

ARMENIAN EMPLOYERS
SKILLS DEVELOPMENT
FOCUS GROUPS REPORT

JULY 2021



ABOUT RUEA

Established in 2007, the Republican Union of Employers of Armenia (RUEA) is a non-profit, non-governmental organization that represents the common interests of employers in Armenia. RUEA implements business promotion and socio-economic development programs, and it is the only official social partner in the Armenia together with the Government of Armenia and the Confederation of Trade Unions of Armenia (CTUA).

MISSION

Promoting continual improvement of business environment, protecting interests of the business community and employers driving towards economic growth and prosperity.

VISION

Become the universal voice of employers - the most influential organization in Armenia representing economic, labour and social issues to foster sustainable and competitive entrepreneurship development and decent work creation.

MEMBERSHIP BENEFITS

We provide services targeted business development and strong continuity, and we represent the interests of RUEA members and the Armenian business community at various state levels. We also organize trainings, business forums, conferences, various events for our members, aimed at developing business networks, B2B and member-to-member cooperation, improvement of your business, as well as awareness increase about various legislative updates.

We can help you raise your business issues to the Government of Armenia, promote your business, establish business networks in Armenia and abroad. RUEA membership includes a number of advantages that can contribute to the success of your business.

RUEA TODAY

Today, RUEA has about 14000 member companies, representing about 20% of the businesses operating in Armenia in nearly all sectors of the Armenian economy. About 40% of total employees in the private sector are employed in RUEA members companies. RUEA unites 31 sectoral and territorial unions, which represent different sectors of the economy in all regions of Armenia.

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Key Messages

The Armenian education and training system is not meeting the needs of the labour market. The most significant shortcoming is the lack of practical and 'employability skills for most sectors of the economy.

The system has some of the 'building blocks' for an effective system – a long tradition of education, a social partnership model and well-developed institutional structures. However, there appears to be a significant 'implementation gap'. Reform recommendations need to be to be specific, measurable, achievable, realistic and time- bound if they are to be effective.

The main challenges facing the education and training system and policy are: inadequate resources; extremely low levels of awareness amongst employers; lack of reliable labour market forecasts, social partner engagement structures are not working effectively; political change disrupting skills policy development; lack of integration between the education and economic Ministries; regional disparities between the capital Yerevan and rural areas; limited awareness and utilisation of the National Framework of Qualifications and governance issues in higher education

The main challenges in terms of education relevance and quality are: shortcomings in early education and the school system; significant mismatch between labour demand and supply; cultural preferences of young people; parity of esteem for VET; inadequate career guidance, particularly at school level; inadequate prioritisation of investments to improve the quality and delivery of education in STEM (Science, Technology, Engineering, Mathematics) fields; missed opportunities in university education; and teaching quality.

From an economic development perspective, the continuous training and upskilling of people in the workforce is particularly important in maintaining the competitiveness of companies in order to address poor export performance and to make Armenia an attractive location for investment

The main challenges in terms of workforce development are lack of support for in- company training; low skilled and unprepared candidate referrals from the State Employment Agency; ageing population; high emigration; inability of small firms to provide education and training; lack of upskilling opportunities for owner managers.

The impact of disrupted Armenian growth. It is important that the momentum build up around using digital, online and other distance learning approaches during the Covid-19 pandemic is maintained.

Key Recommendations

Education and Training System and Policy

- A new high level National Skills Council, which is chaired by a business leader and includes representation from the relevant Ministries, sector councils, the National VET Council and higher education institutions, should be established. This should also act as 'clearing house' for all work-based learning and upskilling initiatives.
- A specialist technical skills forecasting unit to be established. This should involve key data providers equipped with the analytical capacity to establish a forward- focused skills and labour market information system.
- A comprehensive review to measure the effectiveness of social partner engagement structures (national, sector and college level) should be undertaken. Their legislative basis should be reformed and an awareness campaign to encourage the active involvement of a wider employer base undertaken.
- A small number of regional skills councils should be created for employers and the education and training system to work together to meet the emerging skills needs of their regions.
- There is an urgent need to have a strategy for higher education and a new law on higher education in order to set the course toward a joint vision for the sector and the country.

