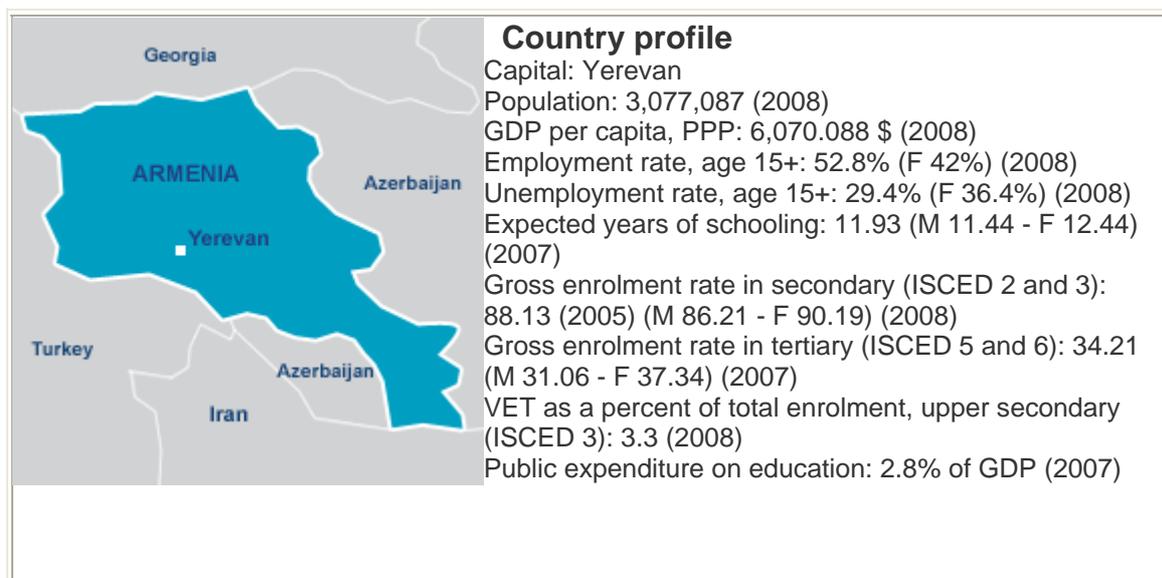




Torino process 2010

Assessment of progress in vocational education and training

ARMENIA



FOREWORD

THE “TORINO PROCESS”

The “Torino Process” is a participatory review of progress in vocational education and training policy launched in 2010 by the ETF with the aim of building the capacities of national stakeholders in assessing the reform of VET. The Torino process will be carried out every two years by all partner countries with the support of the ETF.

The objective of the “Torino Process” is to provide a concise, documented analysis of vocational education and training (VET) reform in each country, including the identification of key policy trends, challenges, constraints, as well as good practice and opportunities, in order to:

- support countries’ evidence-based policy-making, with a view to improving the contribution of VET to sustainable development, and in particular competitiveness and social cohesion;
- serve as a basis for the design of the ETF’s support strategy to these countries;
- inform the ETF’s recommendations to the European Commission for EU external assistance.

The present report has been carried out in close consultation with Armenian authorities: the Ministry of Education and Science, the Ministry of Economy, the Ministry of labour and Social Issues, the State Employment Service Agency, the Chamber of Commerce and Trade of Armenia, the Republican Confederation of Employers of Armenia.

The report is based on the review of existing documents and on the experience and involvement of the ETF in the VET reform process through the different contacts with stakeholders. The statistics are coming from the National Service of Statistics.

The Global Development Fund from Armenia has provided useful support to the ETF in the elaboration of this report.

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List of Acronyms

ALMP	Active Labour Market Policies
EU	European Union
FDI	Foreign direct investments
GDP	Gross Domestic Product
LLL	Lifelong Learning
MoES	RA Ministry of Education and Science
MTEF	Mid Term Expenditure Framework
NCVETD	National Centre for VET Development
NSS	National Statistical Service
NTF	National Training Fund
OECD	Organisation of Economic Cooperation and Development
RA	Republic of Armenia
SDP	Sustainable development Programme
SESA	State Employment Service Agency
SNS	Strategy of National Security
SPSP	Sector Policy Support Programme
TACIS	Technical assistance to CIS
TPE	Total Public Expenditure
UNDP	United Nations Development Programme
USA	United States of America
VET	Vocational Education and Training

Executive summary

Armenia was one of the most rapidly growing economies of the former Soviet Union in the last decade. Before the global crisis started to affect all macro-economic sectors and foreign trade, economic growth even peaked at 10% in 2008. As growth has been largely based on remittances, the employment rate remained at a low level (53%) and unemployment remained persistently high at around 30% (2008). The transformation of the economy is still on-going and will shape the demand for skills.

Being a resource-poor country that is relatively isolated from key neighbouring markets, its educated and entrepreneurial labour force and the potential support from the Diaspora are considered as Armenia's main competitive advantages.

While education in general and higher education in particular received some policy attention and resources in the last decade, vocational education and training (VET), has not been a priority and reforms were rather donor-dependent. Only recently, a number of national policy documents were adopted that focus on initial VET, lifelong learning and social partnership. The overall **vision of VET** by stakeholders covers both initial and continuing VET and is linked to the competitiveness agenda and an overall modernisation of the VET system. Employers' organisations in particular want to see the VET system to be less academic and better matching the requirement of the companies. Up to now, strategic mechanisms to translate the vision into policy measures have not been in place. However, a recent Memorandum of Understanding and Cooperation in the field of VET signed between the Ministry of Education and social partners (2009), is promising.

Social partners also confirm that some progress has been made in recent years to make VET more attractive and to increase its relevance to labour market needs, for example through their involvement in the colleges' management boards.

Still, the **challenges the Armenian VET system is facing today** are manifold and to a large extent inherited from Soviet time.

- VET still has the image of a **less attractive option**, when compared to general secondary education and higher education. The perception of VET was of a second chance education, for less privileged pupils who didn't have any alternative but had to go for this "dead end" route, neither leading to university nor to attractive jobs in the labour market. In theory there is access from VET to tertiary education, but in practice, even if secondary VET required more years of study than secondary general education, it would be difficult to pass the entrance examination to tertiary education without tutoring classes and pupils coming from low income families would not be able to afford it.
- The **VET infrastructure** is very poorly developed and inadequate due to lack of funds available or allocated for VET in the past. The school buildings and other facilities do not provide appropriate learning conditions and in some cases even pose security risks for VET students. Moreover, there is a huge disparity between VET and general education schools, which further negatively impacts on the attractiveness of VET. The EU started to address this problem through sector policy programmes since 2006, which also included support to the rehabilitation of school buildings and supply of equipment. Nevertheless, still a lot has to be done in this area.
- The **low quality of VET provision** is a major concern of all stakeholders and regards a wide range of issues, from outdated curricula and learning materials, to low quality of teaching but also the lack of vocational guidance and counselling that would need to be addressed more seriously in the future. Through EU support, a first cycle of revised VET curricula has been elaborated for a few professions and will be piloted in most VET schools in 2010/11. The MoES should monitor these pilots carefully and develop plans for mainstreaming.
- Last but not least, **ownership and mobilisation of (national) funds for VET** remain two crucial challenges for successful and sustainable VET reform in Armenia. The recent policy documents concerning VET prepared with the support of international experts will need to be fully 'owned' by national policymakers and sufficiently resourced in order to put it in practice. The piloting of new initiatives will require strong inter-institutional

cooperation and – despite the need for external resources - also the mobilisation of national resources in order to mainstream and sustain the reform.

