



# Can Armenia Become a Regional Leader in Education?

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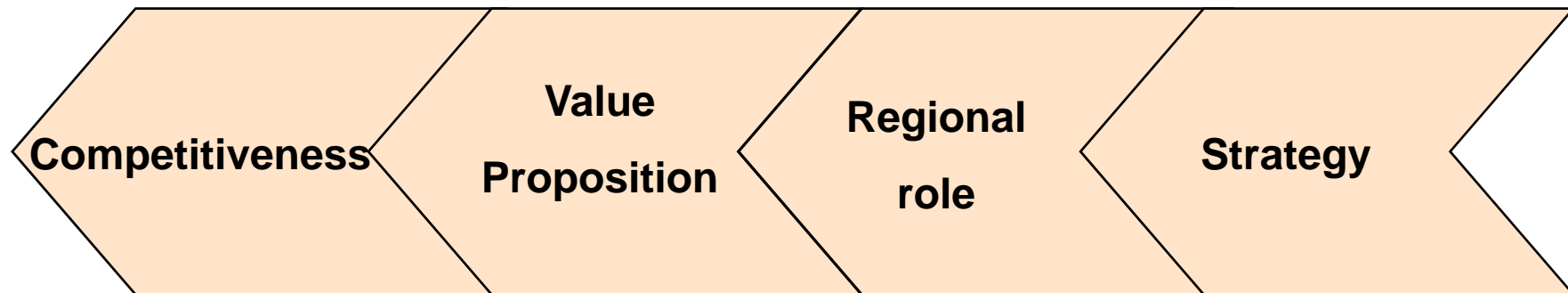
# ARMENIA'S MAJOR ECONOMIC CHALLENGE

Today Armenia is facing a challenge of finding new sources for sustainable growth

- Armenia's economy is growing at a rapid rate, however the sources of this growth are not sustainable and fail to create bases for international competitiveness:
  - Over 2004-2006 construction (43.5% of growth) and agriculture (13.1% of growth) were the driving forces of economic growth;
- Low competitiveness in accordance with the World Economic Forum World Competitiveness Report is a good evidence of this:
  - According to the Global Competitiveness Index Armenia occupies only the 82nd place (out of 125 countries)
- Armenia is facing the challenge of generating and nurturing new sources of growth. It would be possible only under a clear positioning of the country and implementation of a consistent strategy.

# STRATEGIC POSITIONING

Armenia faces the challenge of making an economic breakthrough.



