

INTEGRITY OF PRESCHOOL EDUCATION IN ARMENIA AN INTES ASSESSMENT



Integrity of pre-school education in Armenia: an INTES assessment

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EXECUTIVE SUMMARY

Background

This assessment report was prepared by the Center for Applied Policy and Integrity on behalf of the Open Society Foundations – Armenia as part of a larger body of work on integrity of education in this and other countries. Its purpose is to help national authorities and stakeholders understand the policy-related conditions under which corruption in their education system thrives and support the development of solutions that improve these conditions in ways that prevent malpractice at its roots.

The report relies on a methodology for the assessment of integrity of education systems (INTES), which was developed in the framework of the OECD by the Center for Applied Policy and Integrity and applied for education integrity assessments and research since 2010. The research questions were two: whether participants in early childhood education and care (ECEC)¹ in Armenia engage in corrupt practices and if yes, how the conditions in which they participate in pre-school education may play a role in that.

The analysis in the report was prepared on the basis of various sources, which included a background report by the Institute for Public Policy (Peeters, Van Laere, & Gevorgyan, 2018), answers by the government of Armenia to a questionnaire by the INTES assessment team, information collected in the course of site visits and during focus groups, as well as desk research which covered official and third party sources of data and analysis on ECEC in Armenia.

The first chapter of this report provides introduction to pre-school education in Armenia and its integrity context, which includes an overview of the size, governance, funding and human resources in ECEC, public and private. Chapters 2 to 4 then discuss a selection of integrity violations, which the analysis has identified as the most wide-reaching in terms of prevalence and impact. These include illicit access to pre-school education, favouritism in staffing decisions, and misappropriation of financial resources

¹ Further in this report, ECEC is used interchangeably with pre-school education and pre-school sector.

Findings

Chapter 2 has a focus on access to pre-school education. After a brief description of the rules and regulations in this policy area, the report examines the ways in which informal and illicit transactions secure illicit admission, identifies the mechanisms which facilitate such admissions, provides an overview of the undue benefits and official positions involved, and describes the norms and commitments at stake.

The chapter then discusses the factors which provide opportunities for the illicit conduct. These include a proliferation of exemptions to enrolment limits, statutory and capacity shortcomings in the area of external control in ECEC, and lack of accountability and transparency in the handling of waiting lists as the most common tool of managing the excess number applications to public ECEC.

In the third part, the chapter describes factors which create incentives for education participants to engage in informal transactions around illicit access, such as shortage of affordable and good quality places in pre-school education, as well as inadequate criteria for admission which may mislead ECEC providers into illicit conduct.

Chapter 2 concludes with recommendations on how these shortcomings could be addressed. The priorities for action include limiting the overcrowding of public pre-school institutions, improving the effectiveness of external control, introducing principles and minimum standards for the admission procedures to make the admission practices more accountable and transparent, and using the existing ECEC capacities better.

In Chapter 3 the report analyses favouritism in staffing decisions in ECEC. After a brief description of rules and regulations in the area of human resources, it outlines the typical ways and mechanisms of violating these rules for personal benefit, such as the recruitment of individuals with connections or means into professional and administrative positions in ECEC in disregard of the minimum qualification requirements, or hiring them as in surplus positions on the payroll or pre-schools. The chapter also describes favouritism in the professional practice of teachers and provides an overview of the official positions and undue benefits involved, as well as of the norms and commitments at stake.

The chapter then discusses the factors which provide opportunities for favouritism, which include inadequate staff regulations and ineffective external control, and outlines policy shortcomings that create incentives for the illicit conduct, such as staff shortages due to the overcrowding of groups, informal interdependence with local authorities, low wages, and labour market uncertainty. The chapter concludes with recommendations to address the precarious employment conditions of staff, improve external monitoring and control, and revise the criteria determining the minimum number of staff per pre-school provider.

Finally, Chapter 4 deals with the misappropriation of financial resources in the public system of ECEC in Armenia. After an overview of major public and private sources of income and the rules of their management, the report describes some of the common ways of misappropriation, lists the regulatory weaknesses which make this possible, and discusses the possible incentives of the perpetrators.

Like the preceding chapters, Chapter 4 concludes with recommendations for action. These include incorporation of all private revenues in the budget process and expenditure reporting of pre-school institutions, introduction of codes of ethical and integral conduct and of disciplinary measures in case of non-compliance, improvement of external control, and the reassessment of the average level of income of professional staff.

CHAPTER 1. INTRODUCTION

About this report

Background of the work

This assessment of integrity in pre-school education in Armenia was prepared by the Center for Applied Policy and Integrity on behalf of the Open Society Foundations – Armenia as part of a larger body of work on integrity of education in this and other countries. The assessments were initiated in 2010 in the framework of the Anti-Corruption Network for Eastern Europe and Central Asia of the OECD Directorate for Financial and Enterprise Affairs and developed in cooperation with the OECD’s Directorate for Education and Skills and with the involvement of Institute for Educational Planning of UNESCO.

By the time of preparation of this report, similar assessments of integrity in various segments of the education system have been carried out in several countries on behalf of education authorities and civil society: Republic of Serbia (OECD, 2012), Tunisia (OECD, 2013), Armenia (OSF-Armenia, 2016)(school and higher education) and Ukraine (OECD, 2017a). The assessment methodology also served as basis for in-depth monitoring of higher education in Kazakhstan and Armenia in the course of the regular OECD monitoring of anti-corruption reforms in these countries in 2017 and 2018.

The present report is the second time after Ukraine that the methodology has been applied for an assessment of pre-school education. The international members of the assessment team were Simone Bloem and Mihaylo Milovanovitch, education policy and integrity analysts from the Center for Applied Policy and Integrity. They worked with Anna Gevorgyan and the Institute of Public Policy-IPP (Armenia), which was the national research partner and coordinator for the integrity assessment.

Methodology

The report relies on a methodology for the assessment of integrity of education systems (INTES), which was developed in the framework of the OECD by the Center for Applied Policy and Integrity and has guided education integrity assessments and research since 2010.

The declared aim of INTES is to help national authorities and stakeholders understand the policy-related conditions under which corruption in their education systems thrives and support the development of solutions that improve these conditions in ways that prevent malpractice at its roots. The approach follows the assumption that integrity problems and corruption in education are not phenomena that affect the sector “from outside”, but a consequence of deeper-rooted problems in the education system itself, which can (and should) be addressed with the means at the disposal of decision-makers, practitioners, and stakeholders in that sector (OECD, 2018a).

The assessment is guided by research protocols that seek to deliver answers to two questions: whether participants in early childhood education and care (ECEC)² engage in corrupt practices and if yes, how the conditions in which they participate in pre-school education may play a role in that. The first INTES protocol identifies practices which qualify as integrity violations against certain criteria, such as prevalence, intent, presence of personal benefit, etc. The focus of the other two INTES protocols is on the pre-school policy environment in which each of these practices typically thrives, specifically on the ways in which the ECEC context in terms of policy and practice, may create opportunities and incentives for ECEC participants to engage in corrupt conduct.

The scope of “corrupt conduct” in this report may include practices for which there is criminal liability as well as softer, sector-specific actions, which are harmful, but may not qualify as corrupt by international standards. The report subsumes them all in the notion of “integrity violation” (OECD, 2018a).

Sources of evidence and assessment process

This INTES report was prepared on the basis of various sources, which included a background report prepared by the Institute for Public Policy (the national coordinator for the assessment), answers by the government of Armenia to a questionnaire by the INTES assessment team, information collected in the course of site visits and during focus groups, as well as desk research which covered official and third party sources of data and analysis on ECEC in Armenia.

² Further in this report, ECEC is used interchangeably with pre-school education and pre-school sector.

The preparation of the report took place in several phases in line with the INTES methodology. First, the assessment team reviewed documents and data in order to identify a preliminary selection of issues and integrity violations in ECEC on which the assessment should focus. This was followed by on-site visits between 25 November and 1 December 2017 for face-to-face interviews with education professionals, stakeholders, and regional and national authorities. The aim of the first round of site visits was to contextualise the statistical, narrative (third party reports) and anecdotal evidence, and help the assessment team verify the preliminary selection of violations included in the integrity assessment.

The evidence and information collected during the site visits revealed a need for deeper exploration of issues in ECEC, which was arranged in the form of focus groups with parents, representatives from civil society, principals, and teachers that took place in Yerevan on 8 and 9 June. The focus groups were followed by in-depth discussions between the INTES assessment team and IPP that help to contextualise the findings further and resolve the remaining open questions.

In the final phase of the INTES assessment, the findings were validated and adjusted, before a group of national experts, selected stakeholders and representatives of the wider public worked on and agreed on a selection of recommendations and priorities for follow-up. The report was then submitted to the national authorities for comment and correction of fact and finalised after receiving their feedback.

Structure of the report

The first chapter of this report provides introduction to pre-school education in Armenia and its integrity context, which includes an overview of the size, governance, funding and human resources in ECEC, public and private. Chapters 2 to 4 discuss a selection of integrity violations, which the analysis has identified as the most wide-reaching in terms of prevalence and impact. These include illicit access to pre-school education, favouritism in staffing decisions, and misappropriation of financial resources. Finally, chapter 5 provides a summary of recommendations.

The chapters discussing the integrity violations follow a structure established in previous INTES reports (see for instance (OSF-Armenia, 2016)). The first section of each chapter (section A) describes the violation, the second section (section B) analyses the shortcomings at play in opening opportunities for the violation, the

third section (section C) discusses factors that create incentives for the violation, and the last part of the chapter presents recommendations for improvement.

Overview of the pre-school system

Country integrity context

The previous INTES assessment report on Armenia noted that as of 2015, the Armenian political system was operating on the basis of consensus among political and business elites who controlled political life and the economy, and that it was common for key figures to have overlapping political and economic interests. The report also indicated that on regional level of governance where, as discussed before, local authorities³ have most of the responsibilities for pre-school education, informal networks are widespread and “strong determinants of trust” which compensate for weak public institutions (OSF-Armenia, 2016).

A major anti-corruption monitoring recently noted that the widespread conflicts of interest of public officials, combined with a monopolised economy and passive acceptance of grand corruption by society have so far prevented Armenia from addressing public sector corruption effectively, and that some sectors, such as education, are particularly affected (OECD, 2018b). According to the latest survey for the Global Corruption Barometer of Transparency International, 65% of respondents in Armenia judged the efforts of their government against corruption to be bad or fairly bad,⁴ and a 2018 report by *Freedom House* quoted by the OECD underlines that lack of political will as well as the consolidation of executive, legislative, and judicial power in the hands of only few has “solidified corruption” in the country (Freedom House, 2018) (OECD, 2018b).