The ETF has been an active partner for both the EU Delegation and the Armenian authorities in the field of VET reform and has provided support in the design of the policy support programmes and on the implementation of pilot activities.

The Torino Process in Armenia has assessed the progress of the reform and identified priority areas for VET cooperation between the ETF and the Armenian authorities and proposes an agenda for the coming years.

This agenda is complementary to the actions, which are going to be implemented through the EU sector policy support programmes and includes the areas of financing in VET, governance of VET, social partnership and adult learning.

1. VISION AND STATE OF ART IN VOCATIONAL EDUCATION AND TRAINING (VET)

Education has received a consistent attention as a priority area in the last decade in all strategic policy documents of the Republic of Armenia. Human capital is Armenia's main wealth and further consistent investment in human resources development is recognised as a top priority in national strategies.

The two fundamental documents defining the directions and priorities of Armenia's political and socio-economic development are "The strategy of national security" (SNS), approved by the President in February 2007 and the "Sustainable Development Program" (SPD) approved by the Government in October 2008 covering the period until 2021.

The "SNS", which determines the basic values of the national security and the factors and actions for their protection in all sectors, considers the following as national security threats: (i) inadequate effectiveness of the education system management, (ii) insufficient level of international involvement, (iii) as well as incomplete/unsatisfactory availability of vocational education for all individuals. Thus, the harmonious development of the educational system in Armenia is declared as a top priority.

The SDP identifies among the primary goals, targets and priorities in the context of poverty reduction the need to increase investment in social services, in particular education and health through increase of their efficiency and accessibility. This will be achieved through an increase of consolidated budget expenditure for education, which is expected to go up to 4% of GDP by 2015 and 4.5% by 2021, still well below EU average of over 5%

The SDP is also making reference to the policy of vocational education and it identifies as a priority the need to ensure a competitive and better quality education and to increase the enrolment of the poor as well as the youth living far away from urban centres with the aim of mitigating the inequality of access of different social groups.

Vocational education and training (VET) system is characterised in Armenia by two different pathways:

- "preliminary level" aiming at training young people completing compulsory education for workers' qualifications
- and middle VET qualifications for young people coming from three years of general secondary¹ or after completion of compulsory education enabling young people to supervise staff and manage production processes and services, rather than implementing workers' tasks and functions.

Middle VET represents a viable education pathway for young people that aiming at recognition in the society. Middle VET programmes are also provided in three university colleges. With a reform adopted in 2001, middle VET colleges were also supposed to provide preliminary VET and now around 15 colleges offer such programmes. For those who enrolled after compulsory general

¹ Till 2002 duration of general education in Armenia was 10 years including 2 years of secondary general. In 2002, 11-year general education including 2 years of secondary general was adopted and then, in 2006, 12-year general education including 3 years of secondary general was introduced.

education, preliminary and middle VET offers both a vocational qualification and a secondary general diploma (Matura) and therefore provides access to higher education. Pathways linking student's progression across the two vocational sub-systems are not promoted, despite the fact that middle VET colleges can also deliver craft diplomas. The legal framework foresees for good middle VET graduates the possibility to have access to second or third year of higher education and since 2006, around 10% of almost all colleges' graduates have been enjoying this right.

VET is under different ministries whilst the overall co-ordination in terms of curricula and learning outcomes is with the Ministry of Education and Science (MoES). In the academic year 2008/2009 of the total enrolment in secondary education, 5% was at preliminary level and 21% at middle level VET. Preliminary VET is mostly free whilst middle VET is financed in a proportion of 25% by the MoES through the allocation of free seats and 75% by the pupils through enrolment fees.

Because of limited allocation of resources to education in the 90s, preliminary VET was actually suspended after the adoption of a new law for education in 1999 and transformed or merged with general secondary schools, keeping sometime the vocational stream but without the possibility of providing any VET qualification. Preliminary VET was re-established in 2004.

In 2006 the VET system in Armenia included: 28 schools for "preliminary VET" (craftsmanship colleges), 81 public and 23 private "middle VET" colleges and 3 universities providing middle VET programmes.

The number of users of private VET colleges has decreased since 2005 from 2,982 to 2,171 in 2009 and the number of those colleges has reduced from 28 to 23 during the same period. This can be explained by the fact that the private VET colleges are not authorised to provide the "state model" diploma recognised on the national level.

For free study places entrance examination to middle VET is carried out on a competitive basis whilst for paid places there is no requirement of passing entrance examination.

VET inherited from Soviet time has the image of a less attractive system, when compared to general secondary education and higher education. The perception of VET is of a second chance education, for less privileged pupils who do not have any alternative but had to go for this "dead end" not leading to university or to attractive jobs in the labour market. In theory there is access between preliminary and middle VET to tertiary education, but in practice, even if middle VET required more years of study than secondary general education, without tutoring classes it would be difficult to pass the entrance examination to tertiary education and pupils coming from low income families cannot afford it.

Since 2004, inspired by EU policies addressing the issue of employment and skills, the reform of vocational education and training has become more important in the national agenda and received quite a lot of attention by donors in particular by the EU through budget support. In 2004 Armenia has engaged in the reform and modernisation of the Vocational Education and Training system with EU (Takis) assistance. The VET Law was elaborated during the implementation of this project and was adopted in July 2005. The VET Law introduced a number of new elements, in particular quality assessment and quality assurance, new school management body (College Board), credit system and social partnership.

The project promoted also the implementation of a modular curriculum in pilot schools, supply of equipment, teachers training and the adoption of a document identifying "VET Modernisation Priorities Paper and Action Plan for 2005-2008".

The EU has since then continued to provide support to the reform process with the aim of assisting Armenia Government's efforts to improve quality and attractiveness of VET system. Through sector policy support programmes, the EU has provided between 2006 and 2009 a total of 34,5 M€ grant. These programmes have promoted allocation of public funds to the rehabilitation of school buildings, supply of equipment, standards and curricula development, and teachers training. The first cycle of revised curricula are going to be introduced in the first school year in 78 colleges (craft and middle) starting from the school year 2010/2011 (at least 1 profession in each school) it will not be possible to assess the impact until 2014/2015. The long break between the different phases of the reforms are explained by the fact that the Government, in spite of political statements and the adoption of key strategic documents, still continues to

devote the budget allocation mainly to the modernisation of general education and it is only through donors' support that attention has been extended to VET. This would appear to be the position of the Ministry of Finance, which is very much against any increase in the budget for VET in spite of a positive approach from the Ministry of Education and the Ministry of Economy.

