

ARMENIA

ETF country information note 2010

1. Background

A number of actions have been implemented since 2004 by the Armenian Government with the aim of improving the quality of the VET system, namely policy and strategy development, teacher and manager training, skills needs analysis, revision and implementation of new curricula and of occupational standards. However, the outdated and unsuitable infrastructure for VET and the fact that there has been little investment in it for the last 20 years compared to general secondary education, reflects the social and economic inequity. The 2006 and 2007 Sector Policy Support Programmes (SPSP) provided by the EC have played a vital role in improving the physical conditions for the delivery of VET and strengthening the governance of the system through pilot measures implemented at college level. However, the SPSP 2007 only enabled the modernisation of infrastructure to start; a lot still needs to be done. There is still a long way to go in making the VET system attractive and a key factor is its physical infrastructure. For this reason a new SPSP was supported by EU assistance in 2009 with the objective of completing the reform. It also includes actions related to employment such as the elaboration of a National Employment Strategy and the implementation of a Training Fund at pilot level.

Social partner organisations and other public institutions have actively participated in the implementation of all activities of the VET SPSP in 2006 and 2007 and all of them provide a very positive assessment of the programme. It is in fact considered a “milestone” in the reform process of the VET system in order to make it more attractive and relevant to labour market needs. Various monitoring reports have been produced during the implementation of the programme, which are in general quite positive.

The ETF has been highly involved in this process and has contributed to the design of the different budget support programmes through the identification of needs and priorities and the implementation of complementary actions aimed at:

- improving social partner participation in the process through tailor made actions promoting the institutional capacity of the National VET Council;
- Improving social dialogue at school management levels through the organisation of training for the newly established school management boards;
- raising awareness about national competitiveness and the role played by human resources development;
- collecting and disseminating information on the employment situation through the preparation of the Black Sea Labour market review.

Following up on the experience mentioned above, in 2010 the ETF will continue to provide support to the reform of VET and employment policies through further activities, namely (i) the Torino process aimed at collecting and disseminating information related to progress of VET (ii) the business education survey aimed at collecting information on relationships between the world of work and the world of education, (iii) social partnership with further investment in the training of school management boards in particular at regional level, (iv) further research at regional level on the perception of national competitiveness.

After six consecutive years of double-digit non-inflationary growth, GDP increased by only 6.8% in 2008. This was mainly the result of a sharp decrease in economic activity in the fourth quarter of 2008 amid the deepening global financial and economic crisis. According to the National Statistical Office GDP contracted by over 14% in 2009. Growth in construction, the main contributor to economic growth in recent years, dropped from 19% in 2007 to 7% in 2008 and to 42% in 2009 as the demand for expensive housing and office space eased, accompanied by a decrease in house prices. Notwithstanding the downturn, construction increased its contribution to economic activity from 24.7% in 2007 to 27.1% in 2008 as a result of the drop in industry's share of total output to 13% in 2008 and 2009 from 15% in 2007. Specific industry sectors experienced the effects of the global downturn. Metallurgy, which accounts for 14% of overall industrial output, contracted by 9.6% in 2008 forcing many industries to cease production and lay off hundreds of employees or put them on indefinite leave. The diamond processing industry also contracted by 15% while the chemical subsector stood idle due to declining global demand for synthetic rubber and other chemicals. These falls in production were partially offset by a 7% growth in the food processing industry, which generated about 33% of industrial output in 2008.

Inflation averaged 9% in 2008 on the back of the surge in the price of fuel and food products, most of which are imported and have in effect been monopolised by a limited number of import businesses. The drop in fuel prices at the end of 2008 was therefore not as sharp as in other countries due to the monopoly. The sharp deterioration in the global and, in particular the Russian, economic outlook has a number of implications for the Armenian economy, and a severe downward and broad-based real economy adjustment is expected. Both domestic demand and external trade are likely to be hurt by lower remittances and capital inflows and by a plunge in export commodity prices. Moreover, projects that might be put on hold and rising unemployment are expected to dampen further growth which could be even negative in 2009 should the leading growth drivers come under strain.

