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LEGISLATIVE REFORMS IN THE FINANCING OF NON-FORMAL EDUCATION

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Abstract: Financing non-formal education requires special approaches. This form of education accompanies an individual throughout his or her life and, therefore, can lead to financial obstacles in the event of payments.

However, on the other hand, in addition to individual students, non-formal education also has public and private beneficiaries who can financially support the sustainable development of supplementary education. The article discusses the responses to non-formal education in the legislative field of the Republic of Armenia and, based on this, makes proposals for strengthening the legislative norms for the establishment of the financing mechanisms for this form of education. In particular, it is proposed to

legislatively form a national fund for financing non-formal education on the principle of participation of beneficiaries, which ensures the availability of financial resources for organizing additional education in the country.

Keywords: non-formal education, informal education, formal education, supplementary education, social cooperation, partnership obligations, financing fund.

JEL codes: I21, I26

Research aims: to present opportunities to legislatively ensure the financing of non-formal education at the national level.

Research novelty: a mechanism for the formation of a national fund for supplementary education, enshrined in legislative norms, has been proposed based on the principle of participation of beneficiaries of non-formal education.

Introduction

Regulations of non-formal education are somewhat represented in the legislative field of the Republic of Armenia, despite the fact that a clear law on this form of education has not yet been adopted in our country. Currently, there are also sub-legislative acts that directly relate to the regulations of additional and continuing education (see diagram 1).

However, if the regulations on the organization and quality assurance of non-formal education are directly and indirectly present in the legislative field of the Republic of Armenia, then in parallel, the current regulatory field does not at all refer to the financial and economic foundations of this form of education. On

the contrary, financial and economic regulations are not left out of the spotlight in the laws regulating formal education.

Thus, Article 37 of the RA Law "On Vocational Education and Training" explains the sources of financing of this form of education and the forms of their accessibility. The same applies to Article 39 of the RA Law "On Higher Education and Science", which presents in detail the diversity of sources of funding for formal education and the possibilities of using them. It is noteworthy that the above-mentioned laws provide, to one degree or another, explanations about the significance of non-formal education, the need for its application and the expected results. Thus, Article 3, Paragraph 15 of the RA Law "On Education" states that educational centers implement additional professional educational programs, and Article 26 states that supplementary educational programs are implemented to meet the educational needs of citizens and society. The main task of supplementary education within the framework of each level of professional education is the continuous improvement of a person's professional qualifications.

The RA Law "On Vocational Education and Training" provides relatively comprehensive interpretations on supplementary education, Article 5 of which states to reduce the proportion of persons without qualifications (micro-qualifications) and ensure the continuous development of the education system, expand the opportunities for lifelong learning. And Article 3 emphasizes the importance of the work-based learning method of organizing learning, which is carried out in a real workplace or in a work environment adapted to it, ensuring the acquisition of work competencies aimed at the final results of learning.

Article 6 of this law states the need to establish supplementary educational programs in the vocational education system. Moreover, Article 4, paragraph 15 of the law allows for externalization, which is a form of organizing supplementary educational programs through self-education or work-based learning, and in which learning is carried out through direct and indirect consultation of a pedagogical worker (teacher), guidance of thematic presentations, as well as summarizing the final results of the student (student). In this way, additional professional competencies and opportunities to accumulate work experience are formed in a person in order to carry out qualified professional activities, to face the challenges of the present and future, to respond to the changing labor market, to adapt to new conditions, and to continuous professional improvement and development (Khachatryan, N.N., Khachatryan, K.G. 2025).

The RA Law "On Higher Education and Science" takes a special approach to non-formal education, Article 3, paragraph 43 of which interprets micro-qualification. It is a document certifying and registered by assessing certain professional knowledge and skills acquired by a learner through a non-qualifying educational program or through non-formal education, which can be recognized as a basis for employment in a field requiring the given professional knowledge and skills, as well as as a component of a qualification-granting educational program, if the given micro-qualification program is accredited and academic credits are awarded as a result of it.

