ARMENIA

STRONG COMMITMENT TO ACCELERATE EFFORTS FOR HUMAN CAPITAL DEVELOPMENT

Outline

Main Achievements in Human Capital Development

Data and Statistics

Outline of strategic gaps based on sectoral studies

Highlighting the Existing Challenges

The Government's Policy Directions to address the challenges in developing human capital
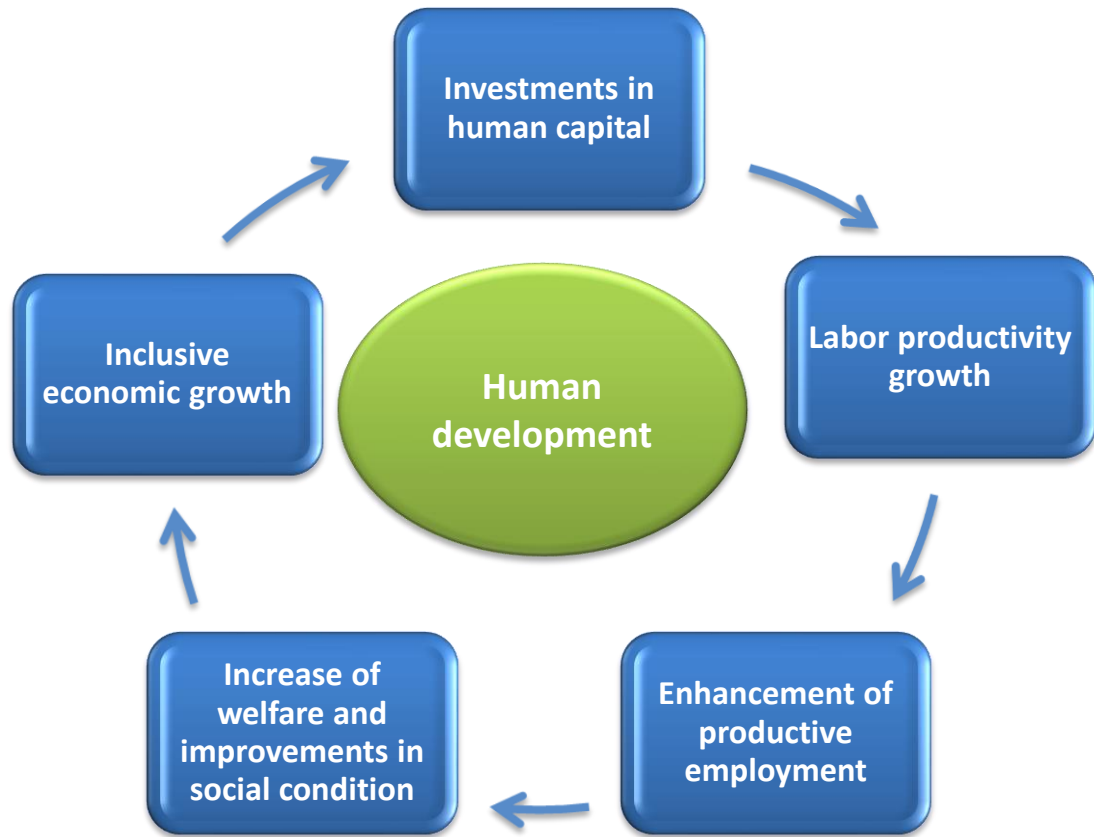
Further Policies to enhance Armenia's Human Capital

The most valuable of all capital is that invested in human beings.