Education Relevance and Quality

- Tertiary education institutions should be incentivized to strengthen practical trainings, soft skills development, and internships in all degree programs. This will not only give students a chance to use their skills in the work environment but will also improve the labour market relevance of the curriculum.
- Universities should involve more employers. in the design and operation of academic programs, as well as in the institutional boards of trustees.
- Strengthen academic staff's knowledge in labour market developments. Faculty should be made aware of the present and future trends in the Armenian labour market. There is also a need to include employer representatives on curriculum review committees.
- The Armenian government's decision to introduce modules for key competences in entrepreneurship across all levels of formal education should be implemented without delay. A module for entrepreneurship covering the skills relevant to starting a business should be compulsory in all vocational education.
- Develop in clear policies and procedures in VET institutions, selecting teachers, developing teachers job profiles and formal mechanisms for assessment of VET teachers' performance.
- Revise curricula of all formal VET qualifications with a view of teaching more and advanced IT skills to the students as well as imbedding elements of IT application in the other modules, where relevant.
- Provide VET institutions with the legal basis to expand their activity to the commercial provision of services to employers and learners

- Expand the availability of technical expertise for regional VET institutions
- Provide tax breaks and insurance for technical equipment used by employers in apprenticeships and internships

Workforce development

- Develop a holistic policy to integrate lifelong learning and upskilling opportunities into the formal public education system
- Introduce funding models for Armenian providers to deliver on the wide spectrum of lifelong learning and upskilling needs. This will mean appropriate approaches to funding that support different types of part-time provisions, module-based delivery systems, collaboration across education and training providers (including between VET and universities) and access by all potential lifelong learners
- Dedicated funding streams to support employers to address specific occupational skill deficits (e.g. ICT, skills for the low carbon economy) should be established and ring-fenced.
- Regional enterprise resource centres should be established to provide small and micro enterprises with access to information and advice on how to access potential markets for their products and services and to support their participation in training.
- The capacity of the State Employment Agency to develop a better understanding of employer needs and help prepare appropriate candidates for job interviews should be enhanced.

Skills development post-Covid

- Online solutions in education will be crucial in the post-Covid world, particularly for certain groups of students. There is a need to ensure inclusiveness, equal opportunities and access for everyone, e.g. making sure students in remote regions have the devices and connectivity they need
- School and VET teachers, private sector instructors and university staff should continue to be trained further in how to develop and implement e-learning content. This requires a general improvement in digital skills among VET teachers and managers.
- Vocational and tertiary education institutions should introduce Occupational Safety and Health skills courses.

Introduction

Republican Union of Employers of Armenia (RUEA) research and policy has stressed the need for a competitive and skilled workforce based on strong education-business linkages. It recognises that the development of a skilled workforce and the expansion of human capabilities through high-quality systems of education, training and lifelong learning are important for helping workers to find good jobs and enterprises to find the skilled workers they require.

Translating this policy aspiration into a set of tangible recommendations is a significant challenge. They must be based on robust research that takes into account the specific economic, social and cultural context in Armenia. Therefore, the RUEA collaborated with the ILO under the umbrella of the G20TS Project (www.ilo.org/g20ts) to develop the evidence base to support the enhancement of human capital and productivity through greater participation in and more equal access to skills training, employment, decent work and the improvement of livelihoods.

These workshops helped to define the specific education and training opportunities challenges faced by Armenian employers in order to start the process of developing concrete policy recommendations. The focus groups were designed to complement a quantitative Employers Survey on Skills Needs with qualitative inputs from employers. The findings were also compared with policy analysis and recommendations from international agencies such as the ILO, the World Bank, United Nations and the European Union.