Global industries will be the drivers of competitiveness

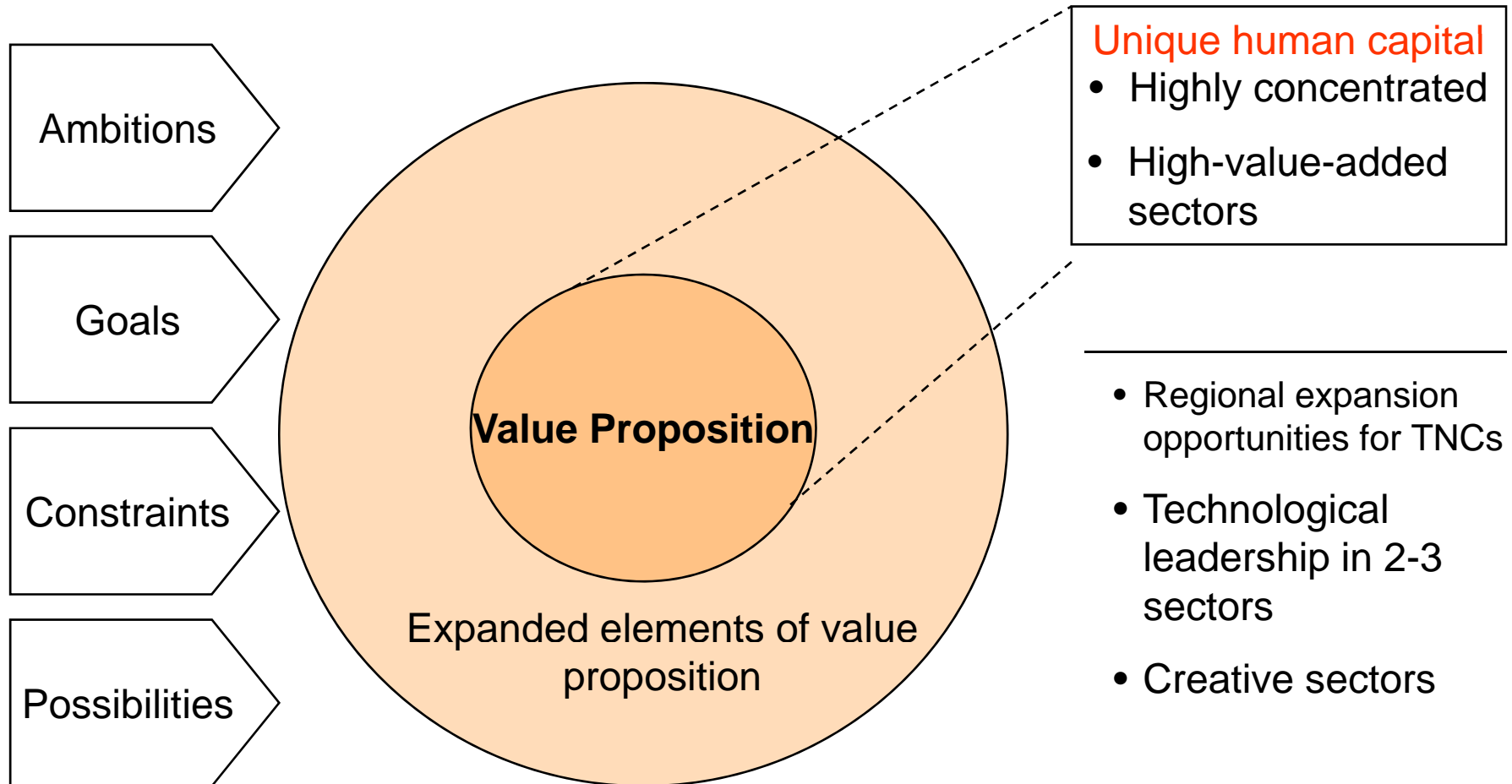
**Unique human capital**

- Redefining of the region
- Positioning
- Defining certain functions

- Sectoral Targeting
- Identification of segments
- Resource distribution
- **Levers**