Alfred Marshall

HUMAN CAPITAL PROJECT
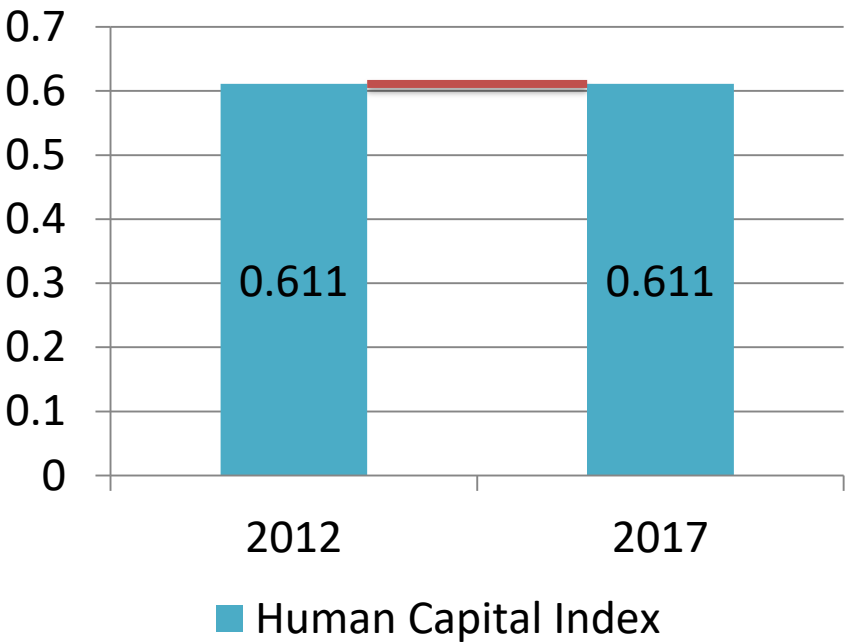ARMENIA'S ACHIEVEMENTS AND VISION
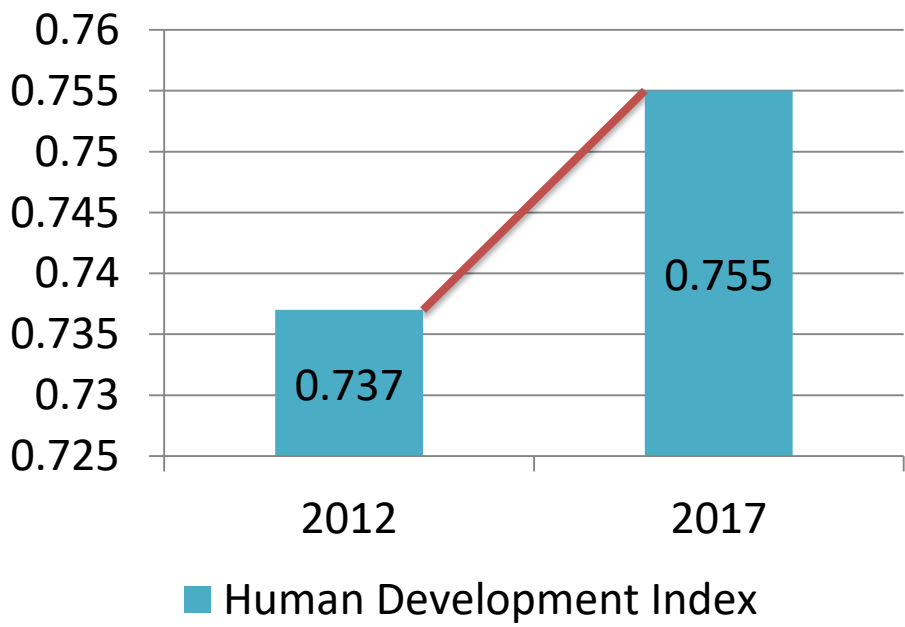
Why to invest in human capital?