Macroeconomic stability, strong growth rates and prudent fiscal and monetary policies contributed until 2008 to rising incomes and better social conditions in Armenia during recent years. In 2008 the average nominal wage increased significantly (17.7%) compared to recorded average inflation (9%). Based on the success of the first Poverty Reduction Strategy Paper (PRSP), which reduced poverty to 25% in 2007 from 34.6% in 2004, the authorities embarked on the second PRSP in October 2008 through the Sustainable Development Programme (SDP). The SDP, which covers the period from 2009-21, has essentially three targets: reducing poverty, including the elimination of extreme poverty; ensuring human development; and deepening economic growth and accelerating the development of regions lagging behind the rest. In this context, the authorities aim to have established a fully developed fiscal and inflation-targeting framework within three years.

The second PRSP, through the "Sustainable Development Programme (SDA)", aims at identifying further priorities, strategies and target indicators until 2021 to ensure a further reduction of poverty, the elimination of extreme poverty and regional disparity through the development of integrated territorial policies.

The aim is to get material poverty down from 26.52% in 2006 to 8% in 2012. According to 2005 and 2006 Household Survey data, the poverty incidence is higher in the marzes (regions) affected by the earthquake, their neighbours, those with unfavourable conditions for agriculture, especially with a small share of irrigated agricultural land, and those with a predominantly urban population. The major factors conditioning poverty reduction will be the progressive growth of incomes and employment levels among poor people, as well as the progressive growth of pensions and an improved social protection system.

In employment state policy will be focused on a sustainable and continued improvement of labour force competitiveness, mitigation of the imbalance between the labour force supply and demand, the creation of job opportunities for young people and ensuring employment opportunities for non-competitive groups of the population, particularly disabled people.

The SDA redirects Armenia's efforts towards the "activation policy". The activation policy is: (i) improvement of personal, social and vocational skills and capacities; support to social integration; (ii) individually tailored ways of participating in projects given the age, experience, needs and priorities of the person; (iii) beneficiaries' use of resources and capacities; (iv) networking with the labour market services, social services, health services, housing sector and communities; and (v) co-operation and interaction between beneficiaries and agencies in planning, shaping and implementation.

2. Key policy issues and strategies in human capital development

Education has received consistent attention as a priority area in policy documents. However, higher education is the only sub-sector of education that has registered a clear growth in the number of entrants, students and graduates. University enrolments are quite unequally distributed, with rich households over-represented. With limited money to spend on private tutoring, children from socio-economically disadvantaged homes and rural areas perform less well in school, particularly at secondary level, which limits their access to tertiary education.

The VET system underwent several phases of reform. The adoption of the Law on Education in 1999 was followed by a rationalisation programme that reduced the number of vocational schools. In this reform phase, preliminary VET was disrupted until 2004. In 2003 Armenia engaged in a renewed reform and modernisation of the VET system with EU (Tacis) assistance. In 2004, the Government endorsed the Strategy of Preliminary (Craftsmanship) and Middle Professional Education and Training. Major guidelines of the reform strategy include: continuity of pathways, skills provision according to personal capacities, and to economy and labour market needs, quality of education services, efficiency of expenditure, inclusion of various forms of VET in a single statutory framework, involvement of social partners, transparency and accreditation, lifelong learning.

The VET law was drafted with Tacis support in 2003-04 and was adopted in July 2005. The VET Law introduced a number of new elements, in particular quality assessment and quality assurance, a new school management body (the College Board), credit system and social partnership. Despite the efforts of the Ministry of Education and Science since 2005, the legal framework requires further improvement.

The other key policy document, "VET Modernisation Priorities Paper and Action Plan" (VET MPP AP) (2005-08) was elaborated with the support of EC and it was revised (for 2008-10) and endorsed by the Ministry of Education and Science in 2007. The VET MPP AP builds on six priority areas: (1) creating methodological and technical support and service provision structure; (2) optimising VET financing and improving VET governance; (3) introducing competency-based vocational education and training standards; (4) increasing the effectiveness of VET system and improving educational outcomes; (5) modernising quality monitoring mechanisms and (6) strengthening and institutionalising social partnership.

In 2006 a policy Concept on Adult Education was adopted, reflecting the awareness of society and the government about the reform of continuing VET in a lifelong learning perspective. In 2008 a new Concept and Law on Adult Education were drafted with the assistance of UNDP and are now under consideration in the Ministry of Education and Science.