Donors' contribution has played an important role in the over-production of key strategic documents that have been adopted since the starting of the reform at different levels.

The list includes among other:

- "Concept on the Development of Preliminary Professional (craftsmanship) and Middle Professional education in RA" with Action Plan for 2009-2011, adopted by RA Government in December 2008. It identifies the main objectives of VET development, the strategic approaches, priorities and major policy directions.
- "Concept of Lifelong Learning in Armenia", adopted by RA Government in October 2009. It defines the principles and concepts of LLL in Armenia, which identifies the main problems in the field and possible solutions
- "Concept on Social Partnership in the Field of Preliminary Professional (craftsmanship) and Middle Professional Education" adopted by RA Government in May 2009. Four levels of Social Partnership – National, Regional, Sectoral and Institutional – are foreseen with clearly defined responsibilities.
- Memorandum of Understanding on cooperation in the field of VET signed between MoES, Republican Union of Employers of Armenia and RA Chamber of Commerce and Industry and Industry in September 2009. It defines the areas and the ways employers' unions' participation on VET provision and VET development on Armenia.

Implementation of these strategies remain a big challenge, capacity building should focus on these issues.

The specific priorities of VET reforms in Armenia identified in the "Concept on the Development of Preliminary Professional (craftsmanship) and Middle Professional Education" are:

- Optimise VET Financing and improve VET governance;
- Introduce competency-based vocational education and training standards;
- Increase effectiveness of VET system and improve educational outcomes;
- Modernise quality monitoring mechanisms;
- Strengthen and institutionalise social partnership.

The priorities identified in the concept have been the basis for the design of the EU budget support and other donors and some progress is noticeable in all above topics. However the system has been so much neglected during the last 20 years that, in particular in relation to the infrastructures, conditions are so bad that perhaps it would be worthwhile closing down VET schools and moving students to other better equipped secondary schools. That was a proposal made recently by ETF staff when visiting a VET school in Dilijan, where the conditions are so bad that it seems impossible to create a learning environment. Apparently the capacity of the building of the general secondary school in Dilijan, which is brand new, with heating sports hall, etc. would allow to receive the VET students but the school principal mentioned that it would be a problem under the political point of view because the general school is under the responsibility of the local governorate, whilst the VET college is under the Ministry of Education and Sciences and it would be impossible for the two bodies to co-operate in order to ensure better teaching conditions for the VET students.

2. EXTERNAL EFFICIENCY: ADDRESSING ECONOMIC AND LABOUR MARKET NEEDS

2.1 Armenia's economic development

Armenia was one of the most rapidly growing economies of the former Soviet Union in the last decade. The moderate growth in the first years of transition in the '90s increased and continued till the end of 2008 registering a 10% economic growth. Armenia's economy was seriously affected after independence and it is necessary to mention that it took until 2005 to bring GDP at the level it had in 1991. The reasons for the severe economic crisis, which affected the country, were not only due to the collapse of Soviet Union and consequent transformation of the economy but also to the conflict in the region against Azerbaijan in connection with the Nagorno-Karabakh

issue and of a serious earthquake. Armenia is a landlocked country and the borders with Azerbaijan and Turkey are closed. This has consequences for the mobility of people and goods and also for foreign investment, which sees local market not attractive enough. Until independence, Armenia's economy was based largely on industrial sector, namely: chemicals, electronic products, machinery, processed food, synthetic rubber, and textiles-and highly dependent on outside resources.

New sectors, such as precious stone processing and jewellery making, information and communication technology, finance, insurance and tourism started to replace more traditional sectors.

Foreign direct investments (FDI) and remittances largely contribute to Armenia's economy and in 2008 made up to 20% of GDP.

The situation about doing business on the basis of the assessment carried out on an annual basis by the International Finance Corporation has improved during the years Armenia was ranked 43 out of 183 countries.

The contribution to GDP by sector during the period 2000 – 2009 showed a reduction of agriculture (18%) with corresponding increase in the service sector (46%) and industry which remained stable (36%).

2.2. Armenia's human capital

The World Economic Forum's competitiveness 2009 ranked Armenia in 97th position (it was 93 in 2007) out of 133 countries, registering no change compared to 2008's level. The continuous decline in competitiveness ranking during the years pointed out the non-sustainable nature of economic growth drivers in Armenia, which were expected to become apparent under negative external shocks, such as the current global economic crisis.

In 2009, the largest number of respondents in Armenia involved on this Forum identified corruption as the first problem in promoting the competitiveness of the country, followed by tax regulations, inefficient government bureaucracy and access to financing, foreign currency regulations, inadequate infrastructures, non adequately educated and with poor ethics workforce, inflation, government and policy instability and restrictive labour regulations.

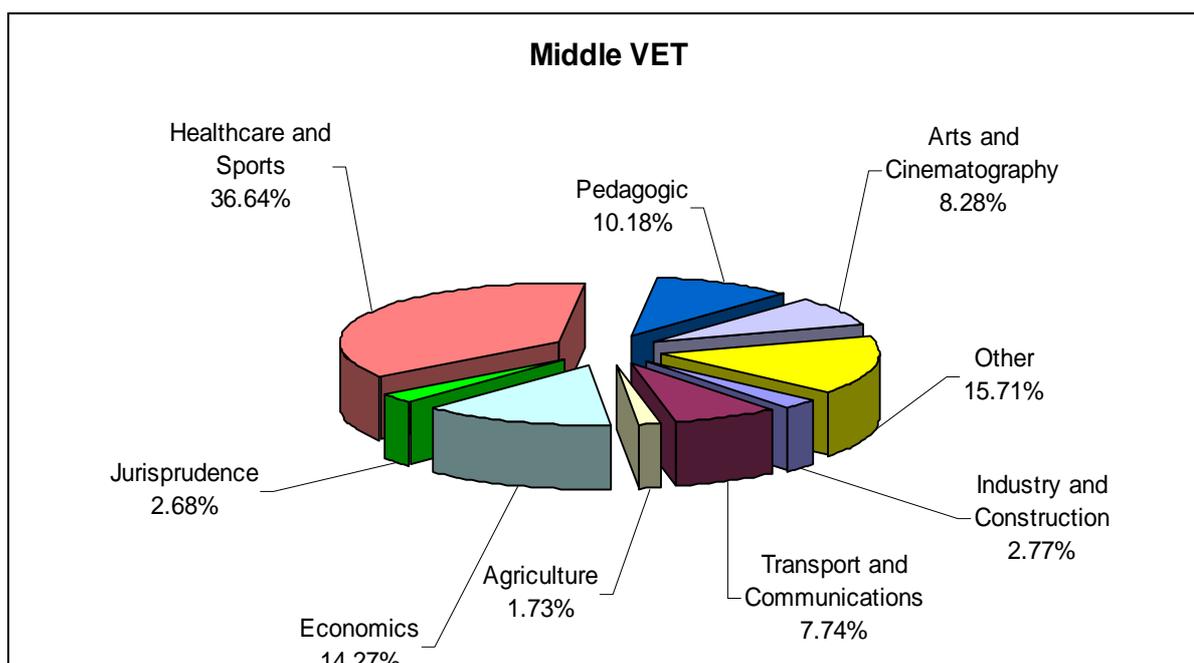
The offer of VET is still traditional in terms of qualifications, in spite of the reform that slowly started to be introduced with donors support. Although formal qualification is very often in excess for the requirement of the job profile, tertiary education graduates are preferred by employers due the declined quality or lack of responsiveness of the non-tertiary level notably preliminary and middle VET graduates. In fact unemployment rate of tertiary education graduates is slightly lower (28%) than the average.