Dynamics of Human Capital (WB) and Human Developmet (UN) Indexes in Armenia

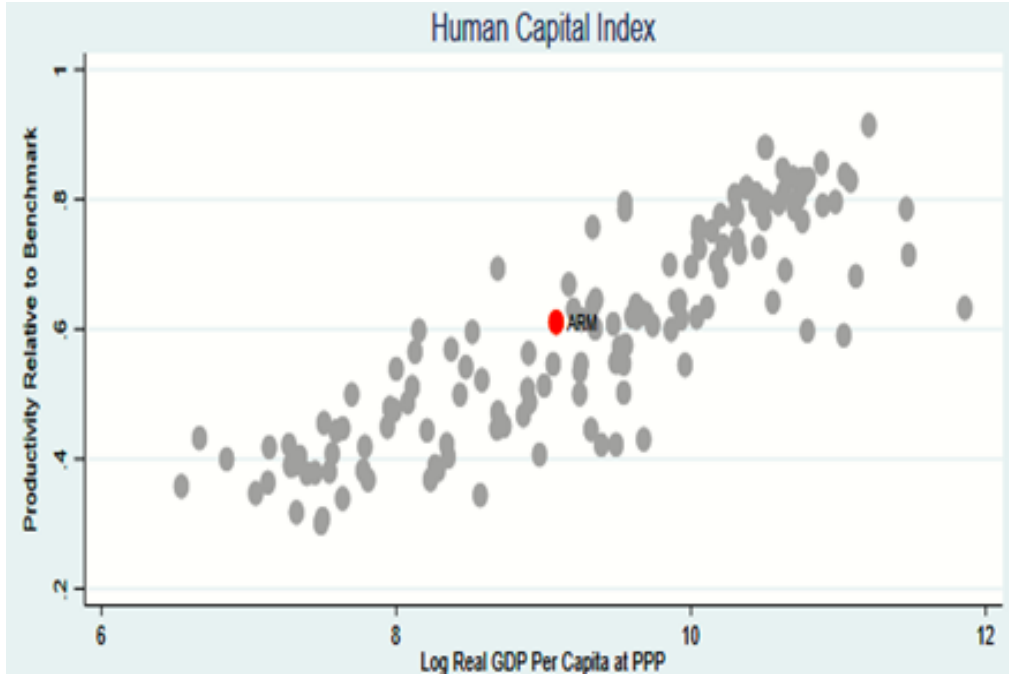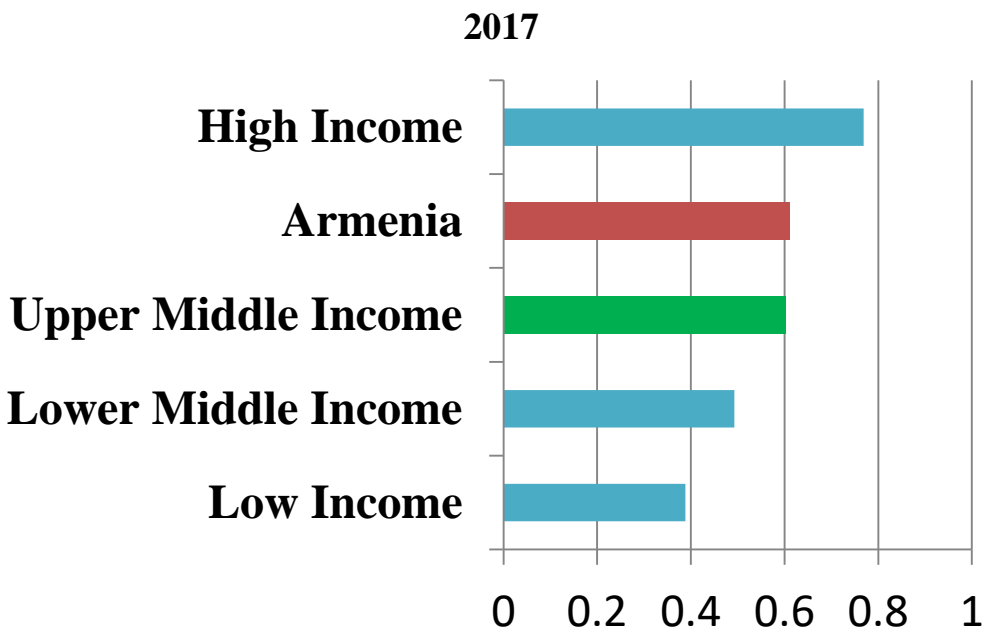**Human capital index in Armenia remained stable in 2012 and 2017 – 0.611.**

At the same time Human development index rose from 0.737 to 0.755.