The Main Impression and Findings of the Focus Groups

During the focus group meetings, employers indicated that the education and training system is not meeting the needs of the labour market in Armenia. The most significant shortcoming was the lack of practical and 'employability skills for most sectors of the economy. There was also a lack of qualifications and specialised programmes for specific sectors (a severe shortage of food technologists, for example) was cited during the workshop). A lack of communication between employers and education institutions, and the lack of employability skills amongst students were also highlighted.

The overall impression from the workshops was of an education and training system that has some of the building blocks for an effective system – a long tradition of education, a social partnership model and well-developed institutional structures such as a national framework of qualification (NFQ). However, there appeared to be a significant 'implementation gap'. There is no shortage of skills policy recommendations from the national government and international donors, but workshop findings suggest that there are still considerable challenges in turning this policy rhetoric into reality on the ground. Reform recommendations need to be specific, measurable, achievable, realistic and time-bound if they are to be effective.

International experience also suggests that many education and skills reforms fail to deliver because they have little effect on what happens inside the classroom, training centre or lecture hall. Creating improvements requires a long-term and sustained effort as evidenced by the experience of many countries with advanced education systems.

Education and Training System and Policy

Skills development is more effective if the world of learning and the world of work are linked. Learning in the workplace allows students to develop 'hard' skills on modern equipment and 'soft' skills such as teamwork, communication and negotiation, through real-world experience. Employers, with close knowledge of their business needs and opportunities, are also well positioned to help identify where education and training policies and initiatives can narrow skills gaps.

Co-operation among employers, policymakers and education institutions is therefore critical for strengthening the employability of individuals. Methods to improve co-operation can take different forms, such as providing incentives to education institutions to engage with employers, raising awareness among employers about education trends, and fostering joint initiatives to help develop work-based learning opportunities.

The RUEA workshops suggested that there are some opportunities with existing structures and a state commitment – in theory, at least – to engage with employers. There has been a number of government decrees, decisions and laws introduced to stimulate education reform, particularly in vocational educational and training (VET), over the last two decades. International donor programmes (e.g. European Union, World Bank, United Nations, Givind) have also supported significant interventions in the education and training system. However, this potential is undermined by disruption caused by changes in government, lack of coordination between ministries and agencies, irregular and poorly attended meetings, lack of financial resources, and the capacity and motivation of employers to engage.

Opportunities

Successive government socio-economic development strategy have identified the education sector as a fundamental resource for the country's sustainable development. Increasing the sector's quality, effectiveness, relevance and access at all levels is a frequently-state priority.

There are a number of intermediary structures, which support the Ministry for Education, Culture and Sport (MOES) to implement policy. In the VET Sector, the principal structures are: National Centre for Vocational Education and Training Development, National Centre for Professional Education Quality Assurance, National Training Fund, National Centre for Educational Technologies, and the "Professional Orientation and Competences

Development Centre" branch of the National Institute for Labour and Social Researches (under the auspices of the Ministry of Labour and Social Affairs (MoLSA) Social partners are also involved in the governance processes. For example, the National Council for VET Development (NCVD), established in 2008, is tripartite consultative body based on the principles of social partnership and includes equal number of representatives of Government, employers and trade unions. At the institutional level, the social dialogue is implemented via Governance Boards which are the management bodies of the Colleges and Craftsmanship schools. Since 2018, there have been attempts to strengthen social partnership at the sectoral level through increasing the role of the 14 Sectoral Committees and expanding the scope of their responsibilities.

Co-operation among employers, policymakers and education institutions is critical for strengthening the employability of individuals. Methods to improve co-operation can take different forms, such as providing incentives to education institutions to engage with employers, raising awareness among employers about education trends, and fostering joint initiatives to help develop work-based learning opportunities.

The National Institute of Labour and Social Research produces brief overviews of sectors and conducts analyses on specific issues of labour market and skills development. Other research centres also contribute to the analyses. In addition, there are ad hoc surveys by VET institutions, employer associations and, occasionally, international institutions.

Armenia has made progress in National Qualifications Framework (NQF) development in recent years¹. In addition to supporting overall improvement of quality, it aims at providing more transparency to education and training qualifications. If properly implemented, the framework has significant potential in terms of aligning the different elements of the education system, assisting employers in assessing the workforce skill level, and informing government decisions on skills matching adjustments.