Social partners started to be more involved in the process and participated in the elaboration of many policy documents and they would even be willing to invest in VET, provided that decision making is shared with public authorities.

Chart 1 below shows that the dynamics for enrolment in middle VET are mainly oriented towards obtaining a diploma linked a certain level of status in society rather than to a job. Health and sports are in the top position followed by economics, pedagogic and arts and cinematography. Sectors better linked to economic activities like constructions and agriculture do not attract students, despite the fact that they would have better employment opportunities.

Graduates with pedagogic could be hired as teachers in pre-school or the first 3 grades in elementary schools. However, because of high number of teachers who were made redundant after the rationalisation of the system in 1999, the tendency, at least in the cities is to hire teachers with university degree. In rural areas, because of the difficult conditions, it is still possible to find VET graduates as teachers.

Chart 1: Enrolment of Students in Middle VET as by Academic Year 2008-2009



Anecdotal evidence about the recognition by the society of a certain profiles in VET was provided to the ETF through the visit made in 2007 to the Yerevan State Base Medical College. This is the best medical school in Yerevan, out of a total of 12 medical colleges all over Armenia. In 2007 it had a total of 3.800 students and provided training in the following job profiles: nurses, midwives, pharmacists, and dental technicians. It takes from 3 to 4 years study to pupils to obtain a diploma and this very much depends on whether they completed, before the medical school, the 8th, 9th and 10th grade in general secondary.

95% of pupils were women. During the interview with the ETF, the school principle reported that allegedly as an average, 20% of graduates can find a job within one year of completion of the studies and the remaining 80% within 5 years. It was pointed out that the families like anyway to have their girls enrolled in this school as an element of prestige in the society and also because their knowledge of healthcare can be useful to the family and the community, which could be probably provided through informal employment. 25% of students' fees are paid by the government and the remaining 75% is paid by the families

2.3. Employment in Armenia

As reflected by 2008 data, Armenia has shown persisting high unemployment rates (29.8% in accordance with the household surveys, while only around 8% for officially registered unemployed) and low labour market participation and employment rates (52.8%), despite the continuing quick economic growth. The situation of women has substantially worsened since independence both in terms of loss of employment (42.4%) and unemployment (36.4%) but also due to burdens of maintaining families in time of economic hardship and the decline of social facilities such as health and education. Furthermore, their role in public life particularly in senior positions has also diminished as in other countries of the Former Soviet Union.

The highest unemployment rate is observed among youths aged 16-24, which amounts to 57.4%

The level of non-formal employment (self-employment and unregistered employment) in Armenia is very high and many reports identify it at a level of 30-38% of total employment.

The data of the tables below are related to employment and unemployment rate by educational attainment and by gender of the age-groups 15-64 in 2000. It is necessary to mention that the first stage of tertiary Education (ISCED 5) includes the students of Middle Vocational education

and training. The tables show a stronger position of graduates of higher education when compared with those with VET qualifications in terms of employment explaining while VET is not considered attractive.

Table 1: Employment rate by educational attainment, age groups and gender 15-64

Educational level (ISCED)	2008		
	Total	Males	Females
No education	19.2	26.6	3.0
Pre-primary (ISCED 0)	40.4	70.7	18.3
Primary (ISCED 1)	16.7	18.3	15.4
Lower Secondary (ISCED 2)	35.8	44.9	25.8
Upper Secondary (ISCED 3) ²	53.4	66.6	41.6
<i>Upper Secondary (ISCED 3) General</i>	52.7	65.5	41.5
<i>Upper Secondary (ISCED 3) VET</i>	61.7	78.0	42.5
Post-Secondary not Tertiary (ISCED 4)	n.r.	n.r.	n.r.
First stage of Tertiary education (ISCED 5)*	57.7	74.5	47.3
Second stage of Tertiary education (ISCED 6)	89.7	100.0	79.6
Unknown level	n.r.	n.r.	n.r.
All Levels	52.8	66.0	42.4

Source: National Statistical Service of the Republic of Armenia (NSS)

Table 2: Unemployment rate by educational attainment

Educational level (ISCED)	2008		
	Total	Males	Females
No education	28.6	22.1	72.7
Pre-primary (ISCED 0)	26.7	28.8	20.0
Primary (ISCED 1)	26.0	23.6	28.2
Lower Secondary (ISCED 2)	29.8	26.8	35.0
Upper Secondary (ISCED 3) ²	30.8	24.1	38.6
<i>Upper Secondary (ISCED 3) General</i>	31.3	24.9	38.4
<i>Upper Secondary (ISCED 3) VET</i>	25.6	16.0	40.3
Post-Secondary not Tertiary (ISCED 4)	n.r.	n.r.	n.r.
First stage of Tertiary education (ISCED 5)*	28.1	19.5	34.9
Second stage of Tertiary education (ISCED 6)	0.3	0	0.6
Unknown level	n.r.	n.r.	n.r.
All Levels	29.4	22.4	36.4

Source: National Statistical Service of the Republic of Armenia (NSS)

The State Employment Service Agency (SESA) carries out on a regular basis researches on the offer and demand in the labour market and in general the outcomes are that there is a mismatch between the qualifications required by the employers and the profiles of persons looking for a job.

From a 2009 analysis carried out by SESA of around 85.000 registered unemployed, it appears that almost 50% have low or not clear qualifications whilst the highest demand is for middle level vocational qualifications like sales persons, welders, drivers, cook, and metal workers.

As a conclusion it can be stated that, despite the fact that Armenia is a resource-poor country that is relatively isolated from key neighbouring markets, it has made a remarkable progress in terms of economic growth and stabilisation. The educated and entrepreneurial labour force and the potential support from the Diaspora are usually seen as Armenia's main competitive advantages. However, the on-going crisis has shown that this recovery was weak in terms of

sustainability and that some economic sectors should be identified and developed to become the drivers and supported with investment, including also human resources development to provide the necessary knowledge and skills. The Diaspora has played an important role in supporting the economic development of Armenia creating a market for diamond cut, tourism, IT and high-tech and this has shown that growth is coming mostly from new entry (domestic and foreign) rather than from privatised State Owned Enterprises. However the process is still at the beginning and it must continue

In particular, the most important challenges that shape the demand for the skills are: (i) the ongoing transformation of the economy, (ii) the need to provide a qualified workforce in terms of education level and ethics, (iii) the need to improve communication between the demand and supply in the labour market, (iv) the need to address the demand of new skills and of anticipating skills needs arising from the challenges of promoting economic development.