A National Strategy and Action Plan for Employment was elaborated by the Ministry of Labour and Social Issues in consultation with all the relevant stakeholders and was sent to the Government for approval in March 2009. It is currently under discussion and some of the measures will have to be modified due to budgetary cuts as a result of financial crisis. The Ministry of Labour and Social Issues (MLSI) has also strengthened its capacity as an intermediary between employers requiring skilled labour and the VET colleges providing the training. The State Employment Service Agency (SESA) conducts labour market analysis and assists unemployed people to find jobs through 51 employment centres located in the regions (marzes). In 2008 SESA organised training for 1,400 unemployed people, out of a total of 70,000 registered unemployed people. This percentage (2%) involved in training is extremely low when compared to the amount spent on passive measures (3.2 billion AMD in 2009 for passive compared to 232 million AMD for active).

In 2008 the National VET Council was established as a tripartite body responsible for the implementation of the VET MPP. Social partners are strongly involved and represent 2/3 of the Council. A Centre for the VET Development (NCVETD) has been established to guide the reform (in particular to the content of curricula, teacher training, competence based approach, etc.). The centre does not act as an independent body but is under the umbrella of the National Institute of Education, thus limiting its autonomy and operations. The National Institute of Education supports the Ministry of Education and Science with technical assessments in matters of education methods, curricula, textbooks.

A total of 12 colleges have been selected in Armenia to become Regional Multifunctional Centres for the development of VET. New competence based curricula will start to be implemented on a pilot basis in the 12 centres starting from the school year 2009-10 and many training courses have been organised by the NCVETD for the teachers and school principals. Additional work is needed to ensure a decent learning environment.

The National Institute of Labour and Social Research (NILSR) carries out various studies and research dealing with gender issues, labour law, social security and human rights. They have also been involved in the review of the national classifiers (list of occupations).

SESA's 51 offices are spread all over the country and are responsible for registering unemployed people, paying unemployment benefits, and implementing active employment measures. They have made remarkable progress during the last years but still need to strengthen their capacities through recruitment and further training of staff and to better organise the local offices in respect of the local unemployment situation. SESA's offices carry out sample surveys on a regular basis to analyse the demand in occupations for the coming 6-12 months and this can clearly contribute to making active employment measures more effective.

3. EU and other donor interventions

Until recently the Poverty Reduction Strategy Paper (PRSP) has been the major forum for dialogue and co-ordination of donors around the overarching socio-economic development programmes of Armenia. After the adoption of the PRSP several donors, in particular UN organisations, DFID, USAID have aligned their country strategies to be in close co-ordination with the government.

The Ministry of Finance and Economy (MFE) is the leading institution as regards donor financial support (grants and loans) and the Aid 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 donor strategies around the adopted VET strategy and policy priorities is still in early development.

There are round 20 donors in Armenia active in the field of education and vocational education and training. The support goes from a wider scope of systemic reform as is the case in the EU and the World Bank, to bilateral assistance to a specific school or college. The list below includes the main donors:

The EU

Armenia has participated in the European Neighbourhood Policy since 2004, and the Armenia–European Union Action Plan (up to 2010) was approved on 14 November 2006. Closer integration with the EU in key political, legal, social and economic areas will be given new impetus over the coming decade.

The country strategy for the period 2007-13 identifies assistance for reforming and upgrading the education system with a view to convergence with EU standards and practices as a top priority in order to strengthen democratic development, social stability and economic competitiveness.

EU assistance to Armenia for the period 2007-10 is based on a National Indicative Programme, which identifies three strategic objectives:

- strengthening democratic structures and good governance;
- further support to the regulatory framework and administrative capacity building;
- support to poverty reduction efforts

EU support to higher education has been provided through the Tempus programme, with 32 one-year projects and 60 individual mobility grants having been financed between 1995 and 2006 for a total of €5.5 million.

A total of 96 institutions have participated and, among them 70 EU universities, two US universities, one Japanese, 10 Armenian state universities, 10 non-academic organisations and three universities from the Caucasus region.

According to the priorities set by the European Commission and the local authorities, Tempus activities have been developed in the following areas:

- Reform of university management systems;
- Curriculum development and training of teaching staff in such spheres as social sciences, medicine, engineering sciences, IT in libraries, audit and international banking systems, air transportation, sustainable energy economics, biomedicine, agriculture, occupational therapy, strategic planning, library development and modern European languages;
- Networking and multiplier projects.