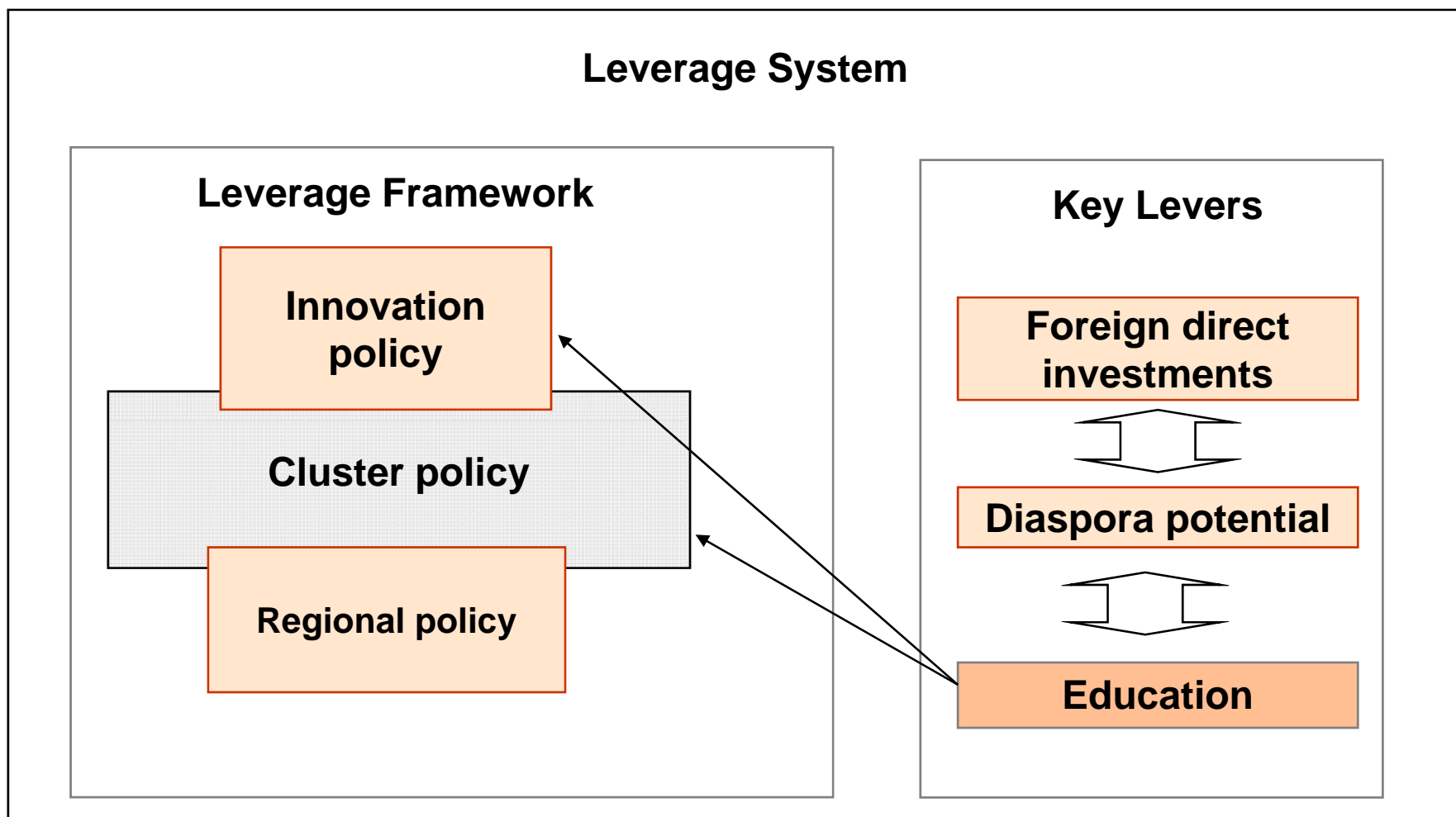
# STRATEGIC INTENT

The strategic intent implies creating of a distinctive value proposition as a