3. EXTERNAL EFFICIENCY: PROMOTING EQUITY AND ADDRESSING SOCIAL DEMAND FOR HUMAN RESOURCES DEVELOPMENT.

3.1. Regional disparity

There are 10 regions in Armenia with high disparity in terms of economic development, poverty, unemployment, vulnerable groups.

In accordance with the integrated survey of household living standards 2004 -2005 carried out by the NSS, the average national poverty rate was 29.8% with Shirak region as the highest 42.5% and Vayots Dzor region the lowest with 19.2%.

Armenia has maintained the high enrolment in education it had in the past with the exception of pre-school education, which is low in particular in rural areas. According to official data the enrolment rate in primary education in 2008/2009 academic year was 95.5%, 93.5% in middle or lower secondary education programmes and 81.9% in upper secondary programme.

Despite the fact that the high school enrolment has improved (it was 74% in 2002) the proportion of drop-outs after primary education is still high especially among children from poor households. In 2008/2009 academic year among drop outs the share of boys was 60.2%.

The issue of inequity is very relevant in particular as regards quality of education, which is lower with fewer days of instructions in rural and less developed areas. Most of VET colleges didn't have heating system during the last 20 years and so lessons are suspended during the coldest period of the year, between December and February.

Because of this disparity, internal migration has largely contributed at the increasing the population in the cities, in particular in Yerevan, leaving in rural areas elderly and more vulnerable groups, including unemployed women who have no-upgraded skills and single parent.

The economic divide between rural and urban and regions appears as the first among the more striking social challenges that shape the demand for skills. The second is the quality and value of education as, leverage for social mobility through access to general secondary and university. VET graduates would require private tutorship to pass entrance examination to the university with serious cost implications for the families underlining once again the inequity of the system and the fact that VET contributes to economic and social cohesion.

3.2. Demography

The third important social challenge which shapes the demand for skills is related to demographic trends and the expected shrinking of the labour force. This is the result of the effect of the ageing of the population, of declining birth rates and of external migration. The large number of victims of the 1998 earthquake and the economic disruption immediately following the collapse of the Soviet Union contributed to changes in Armenia's demographic growth and migration's rate.

According to population forecast, the structure of population will change substantially between 2008 and 2050. It is predicted that the share of working age population will shrink by almost 8% over the forecast period whilst the share of the population above working age will increase by around 8.5%. However no analysis has been carried out yet on what will be the impact of demographic trends on the education system.

3.3. Migration

According to household surveys being regularly implemented by the National Statistical Service since 1998, about 6-10% of household indicates that a member of the family it temporarily out of the country for work, although the trend is declining. The very similar results have been produced by the 2007 migration survey of the NSS. According to this survey, in 2007 there was an estimated 6% of resident population in emigration out of which about 85% reported to leave country for overseas work. According to the 2007 migration survey the main destination of international migrants was Russia with 76.4 % share, followed by EU 9.8% and the USA 4.8 %.

The higher level of mobility of population by large is a positive thing as it allows to some extent alleviate consequences of the economic and social shocks. When it comes to labour migration in periods of economic downturns it can help to reduce unemployment, generate private remittances and hence reduce poverty. However, there are negative things also, as huge net outflows of population can substantially reduce economic potential of the nation, in particular if those leaving the country are those with higher educational attainment and skills – so called “brain drain”.

In 2011 the EU and Armenia will start discussion on the “Mobility partnership” to promote legal mobility between Armenia and the EU with the following objectives, which include the recognition/acquiring skills:

1 - to facilitate the smooth reintegration into the labour market of Armenians voluntarily or forcibly returning home from the EU, and help Armenian migrants to make the best possible use of the skills and resources acquired through the experience of migration for the benefit of their own and Armenia’s development.

2 - to encourage Armenians willing to migrate to the EU to make use of legal channels of migration, and facilitate for them finding jobs up to their skills or acquiring skills up to the proposed jobs.

3.4. Adult learning

As mentioned in chapter 1, a “Concept of Lifelong Learning in Armenia”, was adopted by RA Government in October 2009. It defines the principles and concepts of LLL in Armenia, states the main problems in the field and proposes the way how to address them.

Investment in lifelong learning is extremely limited in Armenia and data from table 7 show that active employment measures organised by SESA reached in 2007 the level of 0.02% of GDP.

Under the EU SPSP 2007, a study has been carried out in 2009 in order to assess the feasibility of establishing a “National Training Fund” (NTF) to promote adult learning.

The study was based on the review of existing documents and on interviews with local stakeholders, including social partners, public institutions, companies, school training providers, employment centres, etc.

The study highlights that roughly the annual offer of training in Armenia includes:

- Employment services – approximately 1300 unemployed
- Short-term courses in colleges – 1000 trainees per year
- Trade-union organizations – 1000 people annually,
- NGOs – 1000 trainees per year
- Large enterprises, such as ArmenTel, Viva Cell, Grand Candy. Each employs approximately 1000 people.
- Adult education organizations - 300 people annually.
- International programs and projects – 1st and 2nd place in the training courses belongs to computer technologies and foreign languages.

- Centre for Professional Orientation – approximately 1000 people, some hours of free of charge consultations.

The outcomes of the study are:

- Virtually all stakeholders consulted were in favour of an NTF independent of Government;
- All stakeholders in the Shirak, Lori and Tavush Marzes, whilst supportive of the concept of a NTF, were pessimistic whether employers would be prepared, or able, to pay into the Fund in view of the current harsh economic climate (the Chamber of Commerce in Tavush reported it had been forced to suspend membership subscriptions because members could not afford them).
- The majority of stakeholders thought employers would be well motivated to pay into a NTF if it could be demonstrated that the NTF would help to meet the skill needs of the labour market and its funding was transparent;
- A significant number of stakeholders considered it essential for international donor agencies to support the NTF in the early stage of development;
- A significant number of stakeholders thought the structure and composition of the Council of the NCVETD could be applicable to the management of the NTF also;
- 30% of stakeholders considered it was essential for employers to be granted tax reliefs if they were to be expected to contribute to the NTF;
- 30% of stakeholders considered it would be very difficult for the Government to grant tax relief for NTF contributions.

The conclusion of the study is that there are the conditions in Armenia for the establishment of the fund and that it could be organised with the legal status of a Foundation, governed by a Board of Trustee, with equal tripartite representation in terms of contribution and decision making power.

SESA is providing services throughout the country through a network of local employment services, including also training for the unemployed. However, because of scarce budget resources the training provided is quite limited, in spite of the fact that, based on SESA statements, 75% of trainees can find a job after the completion of the training.