Human Capital Index: 2012 — 0.611, 2017 — 0.611

Human Development Index: 2012 — 0.737, 2017 — 0.755

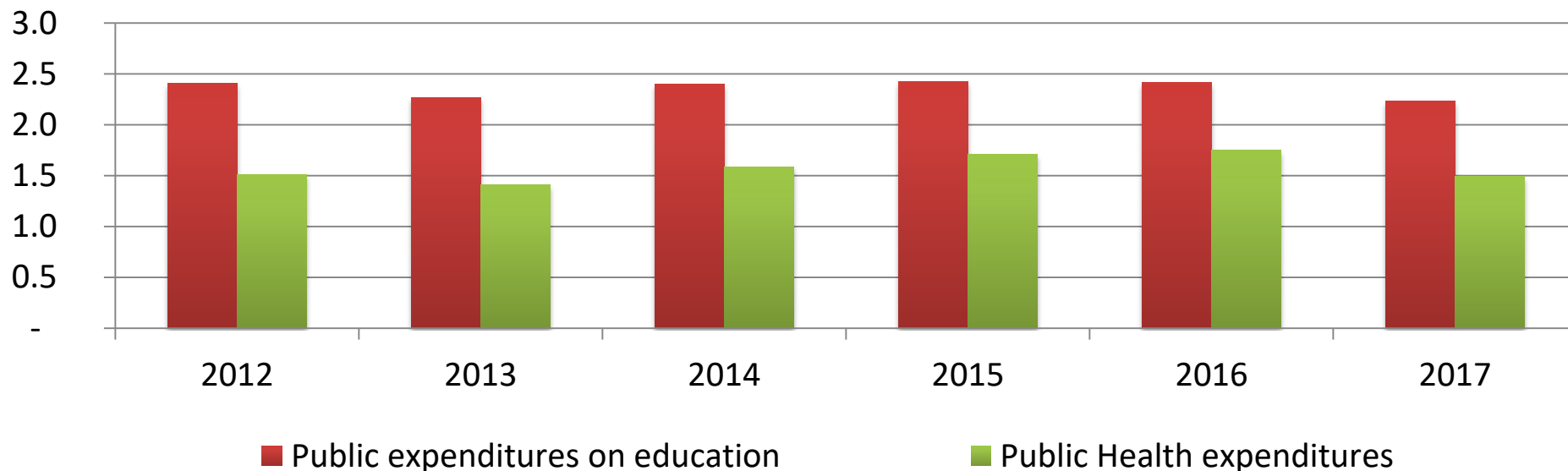# Human Capital Index: Comparison of Armenia and other countries

Armenia registered higher HCI than the peer (upper-middle income countries) average in 2017.

2017

Human capital expenditures of Armenia , % of GDP

- ✓ **With lower public investments on human capital Armenia registered higher HCI than the peer (upper-middle income countries) average.**
- • **Expenditures on education in Armenia made up 2.2% of GDP in 2017, though the indicator in upper middle and high income countries shows arround 4-5% of GDP.**
- • **Health expenditures in Armenia composed 1.5% of GDP in 2017. It is two times lower than the same indicator in upper middle income countries and 5 times lower than in high income countries .**
- ✓ **In addition, Armenian health and education sectors have tax privileges.**