Challenges

Eight main challenges around the system and policy were identified during the focus group meetings.

Inadequate resources: Presently, public expenditure on education is very low. At 2.8% of GDP, it corresponds to only 58% of the EU-28 average of 4.7%. Expenditures on labour market programmes are also low

Extremely low levels of awareness amongst employers about the education system: apart from participants who worked in the education system, it was evident from the focus groups that overall awareness about the education and training system is extremely low. Most participants were unaware of existing national, sectoral and local engagement mechanisms or the existence of any skills statistics. They were also largely unaware of the NQF. Further evidence of this situation is provided by recent ILO Skills Development Survey. Only 2% of survey respondents were familiar with the Armenian national education and training policy and only 4% thought it supported business development. 99% were unaware of any recent improvements or reforms to the education and training system.

Lack of reliable labour market forecasts: despite the improved availability of statistical data, the skills intelligence system remains fragmented and uncoordinated, preventing the development of more systematic and sustained flows of analysis and indicators.

Social partner engagement structures are not working effectively: while, in theory, social partners are involved in the skills governance processes at a national, sector and local level, this is not matched by reality. Focus group participants suggested that some committees met irregularly and were poorly attended. Their underpinning legislation is also out-of-date.

Political change is disrupting skills policy development: lack of continuity due to government changes

¹ European Training Foundation: 2021. National Qualifications Framework – Armenia. <https://www.etf.europa.eu/sites/default/files/document/Armenia.pdf>

was highlighted during the focus group meetings. One participant suggested, 'Employers try to engage but political turnover makes it difficult. If the Minister is replaced, the whole system changes. Institutional memory is lost'. This has also engendered a lack of trust which could undermine the deeper partnership approach required for skills development.

Lack of integration between the education and economic Ministries: the work of the four main ministries – the Ministry of Education, Science, Culture and Sport, the Ministry of High-Tech Industry, the Ministry of Economy and the Ministry of Labour and Social Affairs – is not sufficiently integrated. While there is co-operation on specific projects, the relationship should be much closer and all four should be highly active on the National Skills Council. Armenia's economy is heavily reliant on domestic demand, which is itself driven by remittances that support local construction and consumption. The country will need to shift to an export-led strategy and this will require a skills development system that is closely aligned with enterprise policy.

Regional disparities persist between the capital Yerevan and rural areas.: With one-third of the population living in the capital, Yerevan accounts for half of all companies, 70% of employment and 72% of turnover in the country. Over two-thirds (70%) of Armenia's poor live in secondary cities and rural areas. According to workshop participants, the disparities are generally due to limited economic activity, a lack of job creation beyond the agricultural sector and the inability of young people and their families to afford the cost of pursuing educational opportunities in Yerevan.

Limited awareness and utilisation of the National Framework of Qualifications: The ministry has developed tools and approaches, but the framework has not yet had an impact on end-users.

Governance issues in higher education: Focus group participants highlighted the unhelpful proliferation of private universities and the governance issues that this has caused. While some workshop participants argued that higher education is also a 'business', one participant remarked that 'We shouldn't have small two-roomed institutions calling themselves universities. We even have people doing PhDs to avoid military service'. The governance and quality control system needs to provide a level playing field between public, private, and cross-border institutions in terms of basic regulation². It was also suggested that state resources are allocated to public universities without reference to labour market demand.

Recommendations

1. A new high level National Skills Council, which is chaired by a business leader and includes representation from the relevant Ministries, sector councils, the National VET Council and higher education institutions, should be established. This should also act as 'clearing house' for all work-based learning and upskilling initiatives
2. A specialist technical skills forecasting unit to be established. This should involve key data providers equipped with the analytical capacity to establish a forward- focused skills and labour market information system.