As a conclusion, with reference to the role of VET in promoting equity and addressing social demand for human resources development we can mention the following key priorities: regional disparity, demographic, migration and lifelong learning.

4. INTERNAL EFFICIENCY OF VET: RESOURCES, QUALITY AND GOVERNANCE

The following elements of VET provision have been prioritised in the above mentioned “Concept on the Development of preliminary Professional and Middle Professional Education in RA” for increasing efficiency of the system:

- inadequate mobilisation, distribution and utilisation
- low quality of VET provision
- weak organisational structure and partnership ;
- inadequate opportunities for young people and adults in terms of lifelong learning professional education and training.

Each element can be analysed as follows:

(i) Mobilisation, distribution and utilisation of resources

GDP allocation to education was in 2006/2007 2.8% of GDP, which is quite low when compared to other countries in the region.

However the share of state budget has shown the commitment of the government to education and has grown from 7.9% of Total Public Expenditure (TPE) in 1997 to 14% in 2006. However Armenia TPE as a percentage of GDP is only 18-19% compared to average 40% of OECD countries.

Public expenditure on general secondary education has increased in recent years at the expense of vocational and higher education and, as shown below, it increased from 72% in 2001 to 79% in 2007.

Table 3: Expenditure for education

Years	% of total expenditure		
	2001	2004	2007
General Secondary	72%	77%	79%
Preliminary VET	1.5%	0.9%	1.7%
Middle VET	3.6%	2.8%	2.6%
			4.3%

Source: Ministry of Finance 2008

It should be mentioned that:

- Primary and secondary education is free.
- Preliminary VET is mostly free (in the academic year 2008-2009 only 6.8% of preliminary VET students paid for their education) whilst middle VET is free for 25% of students only.
- Higher education is free only for 21% of students in the state universities and taking into consideration also around 25 thousand students of private universities, the public expenditure represents on average 15%.

As shown in table 4 below: completion rate seems to be quite high in VET in particular as regards female in middle VET.

Table 4: Gross completion rate by ISCED level in 2008-2009

Educational level	1999/2000		
	Total	Males	Females
Primary (ISCED 1)	80.6	80.8	80.4
Lower Secondary (ISCED 2) Total	96.5	96.2	96.8
<i>Lower Secondary (ISCED 2) General</i>	89.6	88.9	90.3
<i>Lower Secondary (ISCED 2) VET</i>			
Upper Secondary (ISCED 3) Total			
<i>Upper Secondary (ISCED 3) General</i>	91.1	88.6	93.6
<i>Upper Secondary (ISCED 3) VET</i>	111.1	98.7	142.2
Post-Secondary not Tertiary (ISCED 4) Total			
<i>Post-Secondary not Tertiary (ISCED 4) General</i>			
<i>Post-Secondary not Tertiary (ISCED 4) VET</i>			
First stage of Tertiary education (ISCED 5) Total			
<i>First stage of Tertiary education (ISCED 5)-1 General</i>	94.7	80.7	108.1
<i>First stage of Tertiary education (ISCED 5)-2 General</i>	92	61.2%	119.4%
<i>First stage of Tertiary education (ISCED 5) VET</i>	73.7	57.2	83.6
Second stage of Tertiary education (ISCED 6)	95.7	113.1	69.7

Source: National Statistical Service of the Republic of Armenia (NSS)

(ii) Quality of VET

As regards quality of VET, as previously mentioned, it is quite low because of the reasons that have already been explained, namely:

- inadequate facilities which did not receive any capital investment during the last 20 years and lack public security measures, sanitary/ hygiene and sports facilities;
- low allocation of public resources and limited private resources based on tuition fees
- no investment from private business because of lack of legislative framework which would promote this
- low quality of teaching, because of lack of motivation of the teachers
- outdated curricula, because of lack of interest for innovation and modernisation

- lack of vocational guidance and counselling because of lack of communication between the world of work and the world of education

There are no any mechanisms in the VET system of Armenia for assessing the performance of institutions or separate staff members. Moreover, there is no way of assessment for the whole VET system. Only the recently established National Centre for Professional Education Quality Assurance², which is responsible for both higher and vocational education, has been taking the first steps towards the definition of quality assessment standards and criteria. So in the near future an introduction and application of such a system is expected.

Teachers give an important contribution to the quality of education in any country. However, they are not sufficiently supported by the Armenian authorities.

Pupil-teacher ratio in Armenia as average including all levels of education was rather low in 2008/2009 with 9.7 and it didn't change since late 1990s. At the same time, as shown in the table below, teachers have a lower salary than the national average and this leads to lower attractiveness and motivation for this profession. The authorities of Armenia should address this issue with an analysis of the needs and a strategy for the future aimed at improving quality of teaching through adequate recruitment, professional development and wage policies.

Table 5: Teachers salaries in 2008

Educational level (ISCED)	Country average wage	Average teacher salary as % of average country wage	
Pre-primary (ISCED 0)	87406	25000	28.60
Primary (ISCED 1)	87406	89607	102.52
Lower Secondary (ISCED 2)			
Upper Secondary (ISCED 3)			
Post-Secondary not Tertiary (ISCED 4)	87406	48107	55.04
First stage of Tertiary education (ISCED 5)	87406	29437	33.68
Second stage of Tertiary education (ISCED 6)			
Total	87406	80189	91.74

Source: National Statistical Service of the Republic of Armenia (NSS)

To some extent as a tool for performance assessment can be viewed the Mid Term Expenditure Framework (MTEF) which has been an integral component of Armenian Government's annual budget preparation cycle since 2003 as an instrument for Programme Performance Budgeting. However, performance measurement framework is not yet built into the programme budgeting structure in Armenia. The capacity is still being developed.

No financial or other type of incentive mechanisms are used for increasing efficiency and quality of the VET system.

Table 6: Cost per pupil 2008/2009 (in Armenian Drams)

	Cost per pupil			Public Expenditure in ISCED 3		
	Upper Secondary (ISCED 3) Total	Upper Secondary (ISCED 3) General	Upper Secondary (ISCED 3) VET	Upper Secondary (ISCED 3) Total	Upper Secondary (ISCED 3) General	Upper Secondary (ISCED 3) VET
1999/2000	10814.8	28873.5	75299.2	3.3	2.9	0.5
2004/2005	81146.5	75433.4	438113.9	7.9	7.2	0.7
2005/2006	91721.8	83545.4	631131.5	9.4	8.4	1.0

² Established within the frameworks of the Bologna process in accordance with the responsibilities undertaken by Armenia.

2006/2007	128880.4	118235.4	717439.3	13.1	11.8	1.3
2007/2008	167774.3	158922.1	350050.3	15.4	13.9	1.5
2008/2009	181158.5	170216.2	389779.9	16.7	14.9	1.8

Source: National Statistical Service of the Republic of Armenia (NSS)

The colleges being state non-commercial organisations are limited in terms of engaging in entrepreneurial activities as well, whereas this could provide additional financial income. The capacities of supervisors of institutions are also limited. Only recently (2009-2010), with the assistance of UNDP VET project, a draft paper was prepared on the Income generation model for VET institutions which is currently in the discussion phase.