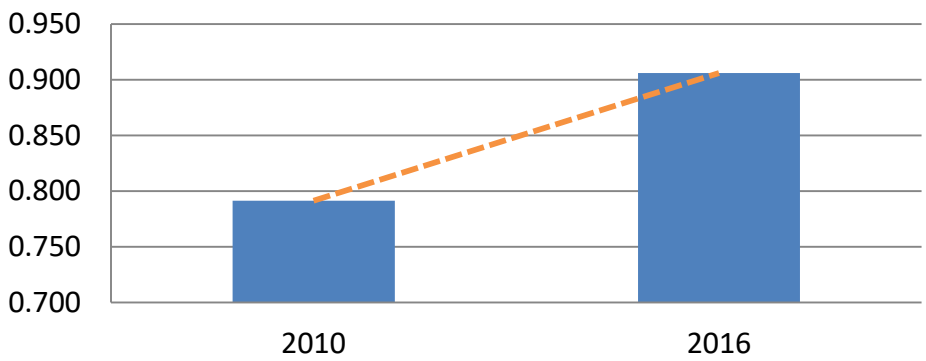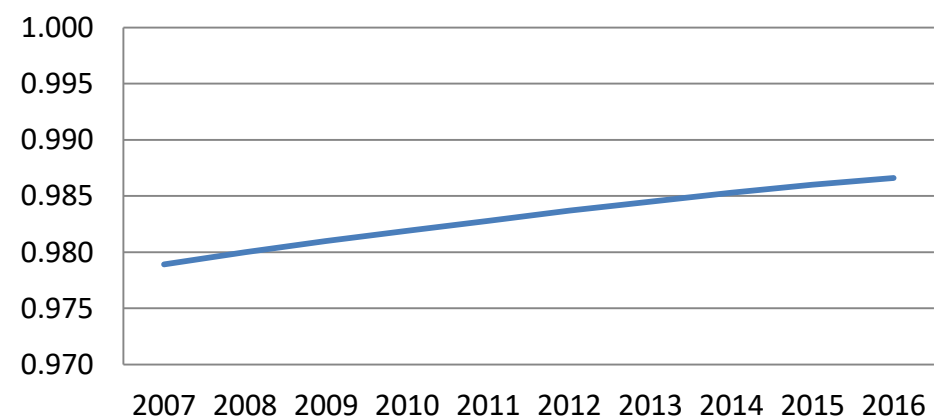■ Public expenditures on education   ■ Public Health expenditures

The components positively contributing to HCI

Although the HCI of Armenia for the years 2012 and 2017 remained stable, some components have recorded significant progress.
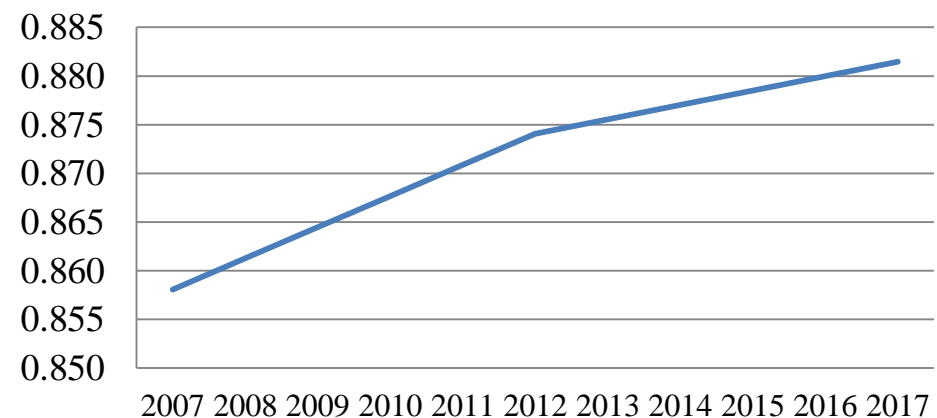
Probability to Survive to Age 5