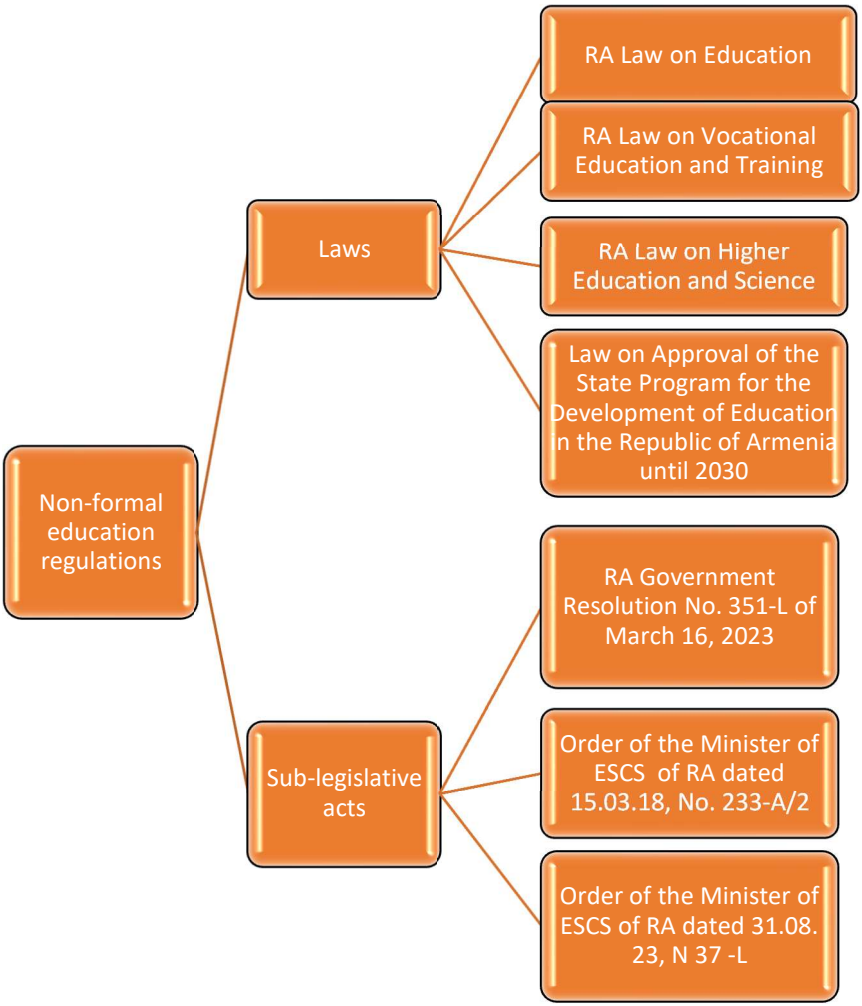


Figure 1. RA laws and sub-legislative acts referring to non-formal education regulations

Article 3, paragraph 39 of the same law requires the maintenance of a state register of qualifications, which collects information on formal education, diplomas, supplements and

related documents issued to students, as well as a unified digital database for recording graduation documents awarded as a result of non-formal post-graduate supplementary education.

Moreover, Article 38 of the law states that public universities will have an inviolable capital and will direct at least 10% of the profit generated as a result of the activities of the reporting year to replenish this capital. The amounts of the inviolable capital may be invested in government bonds or as deposits in commercial banks. And the income from investments may be used by the university to implement its strategic development.

We believe that a certain part of this income, in accordance with the procedure prescribed by law, should still be allocated by the university to the organization of supplementary education, since university professional education lasts about 6 years (bachelor's degree + master's degree) and during this time the skills and abilities of students received at the university may become "outdated" within the framework of the rapidly changing requirements of the labor market. Therefore, the university should take into account these risks and plan to fill this gap by organizing supplementary education, inviting graduates to free retraining.

Therefore, the absence of explanations for the financing of non-formal education in the legislative field of the Republic of Armenia cannot certainly stimulate the development of this form of education, since in the state system the student cannot fully benefit from the support of public finances, and the private sector is not always willing to finance this form of education. Therefore, it is currently considered necessary to define such legislative norms in

the Republic of Armenia that will have a stimulating effect on the process of developing non-formal education.

Reserach results

Non-formal education has a significant impact on the socio-economic development of the country. Accordingly, proper legal regulation of the sector is a necessary prerequisite for solving a number of existing problems, including in terms of professional and scientific development of personnel in accordance with the requirements of the labor market, involvement of employers and expansion of social partnership, as well as expansion of opportunities for financing education.