Multiple prior reports on education in Armenia underline that corruption is a persistent and pervasive problem on all levels of that sector,⁵ and recently the

³ For ease of use, in this report “local authorities” may refer to anybody of local self-governance on the level of *marzes* with responsibility for pre-school education, including municipalities, communities, etc.

⁴ For more information and survey data see the Global Corruption Barometer for Armenia in 2016 here <https://transparency.am/en/gcb>.

⁵ E.g. (Policy Forum Armenia, 2013) (Liviú, Iwinska, & Geven, 2013) (OSF-Armenia, 2016) (Milovanovitch & Lapham, Good Intentions Cast Long Shadows: Donors, Governments, and Education Reforms in Armenia and Ukraine, 2018) (OECD, 2018b).

government admitted that this includes pre-school education too. In the latest (2017) anti-corruption strategy action plan, the authorities note the presence of integrity risks and corrupt practices in key areas of pre-school operation such as staff policies, admissions, and financial management.⁶

In response to these and related problems, in April 2018 massive popular protests erupted in the capital Yerevan. Dubbed the “Velvet Revolution”, they ultimately led to the resignation of the prime minister and a change of government. The battle cry of the revolution as reiterated by Nikol Pashinyan, leader of the protests and now prime Minister, was to break the “artificial economic monopolies”, reinstate democracy, and “root corruption out”.⁷

The Velvet revolution coincided with the commencement of this integrity assessment and at the time of its finalisation few months later, as central and regional education authorities were reassessing ongoing reforms and discussing new ones on the eve of parliamentary elections, it was still too early to expect significant systemic change. Despite a raft of planned legislative changes, such as new laws on higher and pre-school education, the long-standing structural problems which for years contributed to the proliferation of corruption in the sector, were still very much in place. This is also the case in other public sectors (OECD, 2018b).

What seems to have changed, however, is the political and social climate in the country, which after the revolution appears to be favourable to positive change in education and pre-school education in particular, more than ever before since the independence of Armenia from the Soviet Union. There is popular support for anti-corruption action and a government which appears willing to act on that by proceeding against misconduct. This creates a momentum which lends itself to long overdue improvement.

At the time of finalisation of this report, the authorities were in fact considering multiple improvements along the lines of recommendations in this assessment, many of which under consideration in a new draft Law on Pre-school Education.

⁶ See the Programme on Anti-Corruption Measures in Education (further called Programme) 2015-2018, titled “Corruption Risks in Education sector and their Neutralization and (or) Reduction”.

⁷ See for instance <https://armenpress.am/eng/news/932776.html>, <http://www.panarmenian.net/eng/news/256720/> and <https://www.france24.com/en/20180705-new-armenia-pm-targets-former-elite-graft-crackdown>.

Set-up and size of the pre-school network

According to the Law on Education, ECEC is an integral segment of the general education system⁸ that caters for the pre-school needs of children between 0 and 6 years of age when they enter compulsory schooling.

Pre-school institutions in Armenia may differ by the age group that they cater for (nurseries for children aged 0 to 3; kindergartens for those aged 3 to 5; and school-based kindergartens which prepare children aged 5 to 6 for first grade of school), and by type of ownership: state, communal (the vast majority of public kindergartens in Armenia), or private. The age of children is a decisive factor in determining the enrolment capacity of kindergartens. According to a MoES Decree⁹ which is binding for all pre-school institutions in Armenia, public and private, the maximum number of children cannot surpass 30 for groups of children aged three to six, 20 for those between 1 and 3 years of age, and 15 for children who are one year old or younger.

In 2016, the ECEC network in Armenia comprised 113 nurseries (of which 5 private), 575 kindergartens (of which 37 private), and 33 school-based kindergartens (of which 10 private) to a total of 721 pre-school institutions (Table 1), catering for the pre-school needs of 72 286 children (NSS, 2017). Half of all enrolment (32 587), and all enrolment in private kindergartens (2 105 children and 52 providers) was in the capital, Yerevan. According to the background report, the rate of enrolment in urban areas is generally almost twice as high as in rural areas.

⁸ Law of the Republic of Armenia on Education of 1999, Article 10.

⁹ Decree of the Minister of education and Science of Armenia No. 29-N of 2007.

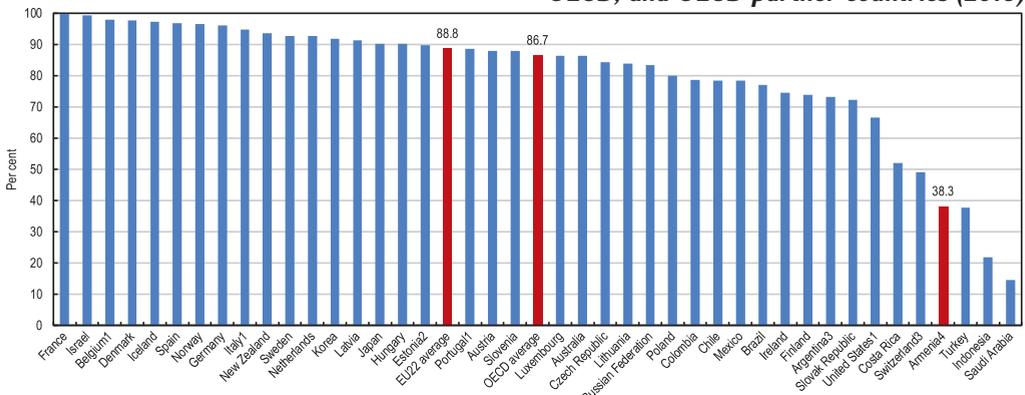
Table 1. Number of pre-school institutions in Armenia by type and form of ownership (2016)

	Total, public and private				Of which:							
					State and community-owned institutions				Private institutions			
	Nurseries	Kindergartens	School-based kindergartens	Total	Nurseries	Kindergartens	School-based kindergartens	Total public	Nurseries	Kindergartens	School-based kindergartens	Total private
Yerevan	12	192	15	219	7	155	5	167	5	37	10	52
Aragacotn	13	15	-	28	13	15	-	28	-	-	-	-
Ararat	9	63	6	78	9	63	6	78	-	-	-	-
Armavir	3	53	-	56	3	53	-	56	-	-	-	-
Gegarkunik	11	31	-	42	11	31	-	42	-	-	-	-
Lori	6	60	-	66	6	60	-	66	-	-	-	-
Kotayk	10	42	-	52	10	42	-	52	-	-	-	-
Shirak	24	25	1	50	24	25	1	50	-	-	-	-
Sunik	17	38	-	55	17	38	-	55	-	-	-	-
Vanadzor	-	17	-	17	-	17	-	17	-	-	-	-
Tawush	8	39	11	58	8	39	11	58	-	-	-	-
	113	575	33	721	108	538	23	669	5	37	10	52

Source: (NSS, 2017)

In 2015/2016, the enrolment rate of children under the age of 3 years (ISCED 01) was only 6%. Most children attend pre-primary education from the age of three years. In that year, according to official data the participation rate of those in the age bracket 3 to 5 was 38.3%, which is very low in international comparison (Figure 1). The average ECEC enrolment in OECD countries in 2015 was close to 86.7% and in the EU, it was almost 89%. Of the countries included in Figure 1 only Turkey, Indonesia, and Saudi Arabia had lower rates of ECEC participation than Armenia.

Figure 1. Average enrolment rates at ages 3 to 5 in early childhood education, Armenia, OECD, and OECD partner countries (2015)



Notes: Countries are ranked in descending order of the average enrolment rates at ages 3-5 (ISCED 01 + 02 + ISCED 1). 1. Includes only pre-primary education at the ages of 2 and 3 (ISCED 02); 2. Includes early childhood development programmes at the ages of 4 and 5 (ISCED 01); 3. Year of reference 2014; 4. Includes enrolment at age 6.

Sources: (OECD, 2017b, p. Table C2.1); (UNICEF, 2016).

In Yerevan there are also a number of privately owned settings which are not licensed as pre-schools, but provide a range of services that would qualify as ECEC services according to common definitions applicable in OECD and EU countries (OECD, 2001) (Cleveland & Krashinsky, 2004), such as provision of day-care several times a week. The background report notes that most of these settings are registered as companies with limited liability (LTDs) under names such as “child development centre”, “children’s college”, etc. and are owned by non-governmental organisations or private entities. Since they are not licensed, they are not counted as part of the ECEC system and do not fall under the responsibility of the MoES. Consequently, there is also no systematic insight into their quality and service offer and no statistical data about their number, size and operations.

Despite the lack of hard evidence, the site visits for this assessment suggest that in Yerevan these shadow pre-schools (further also referred as “development centres”) are a hugely popular enrolment alternative to public and private kindergartens, which are often overfilled (public) or too expensive (private). The private ones are attended in particular by children from households with higher education level where both parents are in employment, because they have longer opening hours and have more favourable conditions. Public kindergartens on the other hand are attended by children from both advantaged and disadvantaged backgrounds (Babloyan, 2017).

Governance and policy

Legislative framework

At the time of this integrity assessment, the ECEC sector in Armenia was regulated through the Laws on Education of 1999, on Pre-school Education of 2005, and on General Education of 2009, while the vision for its development was laid out in the Strategic Document for State Education Development 2030.¹⁰ Certain aspects of governance, such as responsibilities for ECEC on local level as well as an outline of rights and obligations were stipulated in the Law on Bodies of

¹⁰ Please, insert exact reference. The MoES was also working on a new project law on pre-school education, which at the time of preparation of this INTES report was not yet completed.