basis for the regional role.



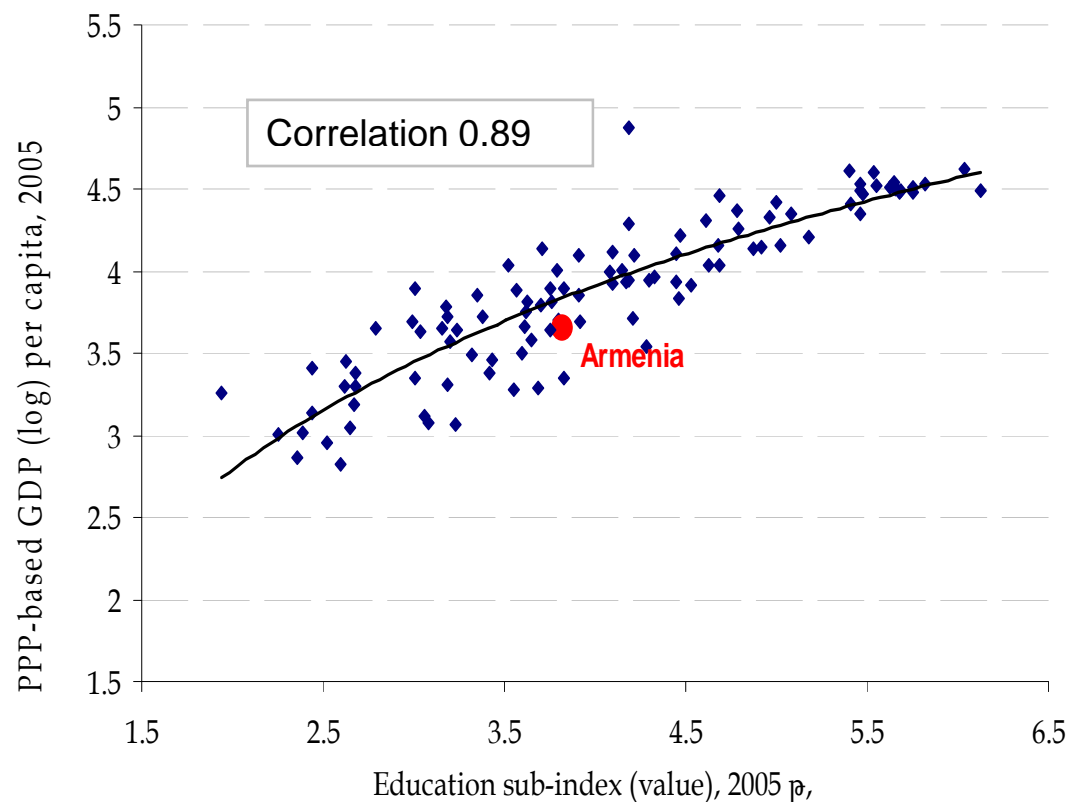
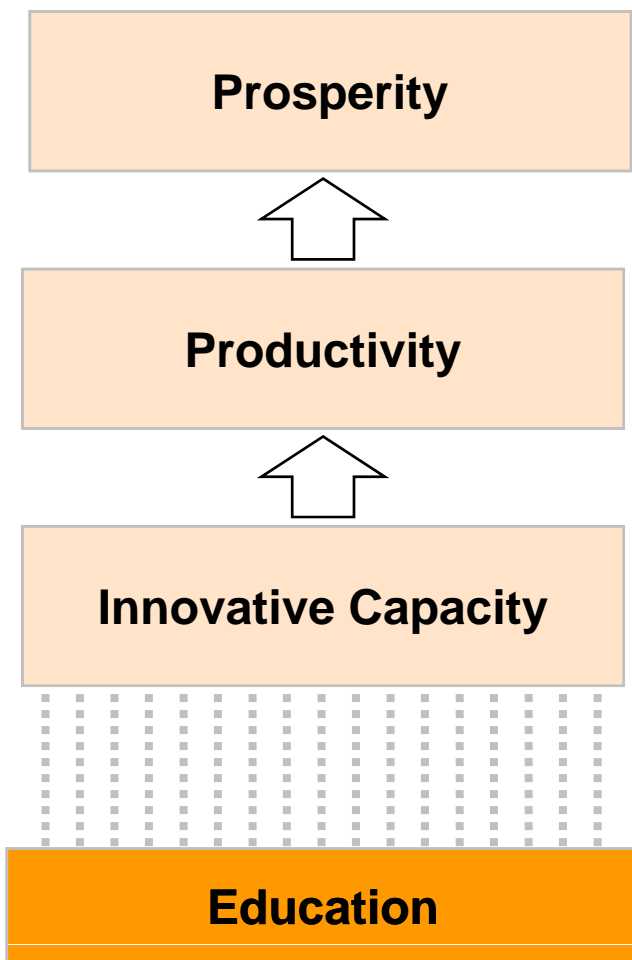
# COMPETITIVE LEVERAGE