In the light of Bologna Process, with Tempus support Armenian universities have improved their administrative and organisational structures/ study programmes based on experience from EU academic culture. By promoting teacher training, student mobility, language ability, consultation with the entrepreneurial world, cooperation with stakeholders, universities will make significant steps towards the European Higher Education Area.

As previously mentioned, EU support to Armenia in the field of vocational training started a new phase in 2007 through non-targeted budget support of €3.5 million under 2006 Tacis assistance and €16 million under ENPI 2007 Sector Policy Support Programmes for poverty reduction policies through the development of human resources in a modern and efficient vocational education and training system.

The programmes are aimed at strengthening and modernising the system through:

- a) enhanced institutional capacities for policy definition, implementation and monitoring
- b) improving the quality, efficiency, accountability of the delivery system to meet the demands of the labour market
- c) strengthening social dialogue
- d) promoting better donor co-ordination
- e) optimising VET financing and governance of the system.

In terms of continuing training, the Ministry of Labour and Social Issues (MLSI) has strengthened its capacity as an intermediary between employers requiring skilled labour and the VET colleges providing the training. The new employment law (2006) is in line with the EU approach in particular as regards the importance of implementing active employment measures.

Other donors

Other international NGOs develop studies and debate in the area of adult education (IIZ-DVV, Germany) and lobby for the elaboration of a high level framework for lifelong learning.

4. ETF intervention strategy in the mid-term 2010-13

Because of the low status of VET in government policy, the prevailing culture of reform is donor-led: a policy is endorsed if the necessary financial resources are available. However, the drive for reforms, and the awareness that urgent changes are called for is well embedded at every decision-making level.

The ETF has been highly involved in this process and has contributed to the design of the different budget support programmes through the identification of needs and priorities and with the implementation of complementary actions aimed at:

- improving social partner participation in the process through tailor made actions promoting the institutional capacity of the National VET Council;
- Improving social dialogue at school management levels through the organisation of training for the newly established school management boards;
- raising awareness about national competitiveness and the role played by human resources development;
- collecting and disseminating information on the employment situation through the preparation of a Black Sea Labour market review.

Following up on the experience mentioned above, the ETF in 2010 will continue to provide support to the reform of VET and employment policies through further activities, namely (i) the Torino process aimed at collecting and disseminating information related to progress of VET (ii) the business education survey aimed at collecting information on relationships between the world of work and the world of education, (iii) social partnership with further investment on the training of school management boards in particular at regional level (iv) further research at regional level on the perception of national competitiveness. The ETF aims to intensify cooperation with a focus on assisting the European Commission (EC) in working together with the Armenian authorities and experts to ensure progress in ongoing VET reform through the effective implementation of the Sector Policy Support Programmes and by providing learning opportunities (especially at the policy and system levels) to national stakeholders during the process of reform.

In particular, the ETF aims to add value by concentrating activities between 2010 and 2013 on the following main pillars:

- f) Continuing to provide support to the EC services in strengthening the institutional capacities of the Armenian authorities in implementing and monitoring the progress of VET reform through EU budget support 2006 and 2007;
- g) Supporting structured and institutionalised social dialogue at national and local level within a policy learning perspective based on EU examples of good practice and experience;
- h) Reviewing labour market and employment patterns in the Black Sea region to promote institutional policy formulation, implementation and monitoring in particular of active employment measures;
- i) Raising awareness on the importance of human resources for national economic competitiveness.

5. ETF intervention strategy in 2010

1. Provide support to the EC services to strengthen the institutional capacities of Armenian authorities to implement and monitor the progress of VET reform

