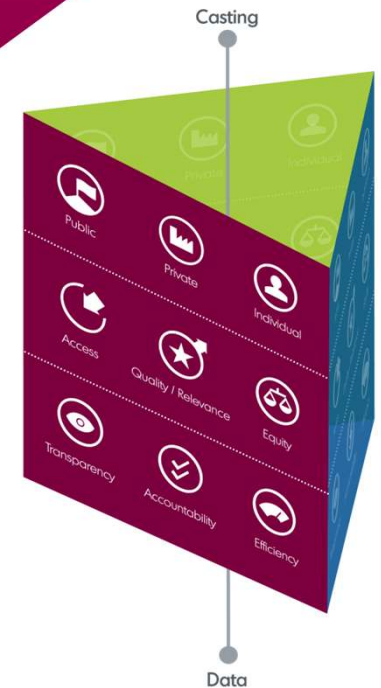


FROM RESOURCE ALLOCATION TO EQUAL LEARNING OPPORTUNITIES: USING FINANCING INSTRUMENTS AS DRIVERS FOR EDUCATION POLICIES

The Financing of Education in ARMENIA: overview

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Context (1/2) : main challenges of the education system

- Limited access to educational infrastructure in rural areas
- Lack of teachers in rural areas and overall low motivation
- Low education quality and competitiveness
- Quality Inclusive Education
- Expansion and quality of School Feeding program
- Effective budget governance and the implementation of accountability and transparency mechanisms

Context (2/2) : key policy reforms and their financial impact

High capital investments in educational infrastructure

- Construction and renovation of 300 schools and 500 kindergartens
- STEM and ICT laboratories, as well as sport halls
- “Academic city” megaprogram

Programs for ensuring decent remuneration and incentives for teachers

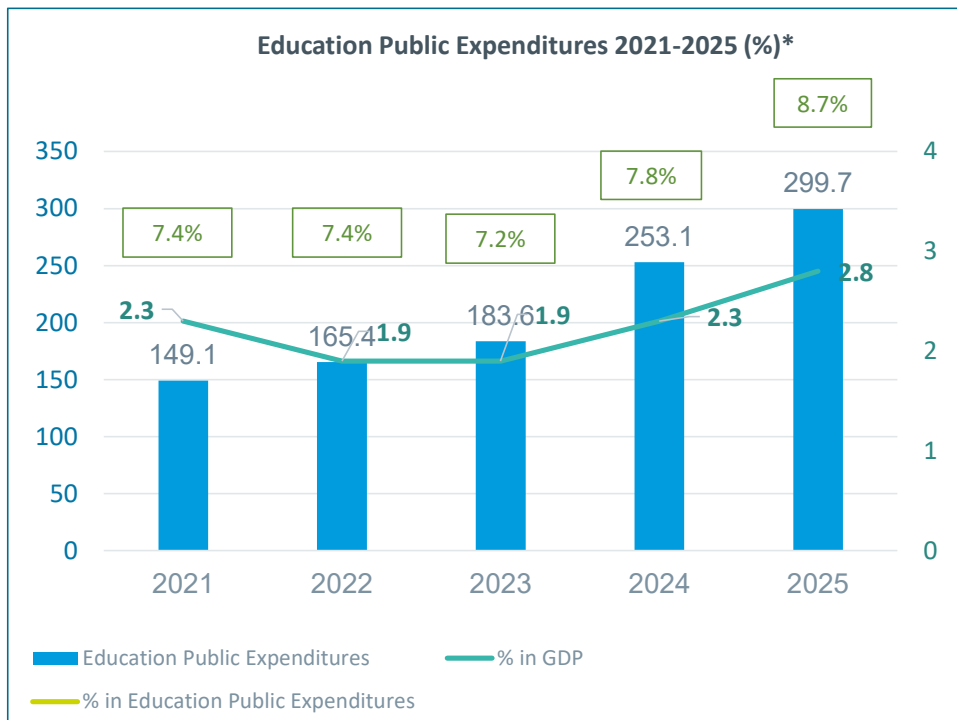
- Voluntary attestation with increased salary rate + bonuses
- Bonuses for STEM teachers
- Bonuses for teachers of small rural areas (having less than 100 students)
- Grading system with bonuses

General Education new Standard

- Review of teaching hours
- Increased salary rate for teachers teaching with new standard
- New textbooks creation

Resource mobilization & Basic data

- Please share below the most meaningful data on education financing (resource mobilization for education (government budget/expenditure, household participation, external funding)
- What do financial data (especially, but not only, budget data) say about the resource mobilisation for education ?
- What are the main debates around this currently ? Are the prospects of change in a near future ?