Major competitive tools (levers) should be identified to ensure viability of positioning and gaining advantage in regional competition.



# EDUCATION AS A TOOL FOR BREAKTHROUGH

In today's world economic context education is a fundamental prerequisite for competitiveness, hence, for sustainable prosperity.



Source: World Economic Forum and WB.

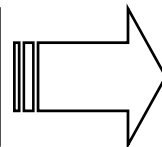
# EDUCATION AS A COMPETITIVE LEVER

Education should become the utmost priority area in Armenia

## Comparative Advantage

Natural (human) resources are available

- 100% enrollment in primary education
- Educational traditions
- A still large number of scientists
- Family value (education expenses comprise a large share in households' budgets)
- Genes



## Competitive Advantage

Potential opportunities

- ensure best regional standards for basic education
- leadership in few selected specialties
- transforming higher education into a dynamic economic sector
- leadership in a few selected scientific areas

# EDUCATION IN COMPARISON

For leadership, Armenia needs a significant leap.



Indicators	Armenia	Estonia	Russia	Israel
Education expenses in GDP, (%) 2005	2.75	5.70*	3.71	7.30*
Enrollment in higher education (%), 2004	26,2	65,1	68.20	56.50
Science & engineering enrollment ratio, %, 2004	6,54	21,99		29.64
Quality of education, 2006 (place/125)	88	31	54	22
Quality of math and science education, 2006, (place/125)	71	18	43	11
Quality of business education, 2006 (place/125)	109	30	84	14
Availability of training services, 2006 (place/125)	104	27	69	10
Extent of staff training, 2006, (place/125)	104	27	99	23
Quality of public schools, 2006, (place/125)	83	21	51	24

Source: WB, WEF, WDI-Online, \*2003 data.



## SELECTED KEY GLOBAL TRENDS

- ✓ Education is increasingly being globalized, with new actors emerging who target the entire world. The major drivers are technology, free circulation of people, capital and goods.
- ✓ Attracting foreign students is part of the strategy of attracting highly qualified personnel. Since 2000 the overall number of foreign students grew by 41%, comprising 9% average annual increase.
- ✓ Intensifying competition for talents. More pronounced in technology industries.
- ✓ English spreads more, as an international medium of instruction.
- ✓ Subjects most internationalized are those requiring:
  - ✓ Connections (e. g. business)
  - ✓ Universal knowledge (quantitative; natural sciences)
  - ✓ Commitment (microbiology)
  - ✓ Uncertainty (Social science, philosophy)
- ✓ A large number of countries (including advanced ones) are seeking new education models to foster creativity, innovative thinking and efficiency.

