DOI: https://doi.org/10.59503/29538009-2025.2.16-194

# THE ISSUES OF FINANCING NON-FORMAL EDUCATION

**Hasmik Sahakyan**
"International Accountancy Training Centre"
Educational Fund, Executive Director
iatc@iatc.am
ORCID ID: https://orcid.org/0009-0006-8093-754X

**Abstract**: Traditional university education is currently facing certain challenges. In particular, change processing in the requirements of the labor market are progressive in nature from the results of traditional education. This gap is filled by the non-formal education system, which requires a special funding ecosystem. The article proposes several strategies to improve the range of financial sources for non-formal education.

**Keywords:** supplementary education, non-formal education, financing of non-formal education, lifelong learning, academic credits, professional skills

**JEL code:** A39

**Research aims:** to present opportunities for improving the financing of non-formal education in the context of continuing education

**Research novelty:** the need to establish an ecosystem for financing non-formal education was substantiated and its activities were interpreted in the context of an individual's continuous education.

## Introduction

Traditional university education is currently facing certain challenges. The requirements of the labor market are changing at such a speed, that in many cases the professional knowledge and skills of university graduates are considered "outdated" (Ispiryan, M., & Vardanyan, M. 2022). That is, technological transformations in practice are more progressive, than the professional skills provided by universities, and thus a graduate of a secondary or higher educational institution finds themself in a non-competitive position in the labor market (Irfansyah, A., S., Suprianto, B., Kuntadi, C., & Sudarmaji, H. 2023).

Moreover, the rapid developments of the transformation economy also require continuous training among practical workers, who, although having received basic professional knowledge at universities or colleges, are not able to generate the professional skills required by the times (Abubakar, R., Sholeh, F., Nurfarida, Y., Syawaliah, S., & Murtafiah, N. 2022).

It turns out that even specialists who have received formal education at a university turn to informal education in order to continuously improve their professional skills and maintain their competitiveness in the labor market (Siregar, N., M. 2021). Even the skills and abilities acquired at universities, which are the last resort of professional education, need to be periodically improved, creating the need for non-formal, informal education, also known as supplementary education (Kicherova, M., & Efimova, G. 2020).

Therefore, a key issue is currently being formed as to how and in what ways non-formal education will be financed (Ghazali, S., Kadir, S., Krauss, S., & Asimiran, S. 2020).

## Research results

By order No. 37-L of the Minister of Education, Science, Culture and Sports of the Republic of Armenia dated 08.31.2023, a department of additional and continuing education was established within the ministry, with the goal of assisting in the organization of non-formal education, contributing to the support of continuous education, as well as assisting in the collection of data on the quantitative and qualitative results of non-formal education and the organization of statistics.

However, so far, such statistics are absent in the Republic of Armenia. Meanwhile, European countries present statistics related to non-formal education, as they consider this form of learning flexible and quickly responsive to changes in labor market requirements (see Figure 1). It is no coincidence that in Scandinavian countries with a high standard of living of the population, people more often resort to non-formal education, especially in order to find new job opportunities.

Moreover, currently, not only the active participation in non-formal education emphasized, but also the use of effective management opportunities for the formation of sources of financing for education (Ho, C. 2023).

It is obvious that free education is never implemented. Someone pays for non-formal education, be it an individual, an employer, the state or any structure of civil society. In this regard, the financing of non-formal education cannot be considered only from the perspective of a single beneficiary and it is especially necessary to consider it within the framework of a financial ecosystem (Jaya, T., Sitanggang, N., & Lubis, M. 2019).