Self-Government and the Law on the Rights of the Child.¹¹ The INTES background report lists also a number of bylaws which define the more technical aspects of pre-school operation, such as the Order on Approving Sanitary Norms and Rules of Preschool Organizations of 2002, the Order on the Preschool Density Norms, the Order on Remuneration of Staff, the Labour Code, the Decree on Licensing of Education Programs, and others. In addition, private kindergartens are bound by laws applicable to private enterprises, such as the Tax Code.¹²

Governance and accountability arrangements

According to this body of laws, bylaws, and strategies, responsibility for ECEC is shared between central and local authorities and four line Ministries. On central level, the MoES is in charge of developing the national policy for pre-school education and for monitoring policy implementation through its licensing department and the Inspectorate for Education. The Ministry of Health has responsibility for the wellbeing of children participating in the pre-school system. The Ministry of Labour and Social Protection looks after poverty reduction and the creation of favourable development conditions for children, while the Ministry of Territorial Affairs is in charge of the resource allocations from the central budget to the community budgets, including funding that can be used for pre-school education (Peeters, Van Laere, & Gevorgyan, 2018).

On regional and community level, the head of region (Marzpet) and after 2016 the head of the community are in charge of implementing the state policy in pre-school education, which includes the registration of children in pre-school age, the selection, appointment and dismissal of principals of public kindergartens, healthcare of preschool children, the participation in the development of pre-school programmes, and the opening and renovation of pre-school institutions.¹³ The majority of public kindergartens (654 out of 669) is operated by the local communities. In 2016, only 15 were owned by line Ministries or state agencies and were under the responsibility of the central government (NSS, 2017).

¹¹ RA Law on Local self-governance

¹² RA Tax code

¹³ Law on Local Self-Government, Article 46 and background report for the INTES assessment (Peeters, Van Laere, & Gevorgyan, 2018).

Both licensed and unlicensed pre-schools fall under the auspices of municipal revenue authorities, while public and licensed private pre-schools are also subject to regular inspections by various bodies of external control, such as the Inspectorate for Education, the Health Inspectorate, and others (Peeters, Van Laere, & Gevorgyan, 2018).

Policy priorities

The strategic priorities in the area of ECEC in Armenia date back to the now defunct *State Strategic Program for Pre-school Education 2005-2010* (MoES, 2005) and its successor, the *2008-2015 Strategic Programme for Reforms in Pre-school Education* (MoES, 2008). Both documents formulated priorities in line with international commitments, such as the UN Millennium Development Goals, which revolved around the expansion of pre-school coverage to disadvantaged areas, focusing in particular on raising by 2015 the level of school preparedness of children in senior pre-school age by achieving near-universal participation in ECEC a year before they start first grade of school. A draft *Education Development Agenda towards 2030* notes that Armenia will strive to ensure quality ECEC provision for children aged 3-6 and achieve near full inclusion of children at the age of 5.¹⁴

The background report refers to third party research that has identified numerous financial and organisational constraints because of which these goals have not been achieved yet, and notes that the priorities have been carried over to the new draft *Education Development Agenda 2030*, which reiterates the intention to ensure widest possible ECEC coverage of children in senior pre-school age. So far, children below that age have not been an explicit target of reform priorities in pre-school.

Human resources

The employment of pre-school staff in public kindergartens in Armenia is in the competence of local governments or, in the case of private providers, of the owner of the pre-school business. The number of staff that public and private

¹⁴ <https://www.e-draft.am/projects/528/about>

kindergartens can employ depends on minimum requirements concerning enrolment capacity, child-teacher ratio, and the job profiles in ECEC, as defined by the MoES. The list of profiles includes managerial, pedagogical and additional (support) staff. The managerial and pedagogical profiles are those of a principal, methodologist, preschool tutor, special educator, social pedagogue, psychologist, music teacher, dance teacher, and others. Support staff may include a nurse, chief accountant, accountant-cashier, a maintenance person, steward, a clerk, a chef, a cook, an assistant worker, laundry worker, a janitor, etc.¹⁵

In 2016, the pre-school sector (public and private) employed a total of 13 597 staff, of which 703 principals and 6 016 teachers and assistant teachers, mostly of whom female. Over 61% of these teachers were either relatively new in their job (less than 6 years), or quite senior with over 16 years of experience (NSS, 2017). Unfortunately, the data provides no break-down of employment by type of pre-school ownership.

Judging by official data on average child to teacher ratios, in its current size the ECEC network is not experiencing noteworthy teacher shortages. In fact, to the extent data is comparable, in most of its regions and on average Armenia has more generous child to teacher ratios than most countries in the OECD or the EU (Table 2). In Lori, one teacher was catering for the needs of 6 children on average, in Shirak and Gegharkunik the ratio was 9:1 and 10:1 respectively, and in Armavir and Ararat it was 11:1. The average in EU countries was 12:1 and in OECD countries 13 pre-school children to one teacher. This is the same ratio like in Yerevan, Kotayk, and Aragacotn. Only Tavush had a less generous ratio of 16 children per teacher, which was still on par or better than in countries with well-developed ECEC systems such as Netherlands (16:1 as well) or France (22:1).

Some reports (Babloyan, 2017) note, however, the shortage of specialists for children in need of additional support, who are or should be included in regular kindergartens.

¹⁵ Order of the Minister of Education and Science of Armenia No. 29 of 2007 and amendment No. 1318-N of 2017.

Table 2. Ratio of children to teaching staff in pre-school education, Armenia (2016) and selected OECD and non-OECD countries (2015)

Early childhood educational development programmes = ISCED 01, pre-primary education = ISCED 02

Country/region	Notes	Children to teaching staff
Iceland		4
New Zealand		5
Lori	2,3	6
Sweden		6
Germany, Slovenia		8
Estonia, Korea		9
Shirak	2,3	9
Gegharkunik	2,3	10
Latvia		10
Lithuania, Russia, Saudi Arabia, Luxembourg		11
Armavir, Ararat	2,3	11
Armenia average	2,3	11
Vanadzor, Sunik	2,3	12
EU22 average		12
Costa Rica, Hungary, Slovak Republic		12
OECD average		13
Norway, Austria, Spain, Italy, Czech Republic		13
Yerevan, Kotayk, Aragacotn	2,3	13
Japan, Poland, Indonesia		15
Tavush	2,3	16
Netherlands		16
Brazil		18
China		20
France	1	22
Mexico		24
Chile		25

Notes: 1. Data represent public and government-dependent private institutions only; 2. Year of reference 2016. Data for teaching staff might not be based on full-time equivalent; 3. Includes ISCED levels 01, 02, and 1.

Sources: (OECD, 2017b, p. Table C2.2); (NSS, 2017).

Financial resources

The Law on Education stipulates that the primary source of funding for public pre-school institutions is the public budget, but that the pre-schools are also allowed to diversify their income through additional revenue from the provision of fee-paid instruction and related services, investments/donations by legal and natural persons, and through any other permissible source. Private providers enjoy the

same range of revenue options, apart from the access to public funding.¹⁶

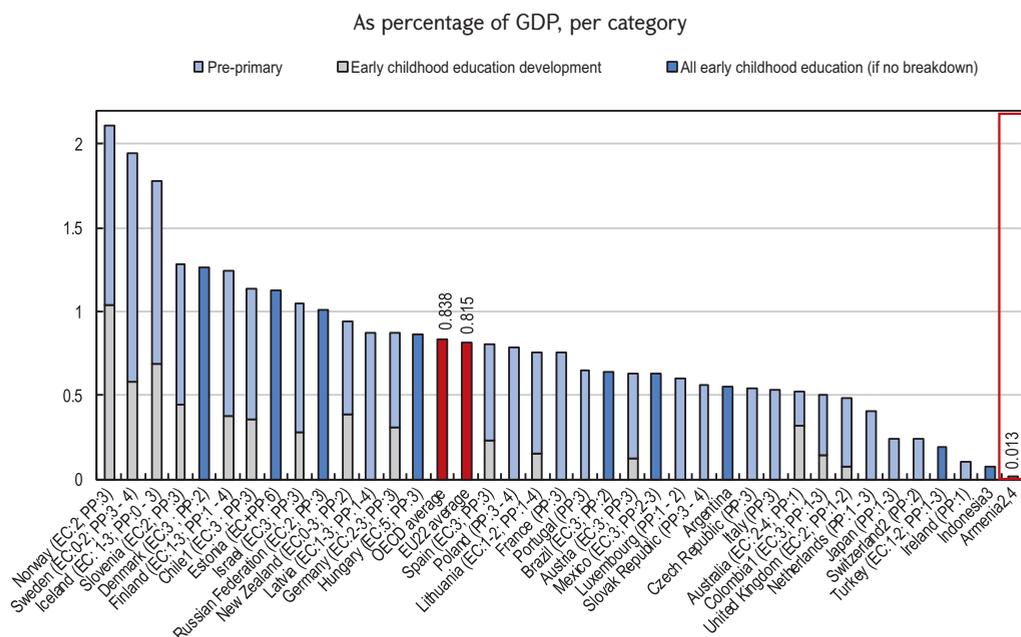
Except for the state-owned kindergartens (15 in total), public funding for the pre-schools in Armenia comes from the local (community) budgets. The amount is calculated monthly on the basis of actual attendance in each pre-school. Except for Yerevan, where the city administration has committed to providing pre-school education free of charge, kindergartens in the rest of the country charge parental fees to purchase meals and cover other auxiliary costs. The fees may vary between regions (*Marzes*) depending on the economic situation in each and the funding formula used. According to the background report, the formula may consider the actual number of children in attendance (like in Yerevan), or the planned number of children approved for the kindergarten on an annual basis, and/or other criteria and factors. Parents can also donate money on a voluntary basis, but the income from such donations is handled separately, outside the regular budget of pre-schools (See chapter 4 for further detail).

This diversity may be the reason why there is no data on private expenditure for pre-school education. Without accounting for income from private sources such as fees, Armenia spends a modest proportion of its national wealth on early childhood education and care. In 2016, the last year for which there is data, total public spending on ECEC amounted to AMD 665.5 million,¹⁷ which was 0.01% of GDP for that year. Figure 2 shows that this is very low in international comparison: some 80 times lower than the average spending in OECD countries for that year, and ten times lower than the OECD member that spent least on its ECEC in relative terms (Ireland).

¹⁶ Law of the Republic of Armenia on Education of 1999, Articles 46 and 47.

¹⁷ <http://www.edrc.am/resources/useful-resources/mtef-annual-budgets>

Figure 2. Expenditure on early childhood educational institutions of GDP, Armenia (2016) and OECD countries (2014)



Notes: The number in parentheses corresponds to the theoretical duration of early childhood educational development (EC) and pre-primary (PP). Countries are ranked in descending order of public and private expenditure on educational institutions. 1. Year of reference 2015; 2. Public expenditure only; 3. Year of reference 2013; 4. Year of reference 2016.