As shown in table 6, the cost per pupil in VET was still more than double in 2008/2009 when compared with general education, although data show that average costs in VET were halved in 2007. This applies only to preliminary VET, because the contribution to Middle VET from the state budget is only 25%. The high costs of preliminary VET is in line with international trends; however some analysis should be carried out to assess the reasons for that, in particular taking into consideration the low quality and, thus, the high inefficiency.

Furthermore, financially or morally encouraging mechanisms for the level of performance (in respect to the quality of their work) of college teachers should be introduced. There is no system of ranking of teachers even for the years of work experience. Even though the management of the institution is entitled to defining specific bonuses for more qualified teachers, practically this is almost impossible due to the adverse financial condition of the institution.

(iii) Weak organisational structure and partnership

VET management has been much centralised until recently under the department of VET which has always been understaffed and with limited resources and therefore mainly concerned about routine work and not so much about modernisation/innovation.

Since 2008, the following steps have been undertaken to improve the structure:

- a National Council for VET Development was established in 2008 as tripartite body aimed at providing guidance to VET reform. Social partners are represented in the Council which should meet at least twice a year;
- The organisational structure of VET Department in the Ministry of Education and Sciences was reviewed and a new Division of VET Policy Development, Strategy and Planning was established (2008).
- A National Centre for VET Development has been established under the Institute of Education with the task of revising curricula, learning material and providing teacher training.
- College Governing Boards were established in all VET colleges in accordance with the law adopted in 2005. It took 3 years to establish them with lengthy discussion about the representativeness. Companies and local authorities are members of the boards but not local employment offices and this may limit the links with employment opportunities.

The progress mentioned above is remarkable but it is too early to assess its effectiveness and for sure the process will require additional capacity building.

(iv) Inadequate opportunities for young people and adults in terms of lifelong learning professional education and training

As mentioned above, lifelong learning is a recognised top priority in Armenia. The establishment of the National Training Fund can be a good opportunity and the National VET Council is supporting the idea and promoting it with key stakeholders.

Table 7: active employment measures organised by SESA

	Expenditures on ALMP	GDP at current price	Governm. Exp	% GDP	% Governm. Exp
2000	0	1031	210	0	0

2005	0.598	2243	418	0.03	0.14
2006	0.695	2656	481	0.03	0.14
2007	0.711	3149	635	0.02	0.11
2008	0.890	3646	811	0.02	0.11
2009	0.759	3166	929	0.02	0.08

Source: National Statistical Service of the Republic of Armenia (NSS)

5. INNOVATION, PARTNERSHIP AND ENTREPRENEURSHIP

As mentioned above, a remarkable process of innovation has been introduced in VET since 2004 with adoption of many strategic documents, revision of curricula, up-grading of equipment, rehabilitation of buildings, teachers training, etc. The process, which is still on-going, has been highly supported by donors, because VET is only virtually important in the political agenda but not so much translated into facts, in particular because of the lack of resources. As mentioned before, there is quite a resistance to increase allocation to middle VET in particular from the Ministry of Finance in order to offer a higher number of free seats.

On the other hand, donors help for sure to improve the quality of VET but only in a limited number of schools but then it will be up to the Government to expand the reform to the rest of the system and to allocate resources for that.

The schools management boards represent are also a good example of innovation; however, there is no systematic monitoring mechanism from the side of the ministry on what is the operational impact of the boards at school level. Its impact may develop if schools would be given more decision making responsibilities, for example through the implementation of income generating activities.

The new curricula have been prepared with the participation of sectoral committees representing the employment side as an additional important sign of the intention of promoting partnership and the links between the world of work and the world of education. The impact of the curricula will have to be reviewed on a regular basis and improved and adaptation introduced.

There is no information available on the role played by VET for the promotion of entrepreneurship in Armenia.

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ANNEX 1: VET SYSTEM SCOPE, LEGAL AND INSTITUTIONAL FRAMEWORKS, ADDITIONAL DATA

	1990	1995	2000	2003	2004	2005	2006	2007	2008
Institutions providing pre-school education	1192	1081	769	699	653	645	645	637	628
Children, thsd.	142.9	71.3	46.6	46.9	46.0	48.7	48.0	50.5	53.7
The share of children, attaining pre-school institutions, %	30.8	17.6	17.2	19.1	20.0	21.8	21.8	23.3	28.9
urban areas	N/A	N/A	27.6	27.9	27.4	29.7	29.0	31.1	39.3
rural areas	N/A	N/A	7.8	8.1	8.7	9.6	10.5	10.3	13.6
Institutions providing general secondary education, including private	1397	1466	1458	1472	1434	1467	1467	1452	1475
Pupils, thsd.	608.8	583.5	574.2	501.9	488.1	477.9	465.4	431.3	414.8
Pupil/teacher ratio	9.4	10.6	9.8	10.8	11.3	11.2	10.8	10.3	10.0
urban areas	N/A								
rural areas	N/A								
Institutions providing vocational training	N/A	N/A	56	N/A	N/A	N/A	N/A	N/A	N/A
Students, thsd.	N/A	N/A	5.1	N/A	N/A	N/A	N/A	N/A	N/A
Institutions providing secondary specialised education, including private	70	72	105	105	108	111	108	106	104
Students, thsd.	45.9	21.1	28.7	31.1	30.5	30.8	30.8	31.1	31.8
per 10,000 population	129	56	75.5	96.8	94.8	95.7	95.7	96.4	98.2
Secondary specialized education entrants, thsd.	15.7	9.8	11.1	11.6	11.1	11.6	11.7	12.1	11.9
Secondary specialized education graduates, thsd.	19.1	6.9	8.1	8.5	9.4	8.7	8.4	8.2	8.6
per 10,000 population	54	18	21.3	26.5	29.2	27.0	26.1	25.3	26.6
Institutions providing higher education, including private	14	15	90	93	88	89	87	85	90
Students, thsd.	68.4	39.4	60.7	77.9	85.1	97.8	105.8	112.2	114.4
per 10,000 population	193	105	159.6	242.5	264.7	303.7	328.4	347.5	353.3
Higher education entrants, thsd.	13.3	6.9	15.5	21.5	23.0	24.6	25.6	26.2	27.7
Higher education graduated, thsd.	10.5	9.8	9.7	11.7	12.2	13.3	15.5	17.9	26.1
per 10,000 population	30	26	25.5	36.4	38.0	41.3	48.1	55.3	80.6

Source: NSS of RA

In 2005/2006, the Armenian system of vocational education and training included:

28 schools for “preliminary VET” (craft) with about 20 professions (2-3 year after basic or 1 year after secondary education – delivering a craftsperson’s qualification at upper secondary level)

81 public secondary VET schools (colleges) defined as “middle VET” with about 120 professions (3-4 years after basic or 2 years after secondary at tertiary education level)

34 private colleges with about 15 professions – delivering a “junior technician” qualification)
3 universities providing secondary VET programmes (university colleges)

54 out of the 81 colleges of Middle VET are under the responsibility of the Ministry of Education and Science whilst the rest is under Ministries of Agriculture (9), Health (12), Culture (3), Energy (1) and Sports and Youth (2).