More than 90% of the budget's expenditures are allocated to salaries and salary-equivalent payments.

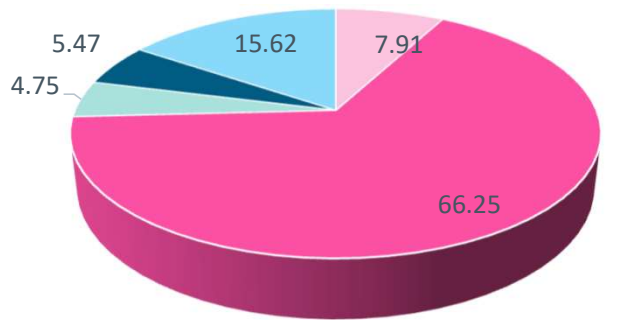
In 2025, loans and grants in the education sector amounted to approximately 4.7%. They were primarily directed toward infrastructure.

It is also important to note that, in different years, loan investments directed to education have varied and have targeted not only infrastructure but also content-related reforms.

Resource allocation to the different levels

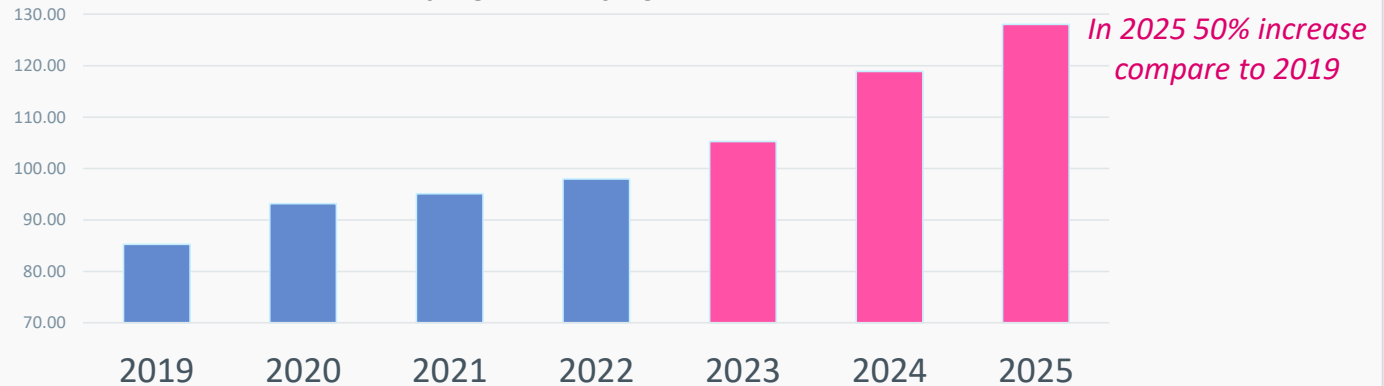
- * What are the major financing instruments for resource allocation (transfers, grants, subsidies, incentives, scholarships...)?
- * What are the main policy objectives the various financing instruments for resource allocation are planned to support ?
- * To what extent does this work ? What are the bottlenecks or difficulties ?

State Budget allocations by Education levels in 2024, %



- Preschool Education
- Vocational Education
- Other
- General Education
- Higher Education

Schools financing before and after new financing formula, billion AM Drams



Components of the new standard financed through the funding formula:

- Extracurricular clubs
- Project-based activities
- Extended-day schooling
- Individualized timetables in upper secondary grades
- Revised teacher salary rate (tariff rate)

Governance of the financing chain: decentralisation issues and good financial governance principles

** How does the institutional setting (incl. decentralisation or centralisation) has an impact on the financing system of the sector ?*

** Which good practice or difficulties do you face to ensure good governance principles, e.g. of transparency, accountability, efficiency ?*

- Digitalization of all the data connected to school financing / Capacity issues for data import
- Centralisation of the governance (especially the financing) – expected from January 2027
- School financing is happening within different budget programs / make difficult to count the spendings on single school - single student.
- Mechanisms of financing the private education sector
- Micro-management of schools expenses / lack of control mechanisms

Lessons learnt and experience/good practice sharing

*What are the innovative financing instruments which have proved or are expected to be the most effective in bringing change?
Or the main achievements you would like to share ?*

- Digitalization
- Implementation of program based budgeting
- Centralisation of the financing chain
- Implementation of targeted groups financing