Sources: (OECD, 2017b, p. Table C2.3); (NSS, 2017); (Peeters, Van Laere, & Gevorgyan, 2018).

This data appears to confirm a widespread perception of resource shortages in the pre-school sector of Armenia. However, the average also masks substantial disparities in the availability of funding for ECEC between regions and the capital Yerevan, and between urban and rural areas (World Bank, 2017) (Peeters, Van Laere, & Gevorgyan, 2018). Furthermore, for Armenia Figure 1 includes only current expenditure on items such as salaries, food, utilities, maintenance, etc., which covers only the cost of sustaining the pre-school network as it is. At the same time there are acute shortages of capital investment in ECEC for infrastructure improvement and expansion of enrolment capacity, which have been blamed for depriving of pre-school access hundreds of communities in both urban and rural areas (UNESCO, 2015).

Some of the funding gaps are being covered through parental contributions

(more about this in chapter 4) and through generous, albeit weakly coordinated (World Bank, 2012; Babloyan, 2017) donor support. For instance, as part of the *Second Education Quality and Relevance Project*, which ran from 2009 to 2015 with budget of USD 25 million, and of the *Education Improvement Project (EIP)* that runs until 2019 with a budget of USD 30 million, the World Bank has supported 280 communities across Armenia with around 8000 pre-school places, and since 2010 and 2017 has opened some 57 pre-school institutions in various regions of the country.¹⁸ At the same time between 2011 and 2016, Save the Children (an international non-governmental organization), established 21 school-based preschool institutions as well, providing access to around 3600 children and enabling their transition into primary school (Babloyan, 2017). UNICEF too has supported the expansion of access to ECEC by establishing an alternative pre-school offer in the disadvantaged communities of the country and by piloting inclusive early childhood services (UNICEF, 2015).

Evidence of illicit and illegal conduct in ECEC

In the course of field work, the assessment team asked INTES focus group participants (parents, principals, teachers, civil society organisations) to recall cases of integrity violations in ECEC in which they were recently involved or of which they know. The list of violations is derived from the INTES conceptual framework and findings (OECD, 2018a) and is presented in Table 3.

Table 3. Overview of practices that qualify as integrity violations in education

No.	Name of the violation	Definition
1	Illicit access to education	Arbitrary withholding or providing access to education by those in charge of access, in exchange for an undue advantage or the prospect thereof.
2	Improper private supplementary services	Services, such as private tutoring, provided by teachers or other professionals privately and for personal gain in addition to their regular work in education, to students and in subjects or areas that they teach or otherwise cover in that regular work, with the purpose of student advancement and/or support.

¹⁸ <http://projects.worldbank.org/P130182/education-quality-project?lang=en>

3	Politicisation of education	Building and promoting political and quasi-political connexions, loyalties and networks in (public) education with a view to using them for personal or political advantage.
4	Undue recognition of student achievement	Intentional over-marking or under-marking of students in regular education and the fraudulent granting of graduation credentials in exchange for personal benefit or the prospect thereof.
5	Favouritism in staffing decisions	Redistribution of public resources in the form of employment contracts, employment-related promotions and benefits in favour of relations, friends, colleagues or people who are otherwise close to those in charge of the staffing decisions.
6	Misappropriation of funds in education	Embezzlement of assets (funds) in education by someone who does not own them but is entrusted with their management or control.
7	Procurement fraud	Use of fraudulent schemes to procure goods and services for education providers in view of personal enrichment.
8	Cheating	Misrepresentation through fraudulent means (including plagiarism) by those seeking formal recognition of student achievement, of the work they have done and/or the knowledge and skills they have acquired.
9	Accreditation and licensing fraud	The use of fraudulent means, including of personal favours or the prospect thereof, to obtain a license to operate, degree-awarding powers, and/or programme accreditation.
10	Practices which are not considered in the list	

Source: Based on (OECD, 2018a)

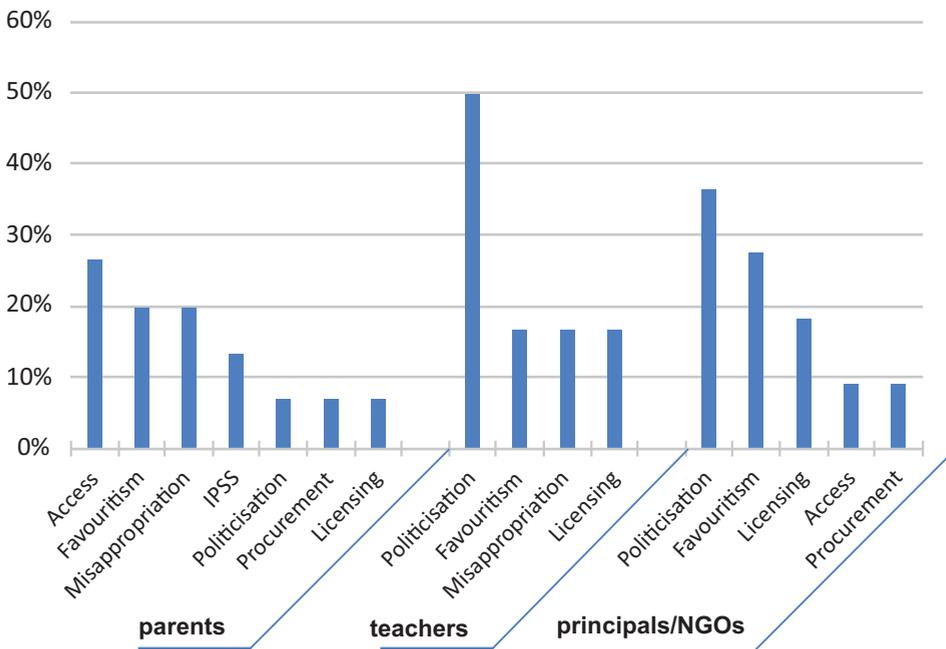
The results are indicative of areas at risk in pre-school education and of the tentative range of illicit or illegal conduct that is taking place in this segment of the education system. The findings provide a snapshot into a professional landscape dominated by experiences of a range of integrity violations, which seem to vary in prevalence and between different groups of education participants.

Figure 3 shows that parents have had exposure to 7 of the 9 violations in the INTES framework, which is broader than for the other two groups and suggests an involvement in (or at least knowledge of) most forms of illicit conduct in ECEC. Access is the most dominant one (well over a quarter of cases shared by parents), followed by experiences with favouritism in staffing decisions and misappropriation of funds (20%) and to a lesser extent with improper

supplementary services (IPSS). IPSS referred to stories of illicit payments to teachers in charge of overcrowded groups, so that they pay extra attention to the children of parents who provided the payments.

The cases shared by teachers on the other hand were telling of undue political influence on their work and institutions (50%), and to a lesser extent of favouritism in staffing (17%) and misappropriation of funds (17%). The pattern was the same for principals and NGO representatives as well, who noted politicisation and favouritism, and added some cases concerning the licensing of programmes and institutions.

Figure 3. Disclosed cases of integrity violations in ECEC, by frequency, violation, and stakeholder group



Source: INTES ECEC assessment - focus groups.

The focus groups delivered information not only about integrity violations, but also about perceptions of risk to the integrity of the ECEC system, which may facilitate specific integrity violations in the future (Table 5).

Table 4. Areas of vulnerability as disclosed through cases shared in the INTES focus groups

Risks pertaining to:	Parents	Teachers	Principals and NGOs
1. Illicit access to education			
2. IPSS	X		
3. Politicisation of education			X
4. Undue recognition of student achievement			
5. Favouritism in staffing decisions			
6. Misappropriation of resources	X		
7. Procurement fraud			
8. Cheating			
9. Licensing and accreditation fraud			X
10. General vulnerabilities	X	X	

Source: INTES ECEC assessment - focus groups

From the point of view of parents, the major integrity concern were the conditions in overcrowded groups, which demotivated teachers while incentivising them to accept additional payments. The handling of parental contributions to kindergartens was another point of concern, just like some general vulnerabilities such as fear among parents of speaking out, mistreatment of children by teachers, and their lack of pedagogic approach.

Interestingly, teachers did not see any specific areas of risk apart from general complaints about the need for more dignified attitude by stakeholders towards their work as teachers, as well as a demand for a better work-life balance and proper breaks during the work day. Principals and civil society, however, shared cases telling of concerns about the political dependency of ECEC institutions and the people working in them, as well as about deficiencies in the licensing of kindergartens.

The next chapters of this assessment focus on a selection of integrity violations and associated policy shortcomings/vulnerabilities, chosen based on indications that they are particularly prevalent, and because of the availability of information. The selection includes illicit access to pre-school education (Chapter 2), favouritism in staffing decisions (Chapter 3), and misappropriation of financial resources (Chapter 4).

CHAPTER 2. ILLICIT ACCESS TO PRE-SCHOOL EDUCATION

The focus of this chapter is on access to pre-school education. After a brief description of the rules and regulations in this policy area, the chapter examines the ways in which informal arrangements and illicit transactions secure illicit admissions to kindergartens, identifies the mechanisms which facilitate such admissions, and provides an overview of the undue benefits and official positions involved, as well as the norms and commitments at stake.

The chapter then discusses the factors which provide opportunities for the illicit conduct, which include uncontrolled proliferation of exemptions to enrolment limits, statutory and capacity shortcomings in the area of external control in ECEC, and lack of accountability and transparency in the handling of waiting lists as the most common tool of managing the excess number applications to public ECEC. The third section of the chapter then describes factors which create incentives for education participants to engage in informal transactions around illicit access, such as shortage of affordable and good quality places in pre-school education, as well as inadequate criteria for admission which may mislead kindergartens into illicit conduct.

The chapter concludes with an overview of recommendations in response to all these shortcomings.

Regulatory background

The Constitution of Armenia stipulates that every person has the right to education.¹⁹ The Law on Pre-School Education reiterates that the ECEC sector is an integral part of the education system,²⁰ and the Law on Education notes that it is a non-compulsory part of the education system.²¹ The Law also makes a strong statement against discrimination and in favour of parental choice. It guarantees that each child has an equal right to pre-school education and that parents and

¹⁹ Constitution of the Republic of Armenia, Article 38.