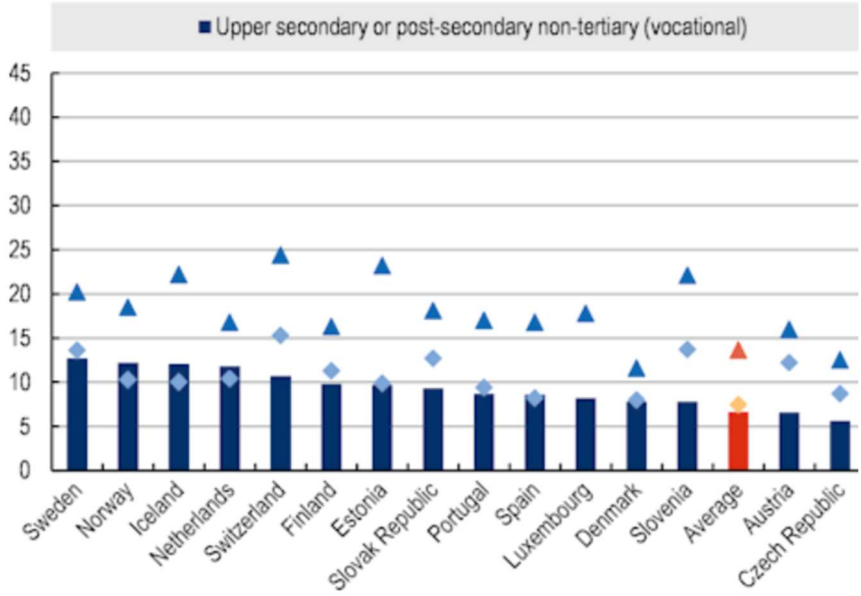


***Figure 1. Participation in non-formal job-related education in percent, 25-64-year-old***

***Source:*** *Education at a Glance 2023, www: oecd.org*

Thus, one of the features of non-formal education is that an individual can participate in it throughout his life (lifelong learning) and receive continuous learning. Therefore, at different periods of his active life, an individual can use different possible sources of financing for non-formal education, the interconnection of which takes on an exosystemic nature (see Figure 2).

Moreover, studies show that individuals turn to non-formal education services with individual financing at a relatively young age, when competitive professional positions in the labor market are required. Middle-aged and older age groups are referred to non-formal education, especially by employers, with the aim of increasing the qualitative range of their employees' capabilities

through training. In this case, non-formal education is mainly financed by employers and does not become an additional financial burden for individuals. It is also noteworthy that the state can also participate in the organization and financing of non-formal education, which is especially noticeable in the context of professional retraining of the unemployed population and offers of new jobs. Free non-formal education offers can also be received from public organizations, with the aim of overcoming poverty through education.

We propose to involve professional educational institutions providing formal education in the non-formal education financing ecosystem, which can delegate to non-formal education units the provision of education in specific subjects and, recognizing the quality of learning outcomes, accumulate them in the academic credit fund (see Figure 3). In this case, non-formal education will become recognizable in its share in the formal education system and will receive funding from the latter.

Thus, if 240 academic credits are set for a specific bachelor's degree program, with each credit valued, for example, at 8,500 Armenian drams, the university can delegate any 4-credit subject to a non-formal educational institution, transferring 34,000 drams from the student fee to the latter, and subsequently accepting the credits for that subject.

Naturally, in such a case, the approaches to mutual recognition of the quality of teaching in that subject between the university and the educational institution providing non-formal education should be regulated from the outset.

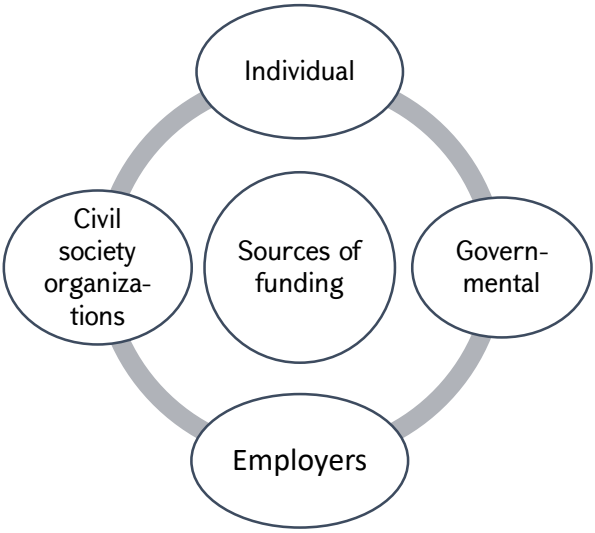


***Figure 2. Non-formal education financing ecosystem in the course of continuous learning***[6]

## Conclusion

Thus, the activation of non-formal education also requires flexibility in financing. Moreover, the most effective is considered to be the involvement of financing through a combined approach, in which the beneficiaries of non-formal education simultaneously become participants. In this case, it becomes necessary to form an ecosystem of financing for non-formal education, the components of which, interacting, form harmony in the process of supplementary education of an individual throughout his life.