² "World Bank. 2019. Armenia Tertiary Education : SABER Country Report. Systems Approach for Better Education Results;. Washington, DC: World Bank. © World Bank. <https://openknowledge.worldbank.org/handle/10986/32631> License: CC BY 3.0 IGO."

3. A comprehensive review to measure the effectiveness of social partner engagement structures (national, sector and college level) should be undertaken. Their legislative basis should be reformed and an awareness campaign to encourage the active involvement of a wider employer base undertaken.
4. A small number of regional skills councils should be created for employers and the education and training system to work together to meet the emerging skills needs of their regions.
5. There is an urgent need to have a strategy for higher education and a new law on higher education in order to set the course toward a joint vision for the sector and the country.

Education Relevance and Quality

Armenia's prospects to compete in the global economy will depend on its ability to produce a highly-skilled workforce. This largely depends on the relevance and quality of the education received by the students. Therefore, the education system needs to be aligned with the requirements of economy, both in terms of technical and employability skills. The system also has a critical influence in shaping employability attributes from an early age. The overwhelming sentiment in the workshop was that the system was under-performing in this regard.

Opportunities

Education and training have always been a cornerstone value and strongly interwoven in the social fabric of the Armenian society. Historically, learning crafts has been deeply embedded in Armenian ethos: This legacy flourished into an inherent appreciation of learning in the Armenian culture, which resulted in very high literacy rates and quality professional education in Soviet times.

There are pockets of good practice, usually supported by international donors. For example:

- Armenia's employment and vocational education policies were both backed by an EU budget support programme called Better Qualifications for Better Jobs³. The programme targeted the efficiency of Armenia's labour market and the employability of its workforce, with an emphasis on agricultural employment.
- The WBL4JOB project consortium⁴ has 12 organizations, including state and public institutions, higher education institutions from five countries, which is advising on the introduction of work-based training programs in Armenia's higher education system.
- The "Armath" engineering laboratories program applies an innovative curriculum and pedagogical approach to STEM learning that is effective and scalable. Implemented since 2014, the "Armath" model exposes children between 10 and 18 years old to STEM education through interactive after-school classes, competitions, and camps⁵.
- With support from the German development agency GIZ, dual education is being piloted in four sectors (ICT, tourism, winemaking and agriculture).

Challenges

Some workshop attendees suggested that the political, social and economic challenges of post-Soviet transition have undermined the quality of education, particularly VET, and contributed to its diminished relevance. The following themes which emerged from the workshop were supported by secondary research provided by international agencies.

³ European Training Foundation: Better Qualifications for Better Jobs <https://www.euneighbours.eu/en/east/stay-informed/news/eu-continues-contribute-creating-stable-jobs-armenia>

⁴ WBL4JOB project - Introducing work-based learning in higher education systems of Armenia and Moldova for better employability of graduates <https://www.wbl4job.com/>

⁵ <https://armath.am/en>

Shortcomings in early education and school system: According to the World Bank⁶, human capital formation in Armenian children is lower than the levels in comparator countries. In 2017, Armenia's Human Capital Index was lower than the average for the transition countries of the former Soviet Union countries and the average for countries in Europe and Central Asia. This is primarily due to its poorer performance on early years school. Other international surveys suggest that near-universal access to general education has not necessarily translated into widespread high achievement among school students. In addition, there is limited availability of and access to good-quality pre-school education, which is essential for improving performance in general education.

Significant mismatch between labour supply and demand: the structural disparity between the real needs of the labour market and the labour supply produced by the education sector has led to considerable gaps in workforce supply and demand⁷. The recent ILO Skills Development Survey indicated that 85% of respondents believe that skill shortages negatively affect firms in their sector in terms of loss of time, financial resources, productivity, clients and quality. This has also been caused by the education and training systems inability to keep up with diverse and rapidly changing economic needs. There has been a consistent shift in employment from industry and agriculture towards services. However, agriculture continues to play a major role and still accounts for almost one-third of jobs in Armenia. This has led to shortages in specific occupations such as tractor drivers.