Distribution of craft students per major professions is the following: service - 31%, transport - 21%, art and design - 13%, construction - 5%, agriculture - 5.6% light industry - 3% etc. Distribution of professions in colleges is the following: healthcare and sport - 31%, economics - 16%, pedagogy -14%, transport and communication - 9%, etc.

Participation in secondary education had remained constant since 2000 with a slight increase for general secondary whilst participation in tertiary education has increased from 26.9% in 1999/2000 to 39.9% in 2008/2009. In accordance with data from the same year, enrolment was 5% at VET craft level and 21% at middle VET level.

Different levels of education in Armenia are realised through different educational programmes which define the content of education for a specific level and area, the required volume of learning, skills and competencies.

The “Law on Education” defines the following educational programmes implemented in Armenia:

- General education (basic and supplementary);
- Professional education (basic and supplementary).

Professional educational programmes are aimed to preparation of specialists with corresponding qualification, shaping their skills and competencies and extend their knowledge through alternation of General and Professional education levels.

Professional educational programmes are:

- preliminary professional education (craftsmanship)
- middle professional education
- higher professional education
- post-graduate professional.

The first two levels are considered as vocational education (approximately corresponds to the EQF levels 2-4).

The goal of preliminary professional (craftsmanship) education is preparation of learners, on the basis of basic general education, for jobs requiring preliminary professional qualification such as qualified workers or craftsmen. This level of education is realised mostly at preliminary professional educational institutions – craftsmanship colleges and provides qualification level of “Craftsman”.

The goal of middle professional education is preparation, on the basis of secondary (complete) general education, a work force with middle professional qualification, expand the students’ general and professional competencies. Middle professional education is realised in middle professional education institutions – colleges, which can realise also preliminary professional education. The graduates are granted qualification level of “Specialist”. A number of professions of middle vocational education can be realised also on the basis basic general education.

In the case of entering into the preliminary or middle professional educational institution on the base of basic general education, the graduates receive also secondary education: the diploma of these graduates is recognised also as certificate on secondary (complete) general education (Matura). At the same time, in the case of preliminary vocational education on the base of basic general education, obtaining a qualification within the reduced periods without obtaining secondary (complete) general education is permitted.

The list of professions in relation with which vocational education can be organised is adopted by the Government. Nowadays around 130 professions are taught in vocational colleges.

Instruction in vocational education institutions are realised both for free and for a tuition fee. The latter has been introduced since 1992. The number of seats for free education as by professions, is confirmed annually by the Government, based on the demand for corresponding specialists, as well as on the volume of budgetary allocation for vocational education. The ministries allocate the confirmed seats to the vocational colleges under their supervision and also define the number of seats for tuition fee.

The enrolment takes place on a competitive basis. For the free seats entrance examinations are required in two-five subjects while for tuition fee seats the competition is realised on the basis of basic general or secondary (complete) general education certificate scores. First and second degree handicapped¹, orphans (up to 18 years of age), children and spouses of deceased soldiers enjoy entrance privileges, who upon passing the entrance examinations successfully, are enlisted in the places for non-competitive free education (if such are foreseen in the line of profession they have chosen).

In Armenia the authorised body for the state governance in the sphere of education is the Ministry of Education and Science. However a number of other ministries (such as Ministry of Agriculture, Ministry of Healthcare, Ministry of Culture, etc) and regional governments (Marzpetarans) have middle professional institutions under their jurisdiction. MoES develops and realises general educational policy, while the other agencies carry out administration of educational institutions under their jurisdiction and participate in a number of activities related to the MoES competences (e.g. standards development).

Management of an educational institution is realised by the Director appointed and dismissed by the corresponding governance body and the collegial governance is implemented by the Boards (acting since in 2008) which are responsible particularly for election of the college Director and ongoing supervision over his/her operations, approval of institution Development Programmes, decision on its profit management directions and examining annual budget, setting the tuition fees per student as well as discussion of curricula and subject programmes, which previously were the sole authority of the College Director.

The main legal base adjusting vocational education in Armenia includes:

- Constitution of the RA (2005)
- Law on Education (1999);
- Law on Preliminary Professional (craftsmanship) and Middle Professional Education (2005)

The Law on Education defines the main principles of the state policy in the field of education which are:

- humanitarian character of education, priority of universal values, human life and health, free and all-round development of a person, development of an outlook of civil consciousness, national dignity, patriotism, legality and environment protection.
- Accessibility, continuity, consecution of education and its compliance with the development level of the students, their peculiarities and degree of preparedness, guaranteeing the obligatory state minimum.
- Ensuring democratic principles in the field of education;
- Integration into the international education system;
- Reasonable autonomy of educational institutions;
- Ensuring opportunities of citizens to get education in state or private educational institutions;
- Ensuring equal status for educational institutions and their certificates (graduation documents).

The Law on VET regulates the state policy principles, organisational-legal and financial-economic bases, rights and responsibilities of legal and physical entities in VET.

This Law introduced a number of concepts which were new for the country such as social partnership, credits, student benefit, etc. The principles of state policy in the field of VET are also represented in innovative way:

- Ensuring adequacy of students' and listeners' professional knowledge and skill to the economy and labour market requirements;
- Transparency and collective nature of management and leadership of Craftsmanship and Middle professional education and training system;
- Competitiveness and publicity;
- Equality of subjects providing Craftsmanship and Middle professional education;

³There are three levels of definition for the handicapped population. The first level is the most severe.

- Self-governance and controllability of Craftsmanship and Middle professional educational establishments;
- Cooperation with social partners;
- Matching Craftsmanship and Middle professional education qualifications with international standards.

Besides, there are other laws which are directly related to the regulation of VET in Armenia, such as:

- Law on State Non-commercial organisations (2001),
- Law on Licensing (2001),
- Law on Ecological Education of Population (2001),
- Law on Social Protection of Children without Parent Care (2002),
- Law on Education of Individuals with Special Educational needs (2005).

The lifelong learning system in Armenia includes various components among which a great place belongs to the non-formal education implemented in numerous forms such as:

- trainings and retraining courses provided in different organisations for their own staff;
- vocational and non-vocational training courses provided by both commercial and non-profit organisations including the public (state-owned) educational institutions;
- different targeted training courses provided by international organisations and projects including those for a charitable purposes;
- a variety of preparatory courses (e.g. preparation for the university entrance exams) including the activities of private tutors, etc.

Non-formal learning activities are not being registered in the country (mainly because of no license is required for its provision) and no relevant official statistics exists. However in accordance with some experts' estimations, tens of thousands people are involved in those activities. Besides, there is almost no legislative base regulating this area.

Education System in Armenia