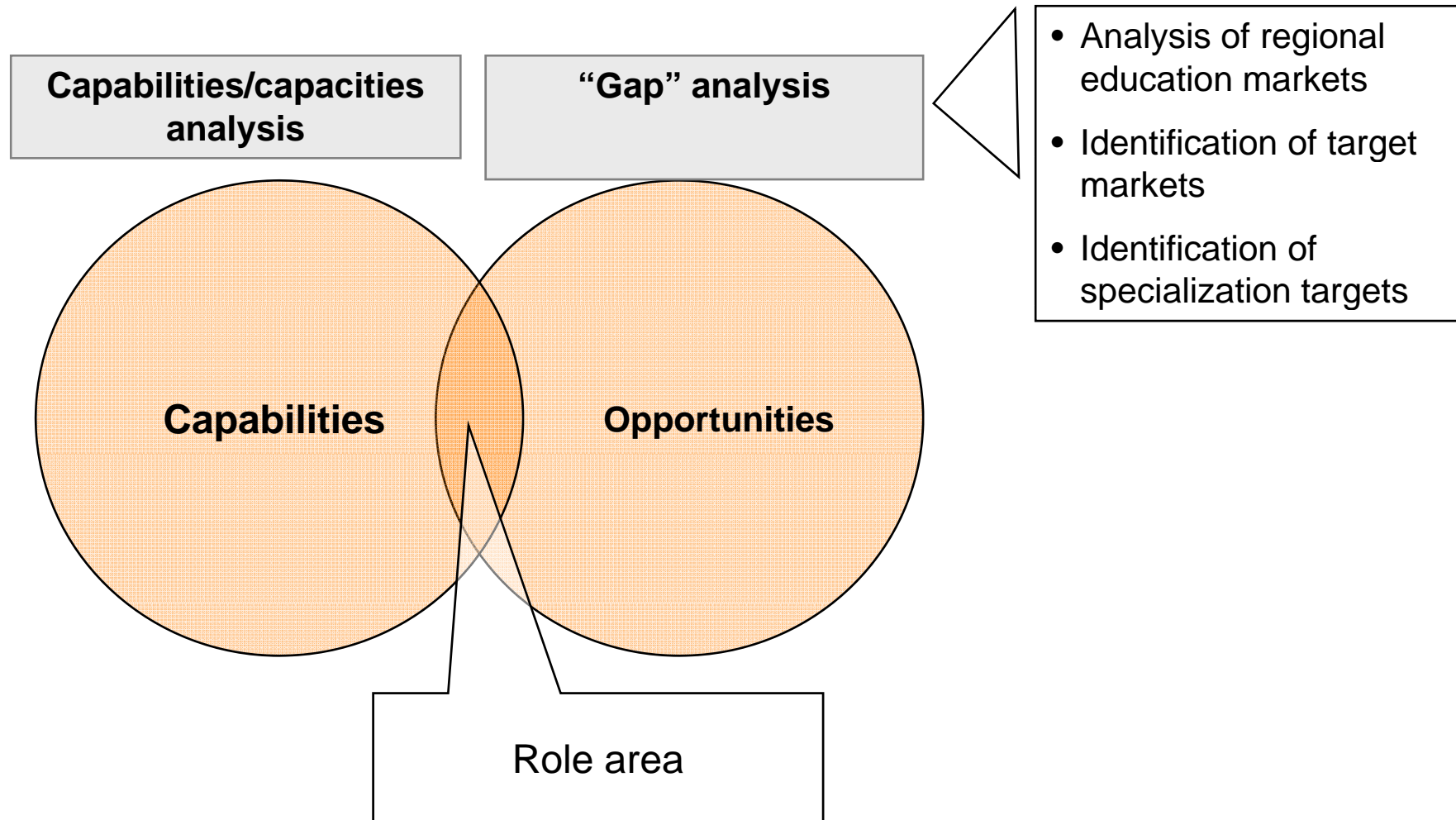
# REGIONAL TARGETING

Multi-factor analysis is required for identifying the regional target. Benchmarking may start with “broadly defined” region. The Eurasian Cross Road region may provide better opportunities for leadership.