Cultural preferences of young people: the significant oversupply of humanities graduates and the ambition of young people to work in 'fashionable' professions (e.g. economists) was frequently highlighted during the workshops. This was contrasted with their lack of appetite for 'getting their hands dirty' and pursuing practical VET courses. It was also pointed out that technology is transforming even traditional sectors with the example of 'smart' barns in agriculture.

Parity of esteem for VET: VET continues to face critical constraints at the structural level. The constraints include very low levels of funding, which appear to be insufficient to enable the system to develop, and an overall negative perception of VET among students and their parents, who see this kind of education as a last resort for the weakest students.

Inadequate career guidance, particularly at school level: career guidance has been introduced in the VET system since 2013, and in almost all institutions, career guidance units with at least one trained career specialist, have been functioning since 2018. Higher education institutions run career centres to support students and graduates in their transition to work. However, focus group participants questioned the knowledge of career advisory staff and also emphasised that should be happening at a school level

Inadequate prioritization of investments to improve the quality and delivery of education in STEM fields: In an interconnected and competitive global economy, STEM education has a central role to play in

⁶ "World Bank. 2020. Survive, Learn, Thrive : Strategic Human Capital Investments Toward a More Prosperous and Inclusive Armenia. World Bank, Washington, DC. © World Bank.
<https://openknowledge.worldbank.org/handle/10986/34512> License: CC BY 3.0 IGO."

⁷ European Training Foundation: Country Fiche 2020 Armenia - Education, Training and Employment Developments;
https://www.etf.europa.eu/sites/default/files/document/Country%20Fiche%202020%20Armenia%20-%20Education_%20Training%20and%20Employment%20Developments.pdf

enabling the students of today to participate actively in knowledge-based innovation. Low levels of STEM enrolment in vocational and tertiary education in Armenia are a constraint to building a skilled workforce for high growth sectors. Armenia's engineering and computer science curricula are severely lagging industry requirements⁸.

Missed opportunities in university education: there is still a significant gap between university education and the needs of the labour market. Universities have started to include internships in their curricula, but they form a very small part of the curriculum. They take place only in a short period of time, and they have no guiding entrance and exit requirements. The lack of adequate facilities for training, the short duration of internships, the absence of well-formulated internship training programs, and the lack of buy-in on the part of both interns themselves and industry are some of the underlying factors for the disconnect between tertiary education and labour market. It is significant that 'transversal' competences should communication, teamworking, flexibility and adaptability, technical skills, ready to learn skills emerged as the key deficits in the ILO Skills Development Survey

Lack of incentives to provide apprenticeship and work based learning opportunities: this was a recurring theme at the focus group workshops. While participants saw the value of these interventions, they also come at a significant cost, particularly for small and micro enterprises. Newly qualified trainees who leaving to join other larger companies is also a challenge.

Teaching quality: teaching is not an attractive career path at school, VET and university level; there are critical issues particularly at a VET level with regard to teacher recruitment, management, deployment, career path development, compensation and performance evaluation up to higher education. The focus group also highlighted the fact that teaching staff are not being replenished with new talent.

Recommendations

- Tertiary education institutions should be incentivized to strengthen practical trainings, soft skills development, and internships in all degree programs. This will not only give students a chance to use their skills in the work environment but will also improve the labor market relevance of the curriculum.
- Universities should involve more employers. in the design and operation of academic programs, as well as in the institutional boards of trustees.
- Strengthen academic staff's knowledge in labour market developments. Faculty should be made aware of the present and future trends in the Armenian labour market. There is also a need to include employer representatives on curriculum review committees.
- The Armenian government's decision to introduce modules for key competences in entrepreneurship across all levels of formal education should be implemented without delay. A module for entrepreneurship covering the skills relevant to starting a business should be compulsory in all vocational education.
- Develop in clear policies and procedures in VET institutions, selecting teachers, developing teachers job profiles and formal mechanisms for assessment of VET teachers' performance

⁸ "World Bank. 2020. Realizing Armenia's High-Tech Potential. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/33027> License: CC BY 3.0 IGO."