---

[6] *Created by the author.*

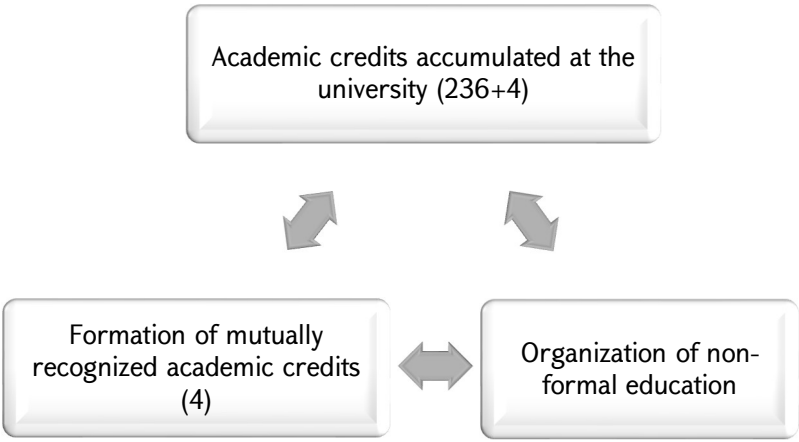


***Figure 3. Transfer of academic credits to non-formal education - formal education system***[7]

## References:


1. ***Abubakar, R., Sholeh, F., Nurfarida, Y., Syawaliah, S., & Murtafiah, N.*** (2022). Education Financing Management In Improving the Quality of Learning in SMA Muhammadiyah 4 Bandung City. *Al Wildan: Jurnal Manajemen Pendidikan Islam*. https://doi.org/10.57146/alwildan.v1i1.549
2. ***Ghazali, S., Kadir, S., Krauss, S., & Asimiran, S.*** (2020). The entrepreneurial leadership practices of Malaysian secondary school principals in fundraising. *Educational Management Administration & Leadership*, 50, 851 - 870. https://doi.org/10.1177/1741143220949542.
3. ***Ho, C.*** (2023). Unpacking the Principal Strategies in Leveraging Weighted Student Funding. *Sustainability*. https://doi.org/10.3390/su151612592.


[7] *Created by the author.*

4. ***Ispiryan, M., & Vardanyan, M.*** (2022). Status and Peculiarities of the Development of Non-Formal and Informal Education in the Republic of Armenia. Scientific bulletin. https://doi.org/10.24234/scientific.v1i43.2.
5. ***Irfansyah, A., , S., Suprianto, B., Kuntadi, C., & Sudarmaji, H.*** (2023). Factors That Affect the Quality Of Vocational Education Graduates in the 4.0 Era: Job Readiness, Skills and Digital Services. *Dinasti International Journal of Education Management And Social Science*. https://doi.org/10.31933/dijemss.v4i4.1734
6. ***Jaya, T., Sitanggang, N., & Lubis, M.*** (2019). Management Financing in Improving the Quality of Education. *Jurnal At-Tarbiyat: Jurnal Pendidikan Islam*. https://doi.org/10.37758/jat.v5i2.420
7. ***Kicherova, M., & Efimova, G.*** (2020). The Impact of Non-Formal Education on Human Capital: A Generational Approach. *Integration of Education*. https://doi.org/10.15507/1991-9468.099.024.202002.316-338
8. ***Siregar, N., M.*** (2021). Educational Financing Management to Improve the Quality of Education. *Proceedings of the 2nd International Conference on Science, Technology, and Modern Society (ICSTMS 2020)*. https://doi.org/10.2991/assehr.k.210909.090

# ՈՉ ՖՈՐՄԱԼ ԿՐԹՈՒԹՅԱՆ ՖԻՆԱՆՍԱՎՈՐՄԱՆ ՀԻՄՆԱԽՆԴԻՐՆԵՐԸ

**Համիկ Սահակյան**
«Հաշվապահության Ուսուցման Միջազգային Կենտրոն»
կրթական հիմնադրամ, գործադիր տնօրեն

**Բանալի բառեր** – լրացուցիչ կրթություն, ոչ ֆորմալ կրթություն, ցկյանս ուսումնառություն, ոչ ֆորմալ կրթության ֆինանսավորում, ակադեմիական կրեդիտներ, մասնագիտական կարողություններ

Համալսարանական ավանդական կրթությունը ներկայումս որոշակի մարտահրավերների առջև է կանգնած: Մասնավորապես աշխատուշակայի պահանջների փոփոխությունները առաջանցիկ բնույթ են կրում ավանդական կրթության վերջնարդյունքներից:

Այս բացը լրացնելու համար կիրառվում է ոչ ֆորմալ կրթական համակարգը, որը ֆինանսավորման հատուկ էկոհամակարգ է պահանջում: Հոդվածում առառաջարկներ են արվում ոչ ֆորմալ կրթության ֆինանսավորման աղբյուրների շրջանակի բարելավումների ուղղությամբ:

*Submitted: 29.09.2025; Revised: 13.10.2025; Accepted: 27.10.2025*

***Conflicts of Interest:***
*The author declares no ethical issues or conflicts of interest in this research.*