During the development of the non-formal education system, the expansion of the possibilities for the introduction and application of work-based education is emphasized, which will allow, on the one hand, employers to be involved in educational processes, jointly participate in innovative projects with educational institutions, and on the other hand, to contribute to the formation of abilities and skills among students that are changing with the requirements of the theoretical and practical labor market, and the resulting promotion of employment.

It is also worth noting that our republic has joined the signing of the document "UN Sustainable Development Partnership Framework for Armenia 2021-2025", which aims to ensure the application of people's talents and skills through age-appropriate, lifelong learning ("Continuing Education"), inclusive and quality education in a conducive and safe environment.

Moreover, the European Union-Armenia Comprehensive and Enhanced Partnership Agreement also specifically addresses the issues of promoting lifelong learning, focusing on vocational and higher education. In this case, the promotion of continuing education is seen as a key to growth and job creation, as well as providing citizens with the opportunity to fully participate in society.

Based on this, the Law "On Approval of the State Program for the Development of Education of the Republic of Armenia until 2030" considers it a strategic goal to create opportunities for a trained and to have a comprehensively developed civil society.

By this statute, by 2030, the final result is considered to be ensuring the high quality of non-formal education, with diverse opportunities created for everyone to acquire new knowledge, improve qualifications, and meet the personal and professional learning needs of the individual through non-formal educational programs.

However, studies show that the most prominent problem in terms of the quality of vocational education in the Republic of Armenia remains the mismatch of professional skills with labor market demand, as well as the weak connection between education and the labor market, social partners. According to research, only 41% of graduates of vocational educational institutions believe that the theoretical knowledge they have acquired meets the requirements of their job, and only 43% believe that the practical skills they have acquired meet the requirements of the job. On the other hand, the State Program for the Development of Education of the Republic of Armenia until 2030 sets a target of ensuring employment of 90% of graduates by profession.

According to studies, 86% of graduates indicate that they need additional training to perform work activities after graduation. According to the results of a survey conducted among employers, 78% of them, when hiring a young specialist, deal with the latter's lack of work experience and practical skills.

It is also noteworthy that the majority of lecturers continue to work with an academic approach and do not fully understand the labor market and occupations for which they are educating personnel. As a result, 33% of young people are either overeducated or undereducated for their work.

Another reason for the low efficiency of the education sector is the inefficient use of resources due to the lack of performance-based financing mechanisms and the unregulated distribution structure of institutions in the sector. The current administrative and purely educational expenses of educational institutions are financed from the state budget of the Republic of Armenia, where the largest share is salary payments (more than 80% of planned expenses).

Moreover, over the past 5 years, education expenditures from the state budget of the Republic of Armenia as a share of GDP have fluctuated within 2.0-2.4 percent, with a decreasing trend. For comparison, education expenditures in OECD countries average 5.0% of GDP. And the share of state funding for non-formal education in this indicator is insignificant. Therefore, there is a need to develop a model for financing non-formal education that is not based only on state funding, but on the principles of social partnership, taking into account the goals of all stakeholders in this form of education. It is noteworthy that the “Concept of Social

Partnership in the Field of Initial (Craft) and Secondary Vocational Education" approved by the order of the Minister of Education, Science and Culture of March 15, 2018 contains strategic issues related to the development and continuous promotion of social partnership and offers solutions arising from the goals of all stakeholders.

It is also necessary to record that the RA Government Resolution No. 351-L of March 16, 2023 outlines the need to develop and implement sub-legislative acts related to non-formal and informal education. Reference is also made to the strategic approaches to non-formal education, mainly aimed at the issues of organizing short-term educational programs, retraining educational programs, lifelong education and formal, non-formal and informal forms that are components of adult education, which are practically not regulated in Armenia.