Fraction of Children Under 5 Not Stunted

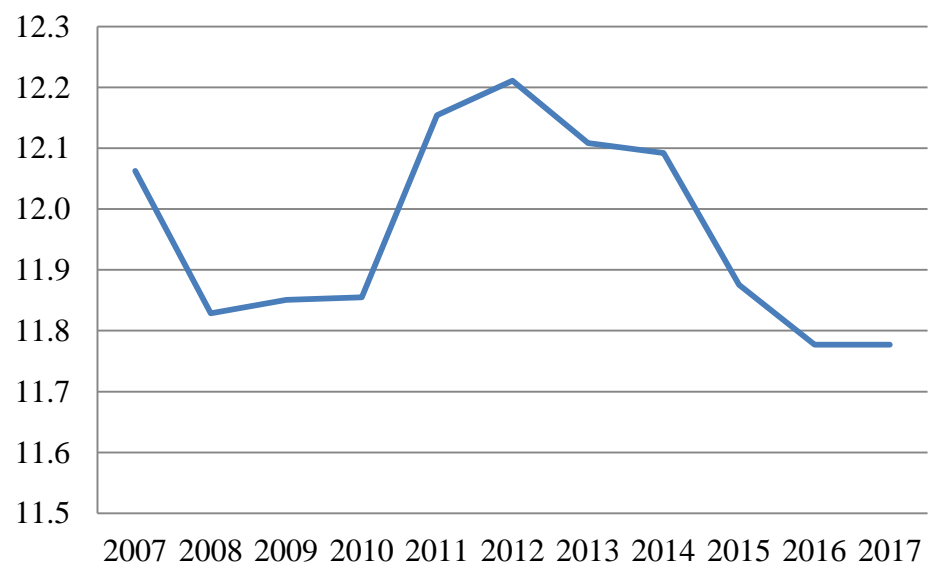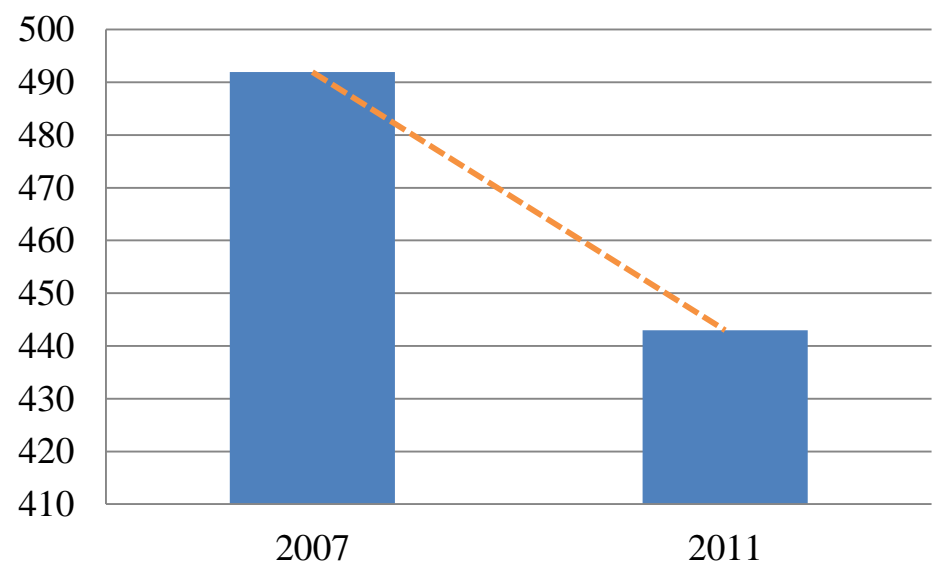**Adult Survival Rates (Age 15 to 60)**

The components negatively contributing to HCI

Nevertheless, no essential progress was recorded in relation with Schooling components in the recent years.