²⁰ Law of Armenia on Pre-School Education of 2006, Article 7

²¹ Law of Armenia on Education, Article 10.

legal guardians are free to choose the pre-school provider and the form of ECEC for their child, which may include home-based care.²²

According to the Laws on Education and on Bodies of Self-Government, communities and pre-school providers are free to determine how these legal provisions translate into admission policies, and how the policies have to be applied in practice.²³ There are only two limitations. The first is that kindergartens are not supposed to go over the enrolment capacity for which they are licensed by the MoES. The second limitation stems from the strategic goal of achieving near universal ECEC coverage in the last year before primary school (the 11+1 model mentioned before), which obliges kindergartens to give children in senior pre-school age certain priority in enrolment.

The decentralised approach to admission means that the ways in which access to ECEC is managed may vary between *marzes* and even between pre-schools within the same *marz* and community. Discussions during the site visits, as well as statements during the focus groups that were carried out for this assessment suggest that in all cases, parents are required to submit a range of medical and administrative documents when applying for a place in a kindergarten, but that beyond that there is a certain regulatory vacuum, which kindergartens and local authorities commonly fill by using informal waiting lists and criteria to handle admissions. Some don't even use such lists, as suggested by the heads of some municipalities visited by the assessment team. The lists may be managed by the pre-schools themselves or, more rarely, by the local authorities. The final decision about access usually rests with the principal of the pre-school, who may or may not coordinate his actions with the local authorities.

The handling of admissions in Yerevan differs from the rest of the country in one important, technical aspect. To cope with the high demand for school places more effectively and, in the words of the mayor whom the team met in the course of the site visits, “to stop pre-school corruption”, in 2016 the municipal authorities started a city-wide pilot of an electronic queue. It obliges parents to register their children in electronic waiting lists and the kindergartens to provide parents with

²² Ibid., Articles 23 and 28.

²³ Law on Education, Articles 38 and 39; Law on Bodies of Local Self-Government, Article 46.

database information about the ranking of their child and the availability of places by relevant age group. A recent regulation of the municipality of Yerevan²⁴ foresees that a child can apply for a place at a kindergarten upon reaching the age of two or three. Due to a chronic shortage of places, however, the registration and admission of children under the age of 3 is rare.

The allocation of places is done in accordance with several mandatory criteria: the rank in the waiting list (first come, first serve), the place of residence, the age of the child at the time of review of the application (the more senior, the higher the priority), and the availability of place in the corresponding age group in the pre-school institution. Certain categories of children (children of military personnel, orphans and half-orphans, children with disability, etc.) may bypass the electronic queue altogether, provided the principal of the pre-school agrees.²⁵

The responsibility for handling the queue system is shared between the heads of administrative districts of Yerevan, who ensure the operation of the system in the kindergartens of their administrative district; the department of General Education of Yerevan Municipality, which controls the implementation and maintenance of functions available to the users of the system; and the pre-school principals, who decide on admission in line with the mandatory criteria upon which the system is based and which were described before.

A. Description of the integrity violation

Illicit access to education can be defined as the arbitrary withholding or granting of access by those in charge of admission decisions, in exchange for an undue advantage or the prospect thereof (OECD, 2018a).

In Armenia, access to pre-school education is a policy area which is generally perceived as marred by impediments, for all sides involved. In its Programme on anti-corruption measures in education in the Anti-corruption strategy 2015-2018, the Armenian Government notes that “the admission of children to kindergartens may be marked by cases of bribery, patronage and nepotism.”²⁶

²⁴ Order of the Municipality of Yerevan No. 706-A of 2016.

²⁵ Ibid.

²⁶ Anti-Corruption Strategy 2015-2018: Programme on Anti-Corruption Measures in Education.

From the perspective of public providers and local authorities, the main challenge stems from a constant onrush of applications for a limited number of places. For families, it is the uncertainty about whether they will be offered a place and if yes, when. In a recent national survey of 600 Armenian households released in 2017 by Save the Children, an NGO, almost 40% of parents with children in pre-school age stated that it is not easy or mostly not easy to secure admission to a kindergarten (Babloyan, 2017), while principals in the focus groups for this INTES assessment noted that it takes them a considerable administrative effort to keep the rate of rejections low. The two most common perceptions of impediments in the area of access (named by 60% of survey respondents) were excessive formalities around enrolment and disproportionately long waiting times.

There is ample evidence that parents in Armenia may resort to informal strategies and practices to deal with obstacles, improve the prospects of their children for admission to ECEC, shorten the waiting times and, overall, make the outcome of an application for a place in a public kindergarten more predictable. Some of the practices described to the assessment team, such as an early registration on a waiting list, or the selection of kindergartens with less capacity problems, are widespread but harmless. Others seem to create integrity risks without being illicit, such as when parents seek one-on-one meetings with kindergarten principals to lobby them for a place. Some of the more common informal “solutions”, however, have the features of integrity violation. They involve reporting fraud and manipulation of waiting lists to provide preferential access, in exchange for various forms of undue benefit.

The following sections provide further detail on illicit access. They do not mean to “point the finger” to any particular side or institution or prove how prevalent different manifestations of the integrity violation are. The purpose is to provide an overview of the diversity of illicit conduct involving access to ECEC on the basis of the evidence collected in the course of this integrity assessment.

A.1 Manifestations of the violation

This section describes how the violation manifests itself – the most typical forms of abuse of official position for the provision of a kindergarten place, the undue benefits which parents typically give in return, as well as who is involved.

Statements during the INTES site visits and focus groups, but also the analysis of background information provided in preparation of this assessment suggest that the absence of (clear) regulations concerning admission to ECEC, as well as the possibility for pre-schools to arrange for exceptions where regulations exist (see section B for more on this), offer a wide array of possibilities for illicit practices regarding admission decisions. The most common forms of such conduct recorded by the assessment team are described in the next sections and for the most part involve manipulations of waiting lists.

A.1.1 Manipulation of waiting lists

In Armenia, waiting lists are neither an obligatory, nor a particularly well regulated element of the admission process for public kindergartens, but they have established themselves as a standard solution for managing discrepancies between demand for places and their supply. Whether paper-based or electronic, formal or informal, they also seem to be the focal point of much of the communication about access between parents, pre-schools, and local authorities. Parents hope for their children to be included in them, principals use them to justify their responses and inform parents about their chances and the waiting time involved, and local authorities rely on them to track pre-school capacity shortages. Together with the formal documentation required for admission, such as medical records, birth certificates, etc., the waiting lists are a common feature of the diverse admission processes to ECEC across the country.

It is probably not surprising that the waiting lists are also among the most frequent targets of abuse for illicit access, and the probably most frequently referred to topic in complaints by parents about problems in admission, which they voice on social media²⁷ and in focus group discussions. The ways in which paper-based waiting lists are being manipulated are different and more straightforward than those to which pre-schools in Yerevan resort to circumvent the limitations of the electronic queue system. The next sections therefore describe the practices around illicit access separately for the electronic and the paper-based lists.

²⁷ Insert link.

Paper-based lists

The site visits and focus groups for this assessment delivered information about various forms of problematic conduct by holders of official positions in pre-school education. Most of the conduct that concerns access to kindergartens outside of Yerevan, involves the manipulation of paper-based waiting lists and falls into three broad categories: informal earmarking of places on the lists (earmarking, for short); extortion through denial of registration on the lists (DoR); and bypassing the ranking of entries on the waiting lists.

The most illustrative examples of *earmarking* noted by the assessment team involved local authorities or otherwise individuals with a leverage over a pre-school institution and/or its principal, who would request that places on the waiting list of a kindergarten are reserved in advance and kept vacant so that they can be “distributed” on demand later, usually to a handful of people who are chosen on the basis of political, family or business affiliations. The following INTES focus group quote by the principal of a community kindergarten provides a telling example of earmarking on behalf of an informal network:

Quote 1: “...our community is very small, and everyone knows each other and the community leader... When the admission period comes, the community leader starts calling again and again asking for different children to be admitted to the kindergarten. I try to explain that we have a waiting list, and that there are children registered for that, but he asks me to leave few free places, so that later he can admit the children of his friends or relatives...”

This problem is neither new, nor newly discovered. The pre-school research commissioned by Save the Children some time before the INTES assessment recorded similar cases and efforts across Armenia. It also noted a widespread perception that local authorities and high-ranking officials play a pivotal role in such interventions (Babloyan, 2017, p. 56).

For some parents, the question might even be whether they will be allowed to register their children on a waiting list in the first place. The excerpt below is about a case by a parent who told of repeated *denial of registration* on a waiting list by a principal of a kindergarten:

Quote 2: “I went to kindergarten, and the headmaster said: “I’m busy,”

next time she said: “There is no place.” I went with the same problem for 2-3 times. The headmaster was sitting behind her computer and did not even want to respond to me, she did not want to say anything...” (Babloyan, 2017)

Except in Yerevan, where some of the rules have changed because of the electronic queue system, stories of principals who try to discourage applicants from registering (for instance by quoting excessive waiting times which reach into the school age of a child) or deny them registration outright by quoting lack of space (which summarises the experience of some 77% of the 599 households in the 2017 survey), are quite common. It is also common that DoR decisions can be avoided or reversed if parents have the right connections or the means to provide undue benefits to those in charge of the lists. The following selection of narratives from focus groups quoted in (Babloyan, 2017) are indicative of these observations:

Quote 3: “More often, they (the principals) register their acquaintances or relatives. For example, I went to register my child in ljevan, I was told: “We have no place,” but, when we told our friend, he said, that there was one vacancy...”

Quote 4: “I tried to find a connection but did not manage. I have to register and wait for our turn, but our turn will come only when my child turns 7...”

Quote 5: “I took all necessary documents, photo, etc. Then the headmaster told my son to tell me, that I have to pay AMD 8000. I paid AMD 10 000 and then she registered us...”

Parents from more affluent households are less likely to share such stories (Babloyan, 2017). This implies that they are also less likely to have been denied registration because they could easily afford to pay for a place on a waiting list, as suggested in one of the quotes. Some statements during the INTES focus groups suggest that parents who have agreed to pay are also less keen on disclosing that. One of them said:

Quote 6: “There is an atmosphere of fear among parents. They usually don’t complain, and this is because of the way their children were admitted to kindergarten.... A lot of parents either bribe or use their connections, and if they will want to complain, kindergartens will remind them about the way their child was admitted. Of course parents don’t want to harm the people who did good by admitting their children.”