In order for all terms to be universally acceptable in the future, here we present some terms in accordance with the Law of the Republic of Armenia on Education (Adopted by the National Assembly on 14 April, 1999), which we will use in our article from now on (Article 3)

- ✓ **"lifelong learning"** - outcomes of studies achieved through formal, non-formal and informal education throughout the entire life of a person by which the individual forms or improves his or her knowledge, skills, abilities and the system of values;
- ✓ **"formal education"** - a certain level or integrity of basic programs of general education and professional (vocational) education which are implemented by relevant educational

institution(s) and lead to granting a qualification degree or certification;

- ✓ **"non-formal education (instruction)"**- a supplementary instruction program of education or integrity of those which are implemented through relevant educational institution(s) or organisation and (or) service competent to perform that function, but do not lead to granting a qualification degree or official recognition of the outcomes of studies, except for the cases provided for by laws of the Republic of Armenia;
- ✓ **"informal education"** - outcomes of studies achieved as a result of daily and family life, rest, leisure, work and other different actions that, as a rule, are not planned by a person as goal-oriented studies, are not organised and coordinated in terms of time or resources, do not lead to official recognition of the outcomes, except for the cases provided for by the legislation of the Republic of Armenia;
- ✓ **"supplementary education (instruction)" -** non-formal studies through supplementary educational program, the maximum duration whereof may be up to five months;
- ✓ **"attendee**" - a person enrolled in and studying under the supplementary educational program.

However, at the same time, the Law of the Republic of Armenia on Education does not regulate the issues of financing non-formal education, and only indicates the following strategic directions:

- ✓ reform the legislative framework regulating the non-formal education sector,
- ✓ define terms related to non-formal education in accordance with international terminology,

- ✓ create the basis for the state to recognize and certify the results of non-formal and informal learning,
- ✓ clarify the process stages of organizing and implementing supplementary educational programs, which are intended to implement needs-based, professional training or retraining with programs guaranteed by the authorized state education management body,
- ✓ introduce a national training registry as a toolkit for operating the system,
- ✓ raise public awareness about the non-formal education sector.
- ✓ create opportunities for having a trained and comprehensively developed civil society.

In our opinion, the legislative fixation of financing non-formal education should be implemented on the basis of social partnership, by creating a unified (republican) fund for supplementary education. For this purpose, beneficiaries of non-formal education will make contributions to the fund by force of law, from which the organization of supplementary education will receive minimal and sufficient funding.

Thus, in the laws related to institutions organizing formal education ("On Education", "On Professional Education and Training", "On Higher Education and Science"), we propose to apply a norm according to which these organizations will allocate 1% of their income to the Republican Fund for Non-Formal Education. We believe that the justification for this proposal lies in the fact that in this way the formal education system provides opportunities to supplement the learning gap that was formed in the student during his college or university years.

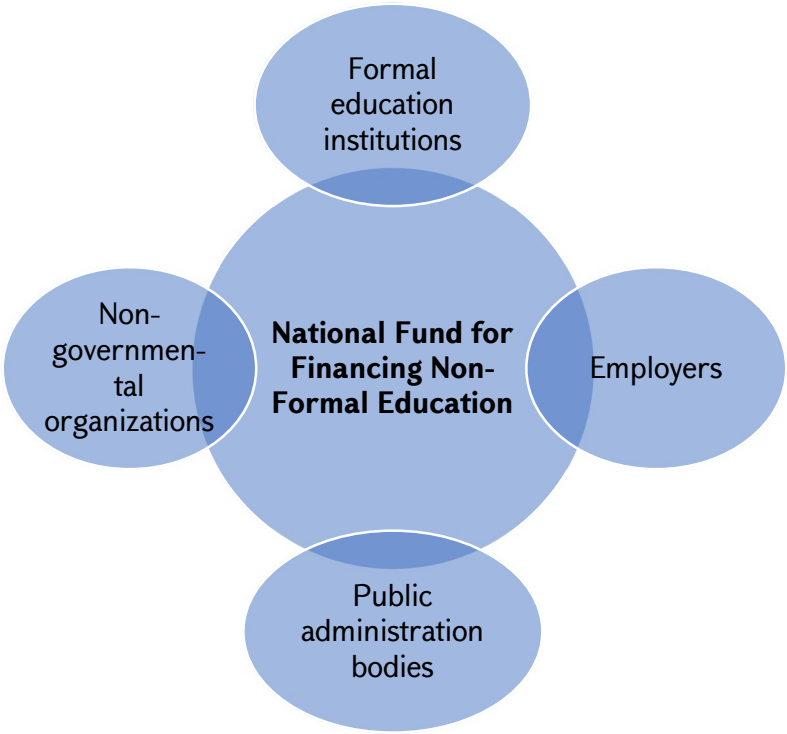


Figure 2. Ways to establishment a fund supporting the organization of non-formal education

Source: *Authors' own work.*

Naturally, in this way, non-formal education will also have the opportunity to use these financial resources.