- Revise curricula of all formal VET qualifications with a view of teaching more and advanced IT skills to the students as well as imbedding elements of IT application in the other modules, where relevant.
- Provide VET institutions with the legal basis to expand their activity to the commercial provision of services to employers and learners
- Expand the availability of technical expertise for regional VET institutions
- Provide tax breaks and insurance for technical equipment used by employers in apprenticeships and internships

Workforce Development

Lifelong learning brings benefits to the individual, to society and to employers: lifelong learning has an important contribution to make to people's wellbeing, to creating a more inclusive society and to supporting a vibrant and sustainable economy. From an economic development perspective, the continuous training and up-skilling of people in the workforce is particularly important in maintaining the competitiveness of companies in order to address poor export performance and to make Armenia an attractive location for investment.

Opportunities

According to the World Bank, sectors such as tourism, agriculture, and ICT and high tech have significant potential to increase exports and drive the initial transition to a new growth model with opportunities for new entrants and market contestability⁹. How Armenia responds to new innovations and technologies afforded by the digital economy will determine whether its economy will leapfrog or lag.

Armenia also has a functioning labour market agency. The State Employment Agency (SEA), which operates through 51 local centres, provides employment services to jobseekers, including intermediation services and career information and guidance. The SEA also organises job fairs and provides professional training for unemployed people. In 2017 the SEA launched an improved online system to match jobseekers and job vacancies and has committed. The SEA has committed to provide targeted services for jobseekers, particularly those who are long-term unemployed or formally unemployed.

Armenia joined the Bologna Process in 2005 and lifelong learning principles have been included as priorities in supplementary and continuous, non-formal and adult education policy documents. Institutional capacity has also been developed

Challenges

The following challenges were identified by the focus groups:

Lack of support for in-company training: most current measures address skill development through educational institutions, in preliminary and middle VET schools. There are few other options for workers to participate in recognised state-supported training¹⁰. Multiple actors provide business-related training, but the sector is fragmented. One focus group participant indicated that he had to send key staff to China for two to three months to develop mechanical skills. Others criticised the 'passiveness' of

⁹ World Bank. Country Partnership for the Republic of Armenia for the Period FY19-FY23. February 28, 2019 <https://documents1.worldbank.org/curated/en/523501552357219076/pdf/armenia-cpf-fy19-fy23-february-27-final-update-3-4-19-03062019-636876792405788612.pdf>

¹⁰ Policies for Human Capital Development in Armenia. An ETF Torino Process assessment <https://www.etf.europa.eu/en/publications-and-resources/publications/trp-assessment-reports/armenia-2020>

the VET colleges. The ILO Skills Development Survey indicates that 85.36% of training interventions came from companies' own resources. Over 73% of companies have not participated in any training course in the past 12 months and of even more concern 83.6% were not planning to provide training for employees in the next 12 months.

Almost 92% did not have an annual budget in the company reserved for training. The small amount of training carried out was mostly to meet compliance with regulatory requirements.

Low skilled and unprepared candidate referrals from the State Employment Agency: this view from focus participants group is supported by low labour force participation rates which are driven by information asymmetries that prevent appropriate matches between employers and jobseekers and by the failure of employment promotion programs. This was also attributed to lack of training of State Employment Agency staff. One participant suggested that the agencies do their job 'very superficially'. This view is supported by the ILO Skills Development Survey in which 94% of respondents were unaware of state employment and training schemes that could assist companies with skills shortage

Ageing population: the Armenian population is declining and aging. Therefore, the supply of workers from this source will decline in line with the fall in the population of young people. The shift will also change the target audience for training and development from students to workers

High emigration: Armenia has one of the highest emigration rates in the world. Data from the United Nations indicate that there were an estimated 937 000 Armenian migrants in 2015, equivalent to 31.1% of the country's total population. Poverty and lack of employment are the main drivers. While the main group of emigrants are low-skilled workers, at the focus group meetings also highlighted, the migration of talented and skilled workers.