Finally, some interview counterparts during the INTES site visits suggested that principals could (and often do) *bypass the ranking of names* on their waiting lists to help the children of parents whom they favour jump the queue. This is done, for instance by “downgrading” other children on the waiting list on formal grounds, such as claims that the file is incomplete file, that there are “difficulties” in getting in touch with the parents whose turn is about to come, misinforming them about the time of registration, etc., or simply by pushing the favourites in better waiting list positions, disregarding the date of registration and ranking of all others. Since the paper-based lists are commonly not public, this is a relatively low-risk “solution”. A selection of focus group quotes depicts how jumping the queue can play out in practice:

Quote 7: “They were accepting applications from august, but they told us that it is from September. As a result my child’s registration time was delayed...” (A parent of a child attending a public kindergarten)

Quote 8: “...We’re waiting for our turn, but it never comes...when I went to complain, they said: “It is impossible, everything is transparent: here is the registry.” Then they explained, that something went wrong, as the child’s photo was missing. I said: “I’ve been to another kindergarten yesterday, and the photo was in the registry.” Then she (the headmaster) understood, that I could go to municipality to complain, and she said: “Ok, we’ll call you in November.” (Parent from a low-income household in (Babloyan, 2017).

Quote 9: “One day I went there to see, when our turn comes. She looked in the papers and said “You’re 1000th” or something, but I remember, that I was leaving, we were already on 500th place. Then I started yelling. Later we found a man from community authorities, he made one call, and next day they phoned me back and said, that soon we’d be in...” (Well-off parent) (Babloyan, 2017).

Electronic lists (electronic queue)

According to information shared by interlocutors during the site visits, the introduction of the electronic list (queue) pilot in Yerevan in 2016 brought considerable improvement to the integrity of pre-school admissions in the capital. It stopped parents from registering their children on the waiting lists of multiple kindergartens, which was hitherto inflating the statistics about demand for pre-

school places, and it made typical forms of abuse of paper-based lists, such as earmarking, DoR, and bypassing of rankings, impossible.

The INTES background report notes that it might be too early to evaluate the effectiveness of the electronic system, but the assessment team recorded at least two ways in which its algorithms can be circumvented through human intervention at the level of pre-school providers: through haphazard communication with parents to make them miss their turn; and by rearranging the age composition of groups in the kindergarten to open new places on demand.

In stories shared in the INTES focus group discussions, parents mentioned cases of children whose turn to enrol has come, but who missed their turn because parents were marked as “unreachable” after only one attempt at a phone call by the pre-school, or no attempt at all. This was presented as a common practice, which may involve illicit transactions:

Quote 10: “The mayor mentioned how we have such a good electronic system...Yet, I have witnessed for several times how my relatives or friends encountered such issues. You register your child and when your turn comes the kindergarten calls you. If for some reason you cannot answer them, they admit another child instead of yours for the next day immediately. ... So, if they cannot contact you, your place is immediately taken by someone else.” (Parent)

Quote 11: “There were some answers indicating that although the parents have registered their children earlier than their friends or relatives, the latter’s children have already been admitted, while their children haven’t. There were also people, who indicated the exact amount of money: AMD 200 000 that they have been offered to pay...” (Representative of civil society)

In their response to statements like these, pre-school principals noted that parents who have missed their turn have the right to insist on the restoration of their place on the waiting list. However, according to civil society and media representatives most parents do not seem aware of their possibilities and rights as users of the system. For instance, one focus group participant noted that only about 8 people in a group of 125 parents whom she interviewed as a journalist were aware of the electronic system. All others applied for a place directly to the principal of the kindergarten, like before.

Even if children who missed their turn in such a way would re-enter the waiting list, they will need to wait again as they cannot displace those who have already been enrolled in their place. This means that kindergartens can hold their part of the “deal” in an illicit transaction even if those who were disadvantaged by it would seek their rights. Also, there is also nothing to prevent pre-schools from requesting a “reward” also from those who wish to successfully restore their place on the list.

A far more flexible and powerful way of circumventing the integrity of electronic lists is by rearranging the age composition of groups in a kindergarten. Numerous interventions by principals during the INTES focus groups indicate that they routinely mix the age composition of groups in their kindergartens to admit children whose turn has not yet come.

The groups are supposed to be homogeneous in terms of age and taken together their size must be within the limit for which the pre-school institution was licensed. However, according to information provided by the municipality of Yerevan, the system allows pre-schools to go over or under the limit for a given age group, as long they don't exceed the maximum capacity for their institution.

Below is an excerpt of a statement by a principal, which explains in some detail how this practice works on the example of a child who “must be admitted” although there is no place, and how the “sudden” departure of another child helps to resolve the problem by allowing for the creation of a mixed group:

Quote 12: “Let’s say I have a three-year-old child, whom I need to admit, but I don’t have a place. Suddenly someone from the senior group (five years of age) leaves the kindergarten. If there is someone in the middle group whose age is close to five, we bring that child to the senior group. The place is already open, and I can admit the other child to the kindergarten. If there is an open place for a certain age group, we don’t necessarily wait for someone that age, the shift between the groups is done in favour of the child that should be admitted. We also have mixed age groups, for let’s say four and five-year-old, and by shifting children we don’t change the educational program. There is a certain schedule for those sub-groups, and we work according to it. So, if someone from the senior group leaves and the three-year-old comes, we take the four-year-old to the upper group and open a place for the three-year-old.” (Principal).

Although the practice itself does not seem to violate any rules, it describes a way in which the limitations of the electronic queue can be circumvented, which is readily available and can be used on demand in favour of parents who can afford to provide undue benefits, such as payments of up to AMD 200 000, as noted before. Evidence of how prevalent such extraordinary, illicit admissions might be has not yet been collected, but considering that parents don't know the rank of other children on the waiting list and that the decisions about reshuffling of age groups are internal and taken behind closed doors, those admissions might as well be happening on a regular basis.

A.1.2 “Hide-and-seeK”: fraudulent reporting of attendance statistics

In discussions during the site visits, representatives of the municipal authorities in Yerevan noted that pre-schools can “hide” the real number of children who are in attendance each day, which in their view was among the biggest risks to integrity in the pre-school sector.

Kindergartens in Armenia and in Yerevan in particular are obliged to keep track of attendance as their funding depends in part on the number of children attending, and not just on those who have been admitted or the size of the institution (Peeters, Van Laere, & Gevorgyan, 2018). Thus, most principals must inform the municipality daily on how many children are present during regular opening hours, and if one or more children are not in (for instance because of sickness, travel, or else) the funding is adjusted (reduced) accordingly.

During the site visits for this report, a municipal decision-maker with responsibility for pre-school education shared that in cases when registered children are missing, pre-schools can (and do) fill the gap by letting children attend who are not registered. Such ad-hoc attendance may take place upon the initiative of a teacher or the principal in exchange for favours or undue benefits, and it is beneficial for most sides involved. The kindergartens keep the funding by “hiding” the attendance gaps, without a major risk as unannounced attendance checks are rare and, according to a kindergarten principal, if they happen the authorities do only a headcount, not a name-check. A handful of parents benefits from that situation too by sending their children to a kindergarten which otherwise may have no spare place, while the parents of children who are registered but

not attending are not harmed either. The probably only side which is at loss in all this are the children themselves, who may end up attending overcrowded and mixed groups, with an ever-changing composition.

Here too, the evidence of this practice is only anecdotal, but the fact that, despite the rare checks, in recent years some 10 principals lost their jobs because of it in Yerevan alone, suggests that it may be common indeed.

A.2 The official positions involved

Most of the decisions about illicit access seem to originate on the level of *pre-school administrations*, where principals enjoy a high degree of discretion over key areas of institutional operation, such as admissions.²⁸ The following statement by a parent in an INTES focus group illustrates the degree of this autonomy and how it may play out in practice:

Quote 13: “I know of a case when a parent who complained against a kindergarten was told by the principal that she must exmatriculate her child. She filed a complaint with the Municipality and requested a transfer to a different institution. However, the Education Department of the Municipality told her that there is nothing they can do, as none of the other principals will agree to admit her child, because she has the reputation of a “problematic parent” and that if she does not stop complaining, she will have to take her child to a private kindergarten.”

The focus groups for the *Save the Children* research of 2017 record similar statements about the key role of pre-school administrations in integrity violations concerning access:

Quote 14: “...I came to the headmaster and said: “I know, that you admit children for payment, I’m ready to pay... “She said: “Oh no, never.” But I heard from a friend of mine, that she admits children for 80-100,000 AMD...”

Quote 15: “I’ve registered the child, but the headmaster was very aggressive and rude. Usually, they are looking for a “magharich” or a payment. Without that they treat you badly...”

²⁸ See for instance section II.1 of the Order of the Minister of Education and Science No. N 461-N of 2011 “On the Approval of Characteristics of Pre-School Educational Institutions”.

Quote 16: “At state kindergarten they requested 8000 AMD, the headmaster told me about it, and I said I’d pay even 10.000, just admit the child. Now we are waiting...” (Babloyan, 2017)

The fact that much of the illicit conduct thrives on the basis of special permissions by authorities to go over the statutory limitations for group density (see section B.1) implies that at least in some cases, *local authorities* are aware of the integrity violations or might even be in the lead. Survey data on the prevalence of different types of undue benefits (see the next section), which includes trading in influence by representatives of local authorities, as well as statements during the focus groups, confirm this assumption. A good illustration is provided in the INTES focus group intervention of a mother with apparently strong connections to the municipality Council, who told how in the case of her child, the local authorities bypassed (and upset) the kindergarten principal by involving themselves directly in an informal arrangement for access:

Quote 17: “...we got admitted with the help of the District Council, because we had connections. The first day when we went to the kindergarten I went to the principal. When she took the documents and saw that we were admitted without her knowledge, she didn’t take into consideration that there is a two-year-old kid in the room. She started screaming and throwing the papers. My child got scared and we got disappointed in the kindergarten from the very first day...” (Parent from Yerevan).

A.3 The undue benefits

The undue benefits involved in facilitating illicit access to ECEC in Armenia are as diverse as the manifestations of this integrity violation. They may be monetary or in-kind, provided to individuals (mostly principals) or the pre-school institution, and they might involve the mobilisation of connections to local authorities in ways which resemble “trading in improper influence” as described in some of the international conventions concerning corruption (OECD, 2007, p. 29).