	Title of the ETF intervention	Themes code	Expected results	Activities undertaken	Project outputs	Timetable for the activities
1.1	<p>The Torino Process</p> <p>The ETF will launch in 2010 a cycle of reviews of VET policies and systems to be carried out every two years in all its partner countries and territories.</p> <p>This exercise, aims to strengthen the capacities within the country to analyse the VET system, to assess its contribution to sustainable economic and social development and to identify priorities for future ETF actions and support.</p>	ENP East 1.3	<p>Staff in the relevant institutions of the partner countries are involved in the process, become fully familiar with it and presenting it in the appropriate occasions and writing about it in related articles/documents:/reports</p> <p>The exercise becomes institutionalised and staff has ownership of it.</p>	<p>Meetings/round tables/visits to relevant institutions/desk and field researches:</p> <p>January-February: starting consultation process with the country</p> <p>March-April: collecting evidence, information and evidence and first draft of report</p> <p>June-July discussion seminar on first draft in country</p> <p>August-September: final results report which inputs to cross-country reports</p>	<p>Good quality reviews, carried out in close cooperation with the relevant institutions within the partner countries. The reviews are considered as an important instrument for capacity development with the aim of becoming a valuable source for the monitoring of VET reform and informing both public and other institutions on the progress of VET reform.</p>	January- September
1.2	<p>Support and advice to European Commission services</p> <p>The activities mentioned at the previous point will be closely linked to the process of reform undertaken through the EU financial support for VET and employment. All actions will be carried out in close consultation and cooperation with the EU delegation.</p>	ENP East 1.1	<p>Both EC Headquarters and the Delegation appreciate the ETF's contribution to ensuring synergy and complementarity to the various actions related to VET finance in the country through financial support since 2006.</p>	<p>Comments provided to project documents, meetings in Brussels, in Sarajevo, participation in ETF events.</p>	<p>Project documents, mission reports, seminars, round tables</p>	January – December 2010

2. Supporting structured and institutionalised social dialogue at national and local level within a policy learning perspective based on EU examples of good practice and experience

	Title of the ETF intervention	Themes code	Expected results	Activities undertaken	Project outputs	Timetable for the activities
2.1	Social partnership Over the last three years the ETF has been heavily involved in promoting the issue of social partnership through support to the National VET Council, its establishment and operations as well as to school management boards.	ENP East 3.2.	School management boards better aware of the issue of social partnerships and establishing closer relations with social partners and community.	Two seminars in the regions to assess progress in the activities of school management boards	Feedback from the seminars	April 2010 May 2010
2.2	Mutual learning from social dialogue experience and instruments in Turkey	ENP East 3.2.	Members of the National VET Council familiar with social dialogue in Turkey in the field of tourism	One study visit to Turkey	Report from participants to the study visit to Turkey	2010

3. Adaptability of enterprises and education-business partnerships

	Title of the ETF intervention	Themes code	Expected results	Activities undertaken	Project outputs	Timetable for the activities
3.1	Business and education The Torino process will include an in-depth survey into cooperation between the education and business sectors within the partner countries. It derives from the importance of cooperation between the world of education and the world of work for addressing partners' development plans and related needs in terms of a qualified labour force.	ENP-East 1.3	The outcome of the study will constitute an inventory of practice, experience, constraints and challenges as well as recommendations drawn from a set of country, regional and cross-country reports.	Country focus groups and workshops, field research, interviews based on and analytical framework provided by the ETF. The outcomes of this survey will be presented and discussed with the relevant partners in the country.	A survey into cooperation between the education and business sectors within the partner countries is available. A 3-5 page report	January – September 2010

3.2.	<p>Black Sea Labour Market reviews</p> <p>These reviews are a follow up to the project aimed at improving understanding of the selected labour market issues at country and regional level, with a special emphasis on how outputs from the education systems are used in the labour markets.</p>	ENP East 2-4	<p>Better understanding of the selected labour market issues both at the country and regional level, with a special emphasis on how outputs from the education systems are used in the labour markets.</p> <p>Enhanced awareness and knowledge of key stakeholders on the themes of the labour market analysis in six countries (Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine).</p> <p>Identified policy intervention areas for national stakeholders, European Commission services and ETF management to be used in future actions.</p>	<p>Organisation of one regional conference for the dissemination of project findings: in Odessa (Ukraine), one-and-half day meeting, five people per country plus international experts, around 60-70 participants, (late November 2010).</p>	<p>Finalisation of the regional study in two languages (English version in September and Russian version in November), Validation conference in November</p>	<p>April – December 2010</p>
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4. Raising awareness on the importance of human resources for national economic competitiveness.

4.1.	<p>Educational policies for national competitiveness</p> <p>Following the importance that the EU gives to regional development in Armenia, the follow up to 2009 project will include the researches in two regions on how human resources can contribute to competitiveness.</p>		<p>Authorities in the regions better aware of the importance of competitiveness and of the role played by human resources and of linking education and training strategies to socio-economic strategies.</p>	<p>Two seminars organised in the regions to present analysis/researches of demand and offer of skills as a contribution to enterprise competitiveness.</p>	<p>Two regional plans for human resources development reflecting the priorities of the regions</p>	<p>April 2010</p>
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