Ability of small firms to provide education and training: Almost all firms in Armenia are SMEs. In 2019 they represented 99.8% of all companies and accounted for two-thirds of employment and 63% of turnover in the business sector. Moreover, 93% of Armenian firms are micro-enterprises (having fewer than 10 employees; 58% of micro-enterprises are non-employers). It is well known internationally that there are particular challenges for smaller business to participate in education and training. Owners and managers have limited time for training sessions and few resources to fund development programs. In addition, since many owners lack formal training, its value sometimes comes under question. According to workshop participants, this is further exacerbated by staff who they have trained leaving to join other larger companies.

Lack of upskilling opportunities for owner managers: There is also a need for managers to upskill – especially in SMEs – to underpin company development and growth. There are limited programmes available for people working in small businesses, particularly in rural areas where the presence of own-account workers is significant.

Recommendations

1. Develop a holistic policy to integrate lifelong learning and upskilling opportunities into the formal public education system
2. Introduce funding models for Armenian providers to deliver on the wide spectrum of lifelong learning and upskilling needs. This will mean appropriate approaches to funding that support different types of part-time provisions, module-based delivery systems, collaboration across education and training providers (including between VET and universities) and access by all potential lifelong learners
3. Dedicated funding streams to support employers to address specific occupational skill deficits (e.g. ICT, skills for the low carbon economy) should be established and ring-fenced.
4. Regional enterprise resource centres should be established to provide small and micro enterprises with access to information and advice on how to access potential markets for their products and services and to support their participation in training.
5. The capacity of the State Employment Agency to develop a better understanding of employer needs and help prepare appropriate candidates for job interviews should be enhanced

Skills Development Post-Covid

The impact of the Covid-19 pandemic has disrupted Armenian growth trend and GDP is now estimated to contract in 2020 by between 2.8% and 4%. Like countries across world, the government adopted anti-crisis measures aimed at mitigating the consequences of the outbreak, maintaining economic stability, and supporting vulnerable people and companies in the most affected sectors. The steps included social and economic stimulus measures (e.g. state compensation schemes, loans for training, and a moratorium on debt repayments). Specific measures focused on SMEs and micro-enterprises, while other measures were dedicated to education and training, including students of educational institutions involved in graduate and postgraduate academic programmes.

After the pandemic, the unemployment rate in Armenia is expected to increase by 1.3% to 19% (slightly up from the current 17.7%),

Opportunities

Despite these challenges, the learning process during the pandemic was organised using digital, online and other possible distance approach. The Ministry of Education, Science, Culture and Sport (MOECS) created an integrated platform of resources for intensive distance learning, including video lessons aligned with national curricula for all grades and subjects (with more than 200 lessons available on the ministry's YouTube channel, grouped in playlists by grade, and attracting over 150 000 views). The Covid-19 pandemic has also accelerated the implementation of online courses and training for teachers.

Challenges

The MoECS has had to face several challenges: the technological preparedness of students (a lack of computers, smartphones and internet connection for low-income families), alternative channels to provide online lessons, public lessons on public television, content preparedness (the availability of teaching and learning materials aligned with national curricula), and pedagogical preparedness. Almost 50% of teachers had never used IT for distance learning or provided lessons using the distance learning mode, and nearly one in four teachers reported a lack of computers in their homes.

The pandemic also highlighted the shortage of Occupational Safety and Health skills required to keep workplaces safe.

Recommendations

1. Online solutions in education will be crucial in the post-Covid world, particularly for certain groups of students. There is a need to ensure inclusiveness, equal opportunities and access for everyone, e.g. making sure students in remote regions have the devices and connectivity they need¹¹.
2. School and VET teachers, private sector instructors and university staff should continue to be trained further in how to develop and implement e-learning content. This requires a general improvement in digital skills among VET teachers and managers.
3. Vocational and tertiary education institutions should introduce Occupational Safety and Health skills courses

¹¹ European Training Foundation, Digital Factsheet 2020 https://www.etf.europa.eu/sites/default/files/2021-03/digital_factsheet_armenia_0.pdf

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