The same requirement should be legislatively enshrined for employers, but already as a motivational tool. In this regard, it is proposed to enshrine a norm in the RA Law "On Profit Tax" according to which the employer should recognize 50% of the costs of employee qualification as an additional deduction, if these costs constitute 0.2% of the organization's sales turnover.

Local self-government bodies should also not remain uninvolved in the process of forming a non-formal education financing fund. For this reason, we propose to enshrine a norm in the RA Law "On Local Self-Government" according to which 1.0% of community revenues should be allocated to the Republican Fund for Financing Non-formal Education.

And finally, the beneficiaries of non-formal education are civil society entities, in particular public organizations, which often encounter citizens' ignorance and inadequate literacy in mastering and overcoming the problem during the implementation of their programs . In this regard, we propose to introduce an additional norm in the RA Law "On Public Organizations", according to which 1% of the income of public organizations will be directed to the Republican Fund for Non-formal Education.

Having formed an appropriate fund, subsequent by-laws should regulate its use, which will concern all beneficiaries of non-formal education (Tshughuryan, A., Mnatsakanyan, H. & . Grigoryan, L., 2025).

Conclusion

The financing of non-formal education has not yet received its legislative regulations in the Republic of Armenia. Meanwhile, its demand is currently becoming more significant, since individuals, striving to receive supplementary education throughout their lives, often face financial problems (Tshughuryan, A., Savastano, M., & Khachatryan, N. 2025). It is not always that financing of non-formal education is available to individuals and often they do not resort to this form of education simply due to the insufficient level of their own solvency.

Meanwhile, the beneficiaries of non-formal education are not only individuals, but also the state, public structures, businesses, and institutions providing formal educational services, which in turn must support supplementary education and provide some financial support to this process. For this reason, we attach importance to strengthening the legislative participation of all beneficiaries in the financing of non-formal education in the Republic of Armenia, thereby demonstrating social solidarity and partnership commitment.

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ՈՉ ՖՈՐՄԱԼ ԿՐԹՈՒԹՅԱՆ ՖԻՆԱՆՍԱՎՈՐՄԱՆ ՕՐԵՆՍԴՐԱԿԱՆ ԲԱՐԵՓՈԽՈՒՄՆԵՐԻ ՇՈՒՐՋ

Արմեն Ճուղուրյան
Հայաստանի պետական տնտեսագիտական համալսարան
Հյուսիսային համալսարան
տնտեսագիտության դոկտոր, պրոֆեսոր

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

Բանալի բառեր - ոչ ֆորմալ կրթություն, ինֆորմալ կրթություն, ֆորմալ կրթություն, լրացուցիչ կրթություն, սոցիալական համագործակցություն, գործընկերային պարտավորություններ, ֆինանսավորող հիմնադրամ:

Ոչ ֆորմալ կրթության ֆինանսավորումը առանձնահատուկ մոտեցումներ է պահանջում: Այդ կրթաձևը ուղեկցում է անհատին՝ իր ողջ կյանքի ընթացքում և հետևաբար, ֆինանսավորման սակավությունից ելնելով՝ կարող է խոչընդոտել անհատի մասնագիտական և անձնային զարգացման նպատակներին: Սակայն մյուս կողմից, ոչ ֆորմալ կրութությունը անհատ ուսումնառուներից բացի, ունի նաև

հանրային և մասնավոր շահառուներ, որոնք կարող են ֆինանսապես աջակցել լրացուցիչ կրթության կայուն զարգացմանը: Հոդվածում անդրադարձ է կատարվում ՀՀ օրենսդրական դաշտում ոչ ֆորմալ կթության արձագանքներին և դրա հիման առաջարկներ են արվում օրենսդրական նորմերով նպաստել այդ կրթաձևի ֆինանսավորման աղբյուրների կայացմանը:

Մասնավորապես, առաջարկվում է շահառուների բաժնեմասնակցային սկզբունքով օրենսդրորեն ձևավորելու ոչ ֆորմալ կրության ֆինանսավորման համապետական հիմնադրամ, որով ապահովելու է երկրում լրացուցիչ կրթության կազմակերպման ֆինանսական ռեսուրների առկայությունը:

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Conflicts of Interest:
The authors declare no ethical issues or conflicts of interest in this research.