The size of the monetary benefits may vary depending on the “service” rendered. Registration on a waiting list costs considerably less than admission to a kindergarten. According to figures communicated during the INTES focus group discussions with parents and civil society, parents can expect to pay in the

range of AMD 50 000 to AMD 200 000 for admission, while the price tag of a place on a waiting list may cost as “little” as AMD 10 000 (Babloyan, 2017).

Quote 18: “But I should say that there are also kindergartens which solve those problems mentioned by parents. Two month ago I started discussing an issue in the Facebook group and two days ago someone approached me in the street and ... later confessed that in 2017 she has paid 50.000 AMD for her child to be admitted to a kindergarten” (A parent from Yerevan and a civil society activist)

Parents may also be asked to provide in-kind donations or pay a “voluntary” donation to a special fund called “Help your kindergarten”²⁹ (for more detail about parental donations see chapter 4). Most such donations before admission are an informal prerequisite for enrolment, as noted by one of the parents in the INTES focus group:

Quote 19: “When I wanted to get my child into one of the kindergartens the principal told me to donate 100.000 AMD to the (kindergarten) fund, and when I wanted to know why she told me that it is a donation for my child to be admitted. This means that if you don’t pay the money, they won’t admit the child.” (Parent)

A subtler, but also difficult to prove form of informal payment for access is the *purchase of additional educational services* provided by the kindergarten. Many public pre-schools offer additional services in the afternoon, such as language or dance classes, or simply longer opening hours, for which the kindergartens can charge a fee. Additional costs for parents are justified by additional staff costs, but they also bring additional income to the kindergartens. Parents who commit to sending their children to these services and can afford to do that, may have greater chances to receive a place for their child. It is a form of indirect institutional bribe which can influence admission decisions.

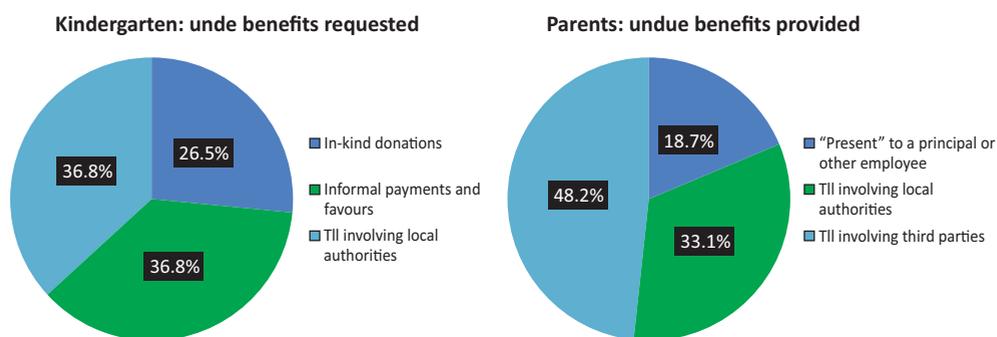
Finally, quite in line with the significance of informal networks and political affiliations in other segments of education in Armenia (OECD, 2018b) (Milovanovitch & Lapham, *Good Intentions Cast Long Shadows: Donors, Governments, and Education Reforms in Armenia and Ukraine*, 2018), in ECEC too there is an economy of favours and influence, which can impact decisions about admission

²⁹ See <http://www.ognirmankapartezid.am/>

through lobbying in favour of selected families. It is hard to determine what the benefits involved might be, but the close dependence of pre-schools on local authorities in key areas of operation such as staff, various permits concerning enrolment capacity, as well as funding implies that favours by kindergartens to local authorities and networks of power in the form of preferential treatment of selected applicants, may pay off further “down the road”.

How common is each of these forms of undue benefit? In the 2017 survey of *Save the Children*, the households which admitted having had exposure to illicit conduct in arranging admission to ECEC were relatively few, but their responses provide helpful insights into what pre-school institutions request and what parents tend to provide in terms of undue benefits (Figure 4).

Figure 4. Informal (undue) benefits requested and provided in exchange for access to ECEC, by type and frequency



Note: “TII” - trading in influence.

Source: Calculations based on data from (Babloyan, 2017).

The results in Figure 4 show that well over a third in the group of forthright respondents (37%) were requested to give an informal payment to an individual in official position, or to do him/her a favour. Another 37% was suggested to mobilise personal connections to the local authorities, which may be interpreted as a sector-specific form of trading in influence,³⁰ and some 27% were asked for

³⁰ The Council of Europe Criminal Law Convention against Corruption defines “trading in influence” as the intentional promising, giving or offering, directly or indirectly, of any undue advantage to anyone who asserts or confirms that he or she can exert an improper influence over the decision-making of individuals in public position (Article 12).

in-kind donations to the benefit of the pre-school. The vast majority of parents in the survey who reported to have engaged in informal transactions, describe how they relied on personal connections to education authorities (33%) or third parties, e.g. friends, relatives (37%). “Only” 19% admitted having bribed a principal or an employee of the kindergarten with a “present”. Trading in influence is among the most common form of informal transaction for both parents and pre-schools.

The INTES focus group with parents painted a similar picture. However, it also showed that practices between pre-schools vary widely. While some parents reported of regular payments from parents to teachers, others stressed that in the pre-school institutions attended by their children, payments are not common.

Although parents might have no incentive to disclose their participation in illicit conduct, it is quite possible that at least in some cases, such statements reflect a genuine effort by parents and sometimes by kindergartens at maintaining a certain standard of personal and professional integrity. One parent even reported about a principal of a rural public kindergarten who actively fought against payments of any kind from parents.

A.4 The norms and commitments at stake

When families gain undue access to ECEC in ways such as those described in this section, all sides involved in the violation weaken the rule of law and contribute to inequities and inefficiencies in the ECEC system (OECD, 2017a). Parents who lack the means to engage in these informal practices, or simply prefer to preserve their integrity, are those at loss as they may not obtain a place for their child, or they may obtain lower quality care. In fact, prior research suggests that the proliferation of illicit access in Armenian ECEC disadvantages in particular children from more disadvantages socio-economic backgrounds (Babloyan, 2017).

Even though none of the manifestations of illicit access described here is defined as offence in law and consequently, the perpetrators may act with a remarkable degree of impunity, their conduct violates existing norms and commitments. Most notably, the integrity violation in all of its manifestations undermines the statutory right of each child for equal access to pre-school education and undermines the legal guarantee that their parents can have

a free choice of pre-school education institution and the form of ECEC.³¹ In broader terms, these practices run against constitutional commitments to non-discrimination and it could be argued that they are against the spirit of international Conventions, which Armenia is a party of, such as the United Nations Convention on the Rights of the Child. On a more technical level, some of the manifestations of the violation might constitute an administrative or even criminal offence, for instance when they involved documentary fraud, or trading in influence or informal payments which involve people in official position, such as community heads or pre-school principals.

B. Factors creating opportunities for the violation

An opportunity in the context of this INTES report is understood as a combination of shortcomings in education policy and practice that provides the means and creates the conditions for education participants to commit an integrity violation (OECD, 2018a). Opportunities for violations may be opened by various shortcomings, some attributable to the professional and personal circumstances of perpetrators, others to the broader context and ways of functioning of the ECEC system.

This section B of chapter 2 presents a selection of such shortcomings, which allow participants and stakeholders in pre-school education to exploit vulnerabilities in the system for undue personal and/or institutional advantage. They include arbitrary exemptions from norms on enrolment capacity of pre-school institutions, legislative and capacity gaps in the area of external control of compliance, as well as the absence of minimum standards of accountability and transparency in the handling of waiting lists for admission, both paper-based and electronic.

B.1 Proliferation of exemptions to norms on maximum enrolment

Public kindergartens in Armenia tend to admit more children than they are licensed for. The practice is being tolerated or even sanctioned by local authorities as it helps “create” extra places at low or no cost, which is an important consideration in conditions marked by resource and capacity shortages (see

³¹ Articles 23 and 28, Law of the Republic of Armenia on Pre-school Education of 2005, HO-236-N, Articles 23 and 28.

section C.1). However, the propensity of pre-schools and authorities to allow for overcrowding also opens a major window of opportunity for the illicit conduct described in the previous section, because that conduct delivers access to such extra places and thus relies on their availability. Indeed,

In theory, kindergartens which see themselves at risk of overcrowding may contact the licensing department of the MoES to request an exemption from the norms that determine their maximum enrolment, so that they can admit an additional number of children. According to information provided by the licensing department of the MoES, most public kindergartens in Armenia are at risk of overcrowding, but before such exemptions can be granted, the Ministry must verify whether the space available per child meets the minimum standards.

In practice, interviews in the MoES and in some municipalities suggest that pre-school institutions routinely bypass the licensing department of the Ministry and arrange for exemptions to the norms directly with their local (municipal) authorities, and that some may “simply” disregard the norms with their tacit agreement.

The extent to which the practice of tolerating admissions above the statutory limits of pre-schools has taken root in the public ECEC system, can be seen on the example of gaps between official statistics on enrolment and information provided by parents about the participation of their children in ECEC. Figures 4a and 4b show data on average density of kindergarten groups and total enrolment for children aged three to six as provided by the national statistical service (NSS) and once again as collected by *Save the Children* through the survey of 600 households across Armenia. Assuming that the official data communicates information that is aligned with (or at least close to) norms on group density and the enrolment limits for which pre-school institutions have been licensed, and that the information from households is indicative of the actual rate of enrolment across regions in the country, the comparison between the two datasets may hold a clue about the degree to which in “real life”, admissions might have departed from norms on maximum enrolment.