CIS	Central and Eastern Europe	Eurasian Cross Road
<p><b><i>Rationale</i></b></p> <p>General historical context, similar economic characteristics, close economic linkages</p> <p><b><i>10 countries</i></b></p> <p>Russia, Ukraine, Kazakhstan, Moldova, Belarus, Georgia, Azerbaijan, Uzbekistan, Kyrgyzstan, Tajikistan</p>	<p><b><i>Rationale</i></b></p> <p>Better performance during the transition period. Perceived as a region covering Armenia</p> <p><b><i>15 countries</i></b></p> <p>Latvia, Lithuania, Estonia, Poland, Hungary, Czech Republic, Slovenia, Slovakia, Bulgaria, Romania, Bosnia, Albania, Serbia, Croatia, Macedonia</p>	<p><b><i>Rationale</i></b></p> <p>A historical region covering Armenia, geographic crossroads on crucial European trade routes</p> <p><b><i>8 + countries</i></b></p> <p>Turkey, Azerbaijan, Georgia, Iran, Syria, Lebanon, Israel, Jordan</p> <p>+ other Arab countries</p>

# REGIONAL ROLE

There is a need to conduct a comprehensive study of capabilities/capacities in educational services and regional gap analysis.



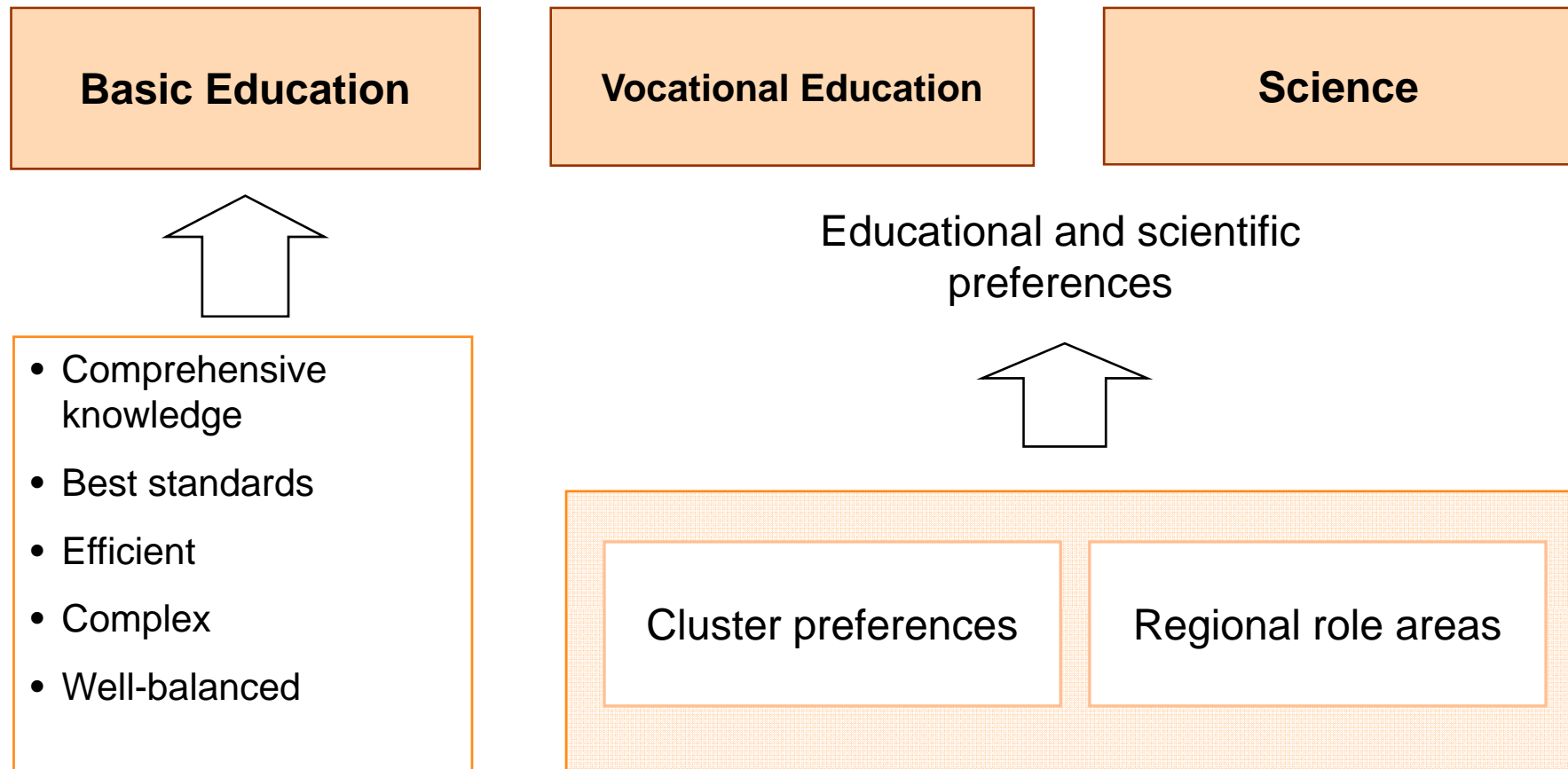
# EXAMPLES OF TRENDS WHICH MAY CREATE OPPORTUNITIES