Expected Years School
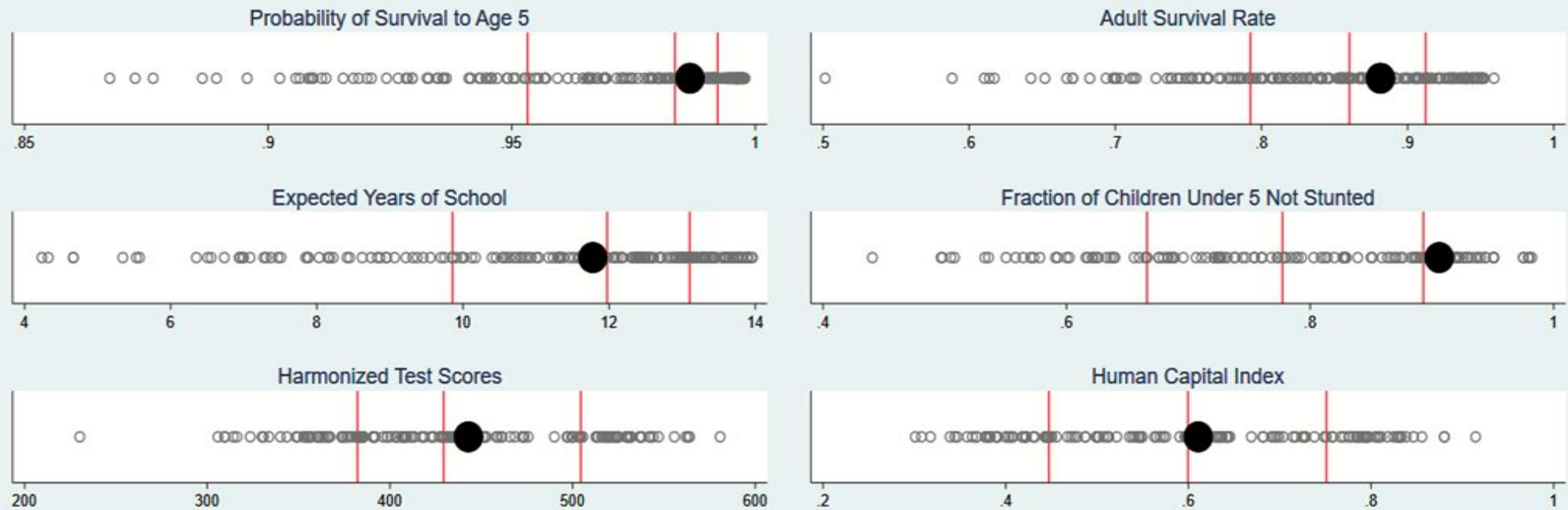

Harmonized Test Scores

The distribution of HCI and its Components

Armenia is on relatively higher positions by Survival and Health indicators, and on relatively lower postions by Schooling indicators.

Human Capital Index and Components: Armenia

Note: Vertical lines indicate quartiles of each variable. Data are preliminary and subject to revision (as of July 24, 2018).

Main Challenges to Human Capital Development

Lack of Consistency between Labor Market and Higher education

Quality and relevance of education

Limited availability and access to quality preschool education

Lack of human capital development through social services

Limited Possibilities for public investment in health and education

Poor governance

Limited integrity among all the units in the whole health sector

Significant regional disparities in access to quality health

THE RA GOVERNMENT'S POLICY DIRECTIONS FOR HUMAN CAPITAL DEVELOPMENT

EDUCATION SECTOR
- ➢ **Increase Consistency between Labor Market and Higher Education**
- ➢ **Modernization of Educational Services and Growth of Competitiveness**
- ➢ **Ensuring equal access to quality education for all population groups at all levels of the secondary school and continuous improvement of system efficiency**
- ➢ **Strengthening professional skills of teachers**

HEALTHCARE SECTOR
- ➢ **Introduction of a complete health insurance system**
- ➢ **Modernization of medical services to increase competitiveness in the sector**
- ➢ **Digitalization of disease histories and centralized data basing to increase integrity among all units in Health Sector**

SOCIAL PROTECTION SECTOR
- ➢ **Modernization and increase of quality of social services to contribute to Human Capital Development**
- ➢ **Introduction of job providing efficient system**
- ➢ **Introduction of efficient mechanisms addressed to fertility growth**

Thank you for your attention!