Education Sector Reform project focuses on general education. In 2006 the UNDP started the project "Support to the reforms of VET system in Armenia", involving pilot school renovation, competency-based standards, curriculum development. GTZ funded a regional programme and a teachers' training project, oriented to introduction of participative methods. Other international NGOs develop studies and debate in the area of adult education (dvv international, Germany) and lobby for the elaboration of a high level framework for lifelong learning.

The European Union has been the largest donor in the reform of vocational education and training since 2004 with the implementation of Tacis projects. In 2006 and 2007 the EC financial assistance has been provided through sector budget support programmes.

One of the major policy documents produced under the Tacis project is the 'VET Modernisation Priorities Paper and Action Plan' (2005-2008) whose revision and updating for the period 2008-2010 is one of the conditionalities of the SPSP 2006.

In the field of social dialogue, the International Labour Organisation (ILO) is very active and support the continued development of this key policy issue in Armenia.

## 8. Findings and recommendations

1. Formation of a national high level working group with representation from the relevant ministries and sufficiently balanced representation from social partners with the task to prepare the work of the National VET council and address the key strategic issues in SD, such a developing a culture of SD and develop instruments and mode of cooperation which will increase the level of trust and partnership as well as developing a work plan for its implementation.

*In order for the process of developing social partnership in VET and employment to be brought into practice as quickly and effectively as required, it is necessary to get all stakeholders involved*

*at the highest level and provide the appointed representatives with a mandate that facilitates the decision making process and assures high level acceptance of results*

2. A tripartite agreement on SD in HRD to be negotiated and enforced as soon as possible between involved Ministries and main social partners

*Based on the 'Law on Preliminary Professional (Craftsmanship) and Middle Education' a memorandum of understanding or similar type of agreement should be completed which will regulate the division of tasks, role and mode of cooperation between the partners in relation to the 4 levels of social partnership envisaged by the law.*

3. The National VET Council to become the key policy and implementation driver of the system and the range of partners involved in the council should be extended and reflect the proposed shift in the governance model of the system.

*The council should represent all major stakeholders within the system with sufficient representation from employers and trade unions to feel and act as equal partners. This will be an important prerequisite for trust among the partners to become a reality and for developing a culture of partnership which should spread to other levels of the system*

4. Division of tasks between the VET department in the MoES, and the Centre for Development of VET to be clarified as well as the steering committee level of the Centre to reflect the social dialogue model.

*The VET system will need a sufficient level and volume of competence and expertise in the Ministry of Education to address the policy and strategic issues in relation to development and management of the overall education system. This should be matched by setting up an expert institution related to content issues, such as curriculum development, teacher and headmaster training, data collection, vocational guidance, pedagogical and methodological development etc. The division of roles and responsibilities between the two levels and types of organisations will need to be defined.*

5. The capacity of social partner organisations to become actively involved in the policy and implementation level of HRD should be strengthened and the social partner organisations will need to set aside sufficient resources to effectively address education, training and employment issues

*In countries where SD in Education and Training are well developed, the social partners have set up their own in-house expertise in order to be able to match government based expertise and liaise with the others partners on equal levels. The expertise of the employers could have a natural focus on training needs analysis, curriculum development and labour market analysis where the trade union focus would also be on work conditions and social issues related to education and training.*

6. At national level the Employers Union and the Trade Union Confederation should act as umbrella organisations for HRD issues within the tripartite agreement on HRD and delegate specific tasks related to curriculum development, assessment, school board representation etc to sector unions.

*Clear linkages and levels of representation should be established within the 4 level of social dialogue in order to secure that operational data and development issues can be addressed at the relevant level ending up with the main political decisions being addressed by the National VET Council.*

7. The social partners organisations should become drivers of the reform and empowered through legislation and capacity building to function as such at all 4 levels of social partnership.

*A culture of public/private partnership requires that all involved have the willingness and capacity to become dynamic partners. The previous dominant culture of waiting until someone at the highest government level takes an initiative for change will not suffice in a balanced partnership model Initiatives for change and reform must be allowed to be discussed and brought to the table by all parties concerned.*

8. School boards with social partner participation should be establish at VET schools and colleges

*With representation from all main stakeholders' school boards are an important tool to secure that colleges and school provide education and training relevant for the local labour market and will*

*act as regional and local development agents. With social partner participation at the strategic level of school management, it also becomes possible to restructure and institutionalise important VET instruments such as apprenticeship and other forms of internship and traineeship models in which school based and company based learning interact. The importance of well functioning school boards also applies to the provision of continuing and adult VET- the life long learning dimension of VET.*

9. The regional conciliation councils should incorporate identification of training/HRD needs into their remit.

*The conciliation councils appear to have been formed without the considering the importance of merging the capacity of VET schools and colleges for delivering education and training with regional labour market needs. In order for this to be carried out most effectively, the VET institutions need to be looked at as equally important drivers of regional development and whose resources need to be developed to match the requirements of the labour market. For this reason the VET schools and colleges, universities need to become part of the regional development process taking place in the conciliation councils.*

## 9. ETF's contribution to future development of social dialogue in Armenia

Within the framework of the ETF work plan 2008 and 2009, actions to support the development of social dialogue in Armenia are proposed to be made available for a period of 2 years, mainly related to reinforcing the objectives of recommendations 1, 2 and 3, which address the structural and institutional levels in a tripartite model of cooperation. It is proposed that the main instruments of support will be a combination of international and local expert input in addition to capacity building activities for the national working group - with involvement of the regional and school levels when appropriate and in coordination with progress achieved at the national level.

## HOW TO CONTACT US

Further information on our activities, calls for tender and job opportunities can be found on our website: [www.etf.europa.eu](http://www.etf.europa.eu).

For any additional information, please contact:

External Communication Unit  
European Training Foundation  
viale Settimio Severo 65  
I - 10133 Torino  
E: [info@etf.europa.eu](mailto:info@etf.europa.eu)  
T: +39 011 630 2222  
F: +39 011 630 2200