Gap analysis should demonstrate the potential target areas

- Oil-rich countries of the Middle East make large-scale investments in the ICT sector, however they have significant shortage of professionals and advanced educational institutions.
- Global transnational corporations spread their research and development units across the world with regional focus. Later these become the basis for educational and scientific specializations in these sectors.
- The populations of Russia and Ukraine decrease rapidly, and there is a shortage of professional resources in some areas
- There is an increasing demand for products created on the basis of ethnic cultures.

# PRINCIPLES OF THE EDUCATIONAL MODEL

The European model offers good framework opportunities but it needs to be infused with specific content.



# IDENTIFICATION OF EDUCATIONAL PRIORITIES



**Compliance with cluster preferences**

## **Examples:**

Information technologies - developing integrated circuits (IC)

**Concentration of resources**

Engineering – automated systems design

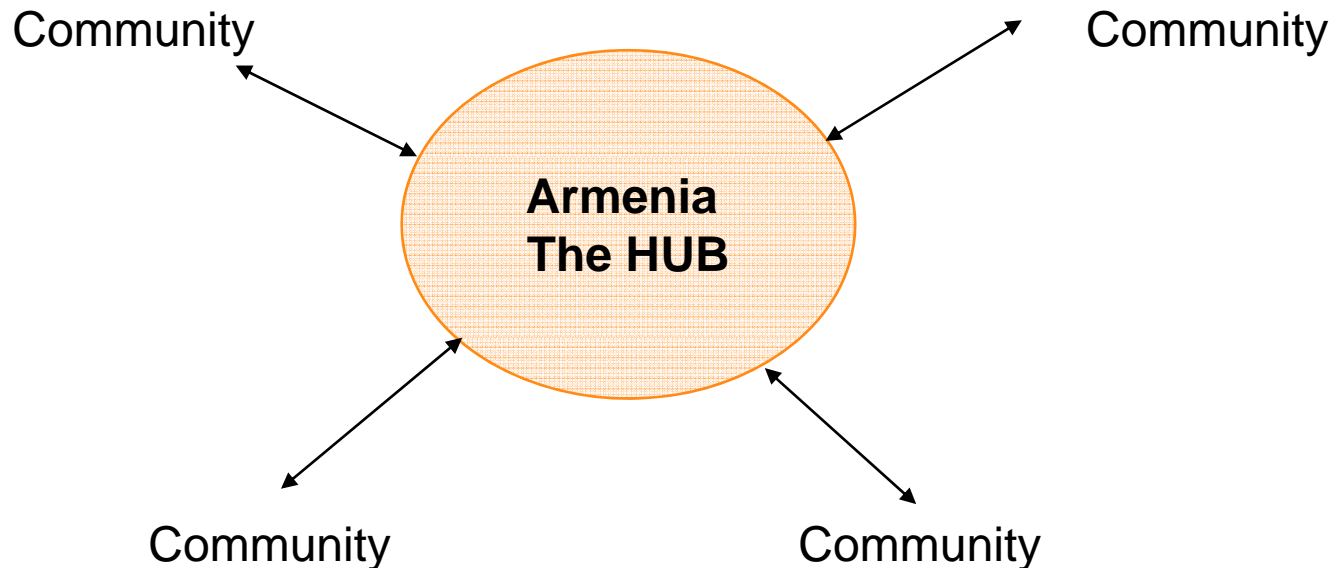
Medicine – cardiology

**Potential for becoming a regional leader in selected areas**

Mining industry – metal extraction

# THE DIASPORA FACTOR

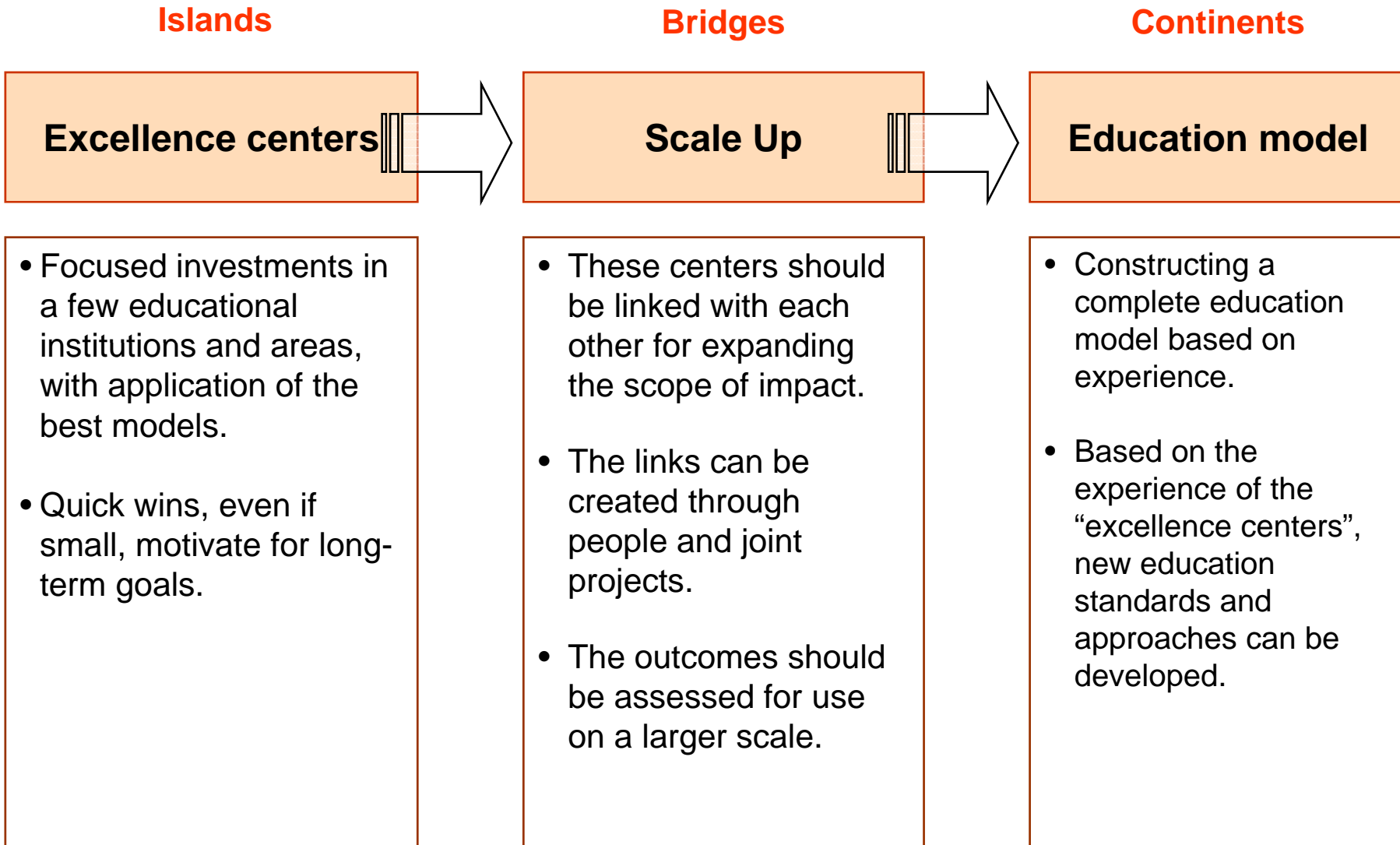
The relationships with the Diaspora should be structured as “hub-and-spokes” model



Armenia may become a center for provision of national education services for the world network of the Armenian Diaspora. Imparting knowledge on history, culture, religion and traditions may become a vast area for educational activities. It will need to reach an appropriate scale to be economically justified.

# IMPLEMENTATION MODEL

The “islands-bridges-continents” model can be effective





# THE MEANING OF THE VISION FOR EDUCATION

Education is more than an economic or any other activity. It reflects the quintessence of one's identity and shapes the pre-conditions for one's role in the world.

Prosperity is the result of a nation's choices.

Our choices are based on our mentality and values.

An education system is to communicate the fundamental values which perpetuate national meaningful existence.