Figures 5a and 5b. Enrolment of 3-6 year olds in ECEC by average group size, number of children, and region, 2016

Figure 5a. Average group size by region, 2016

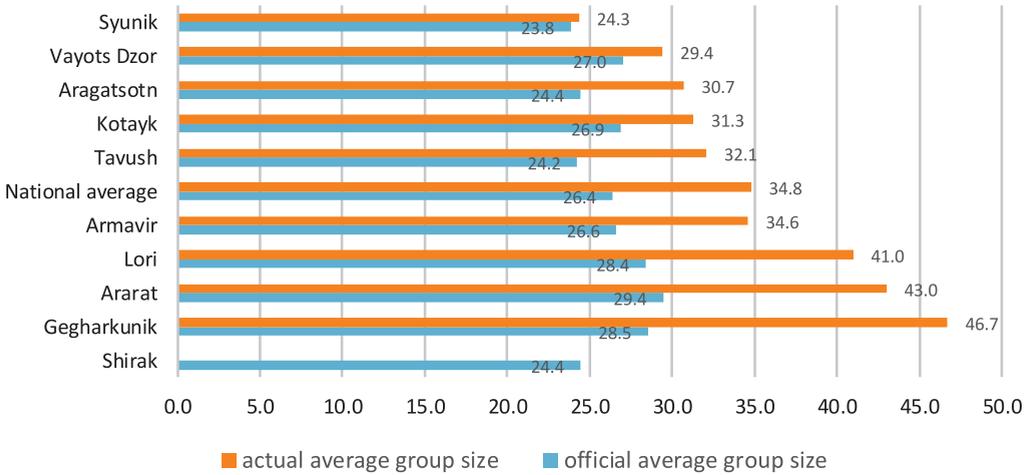
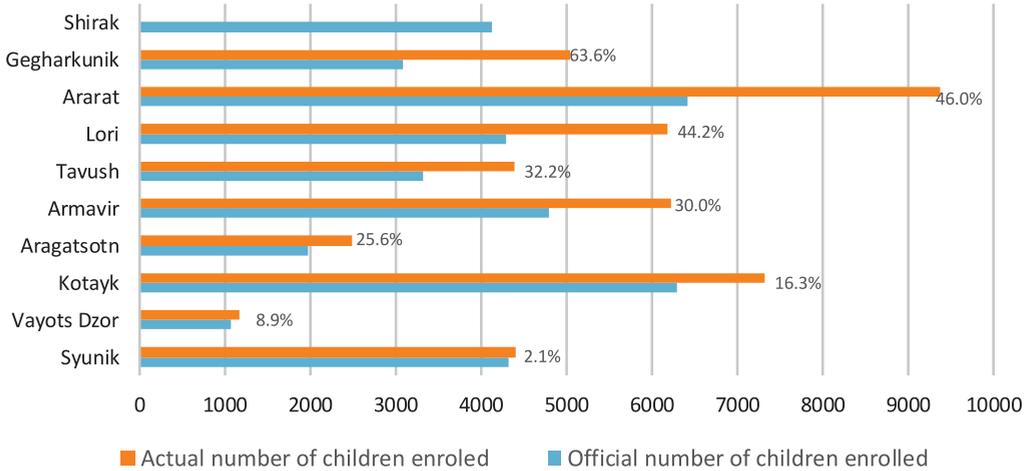


Figure 5b. Enrolment by number of children and region, 2016



Notes: Data for Yerevan is not comparable because it includes enrolment in private pre-school institutions. Data for Shirak is incomplete. Data on actual density and enrolment is based on extrapolation of results from a survey of 600 households in Armenia as presented in (Babloyan, 2017)

Data sources: (NSS, 2017) (Babloyan, 2017)

Figures 5a and 5b show that there are substantial differences between the information from official sources and the responses of ECEC beneficiaries. The NSS data in Figure 4a suggests that in 2016, average pre-school enrolment was below the maximum permissible threshold in all regions of the country. In most regions, however, parents report sending their children to groups that are well-above the maximum density norm of 30 children, for instance in Lori (41 children per group versus 28.4 according to official data), Ararat (43 children per group versus the official figure of 29.4), and Gegharkunik (46.7 children per group versus 28.5 in the official statistics). Even in regions where the average group density was below the statutory limit according to both NSS and survey data (Sunik and Vayotz Dzor), actual enrolment was higher than officially recorded: 29.4 versus 27 children per group in Vayotz Dzor and 24.3 versus 23.8 in Sunik.

Figure 5b corroborates the observations on overcrowding, showing that in the regions with overcrowded kindergartens, the actual number of children enrolled is considerably higher than the officially reported number. Although some regions (Sunik and Vayotz Dzor) seem to be less exposed to overcrowding, in others overcrowding seems to have become a fact of life. In Gegharkunik there are 64% more children enrolled than the official statistics suggests, in Ararat the difference amounts to 46%, in Lori it is 44%, in Tavush 32%, etc.

There is no comparable data for Yerevan, but the background report for this assessment as well as numerous statements during the INTES focus groups indicate that in the capital the situation with exemptions and the associated overcrowding is even worse. A report by the Inspectorate for Education from 2016 found that 93% of the inspected pre-school institutions did not comply with the norms on maximum enrolment and group density, and that this was one of the most frequent irregularities in the capital (SIE, 2016). A teacher from Yerevan described the following situation as typical:

Quote 20: “Let’s just start from the most important thing: the number of children. This is the source of all the other problems like teachers not doing their job properly. The number of children is excessive and there is only one teacher and one teacher assistant for each group. This is a serious issue. All the issues connected to children’s lives, their health, safety and teachers’ self-education raise from the number of children in kindergarten groups.” (Pre-school teacher)

Whether permitted by the authorities or just tolerated by them, the trespassing of norms on maximum enrolment in pre-school education seems to be widespread and might have become the norm itself. Regions in which overcrowding is particularly pronounced, tend to be also the ones where households in the Save the Children survey report the highest and most frequent informal payments by parents, some of them without doubt in exchange for admission.

B.2 Structural and legislative shortcomings in the area of external control

Responsibility for the external control of public and private ECEC providers in Armenia is divided between central (MoES, Ministry of Health³²) and local authorities, and within MoES between its licensing department and the State Inspectorate for Education.³³ There are weaknesses in the mandate on both levels of governance, which limit the effectiveness of attendance and enrolment control and thus play an important role in facilitating illicit access to pre-school education. One such weakness is a certain ambiguity in the description of responsibilities for the supervision of pre-school institutions. Another is the presence of integrity and capacity shortages. The next sections discuss these shortcomings in some detail.

B.2.1 Overview of bodies in charge of external control

The licensing department of the MoES is responsible for verifying that kindergartens comply with a set of minimum requirements regarding infrastructure, staffing, and educational content, which is as a condition for receiving and keeping a license to operate. Decisions about granting of licenses are taken by the Minister of Education upon a recommendation by the licensing commission of the MoES. Once the license is granted, the department has the right to carry out inspections to verify that pre-school institutions continue to be compliant. According to representatives from the department, such external

³² The role and responsibilities of the Ministry of Health regarding ECEC are beyond the scope of this report.

³³ In July 2018, the responsibility for the State Inspectorate was transferred to the Prime Minister's office.

verifications can be triggered either by changes in the conditions in which kindergartens operate, such as a risk of overcrowding, or on the initiative of the department itself, for instance in response to signals by the State Inspectorate for Education that an institution is non-compliant with licensing requirements.

Until July 2018 when it was moved to the Prime Minister's office, the State Education Inspectorate was a subdivision in the MoES responsible for external control. According to the Regulatory Charter of the Inspectorate,³⁴ its responsibilities include the examination of compliance with educational standards and the implementation of curricula, student assessment, inspection, evaluation, final attestation and examination, compliance procedures for the selection, certification and appointment of the managerial and pedagogical staff, their training and attestation, etc.. The Inspectorate has two modalities of supervision, which apply to ECEC as well – regular inspections, which are planned, announced a year in advance, and have a formal, follow-up procedure including sanctions, and ad-hoc monitoring, which is unannounced.

Local authorities have responsibilities for external control in ECEC as well. The Law on Local Self-Governance empowers the community heads to monitor and inspect the administrative aspects of pre-school operation and the use of community property.³⁵

B.2.2 Ambiguity in the distribution of responsibilities for external control

The regulations describing and distributing responsibilities for external control in ECEC between the State Inspectorate and the local authorities have gaps, which may hinder the timely detection of illicit actions which involve over-enrolment and contribute to impunity for the perpetrators.

According to its Charter, the State Inspectorate is responsible for monitoring matters concerning educational content, such as the implementation of curricula, quality of teaching, student success, etc. The background report for this

³⁴ http://www.eib.am/wp-content/uploads/2018/06/729_1v_voroshum_kanonadrutyun.pdf

³⁵ Law on Local Self-Government, Article 12, background report for the INTES assessment, and Order of the Minister of Education and Science No. N 461-N of 2011 “On the Approval of Characteristics of Pre-School Educational Institutions”,

assessment notes that the inspections – both regular and unannounced – usually include checks of compliance with norms on attendance and maximum enrolment, but the Charter does not refer to these norms, which means that it also does not foresee consequences (e.g. sanctions) in case they are violated. In practice, if an inspection uncovers irregularities concerning norms on attendance, it must refer the matter to other bodies (primarily the local authorities), which for their part have no statutory obligation to follow-up, and possibly also no incentive (see next section). In addition, pre-schools could question any such finding by arguing that the Inspectorate has gone beyond its remit.

There are also supervisory ambiguities on local level of governance. Local authorities are obliged to organise the provision of pre-school education and to control the administrative aspects of pre-school operation. The scope of that supervision is defined in the Law on Local Self-Government and in secondary legislation,³⁶ but the provisions are vague, it is not clear whether they imply control of attendance and maximum enrolment and if yes, how that relates to the habitual checks by the Inspectorate for compliance with the very same norms. There seems to be a veritable risk of overlap in responsibilities, which may lead to a duplication of control effort by the State Inspectorate and the local communities or, worse, to lack of proper control.

A quote by a pre-school teacher in the INTES focus group summarises how these ambiguities, combined with deficient supervisory expertise, play out in practice through the eyes of an ECEC professional:

Quote 21: “I want to talk about the inspections. The kindergartens are inspected by the Municipality Department of general education. I can assure you that the Department of general education has no clear procedures by which they carry out those inspections. There was a case when they demanded taking children to a class so that they can be present at it without knowing that during summer the kindergartens don’t have classes at 11:30. I want to ask you not to take those inspections seriously because they neither have a clear procedure nor qualified professionals.” (A pre-school teacher)

³⁶ Law on Local Self-Government, Article 43 and Order No. N 461-N.

Gaps exist also regarding the supervisory role of the licensing department of the MoES. Its representatives indicated to the assessment team that they are obliged to control, flag, and sanction illicit over-enrolment and verify signals by the State Inspectorate about the risk of such situations. However, there is no evidence that the two bodies cooperate in such matters. Also, the practice of pre-schools and local authorities to arrange for exemptions to the rules and standards which the licensing department is monitoring, de facto neutralises its involvement and possibilities from the onset.

B.2.3 Integrity and capacity shortages in bodies responsible for external control

Licensing department

The licensing department appears to be severely understaffed for some of its tasks. According to information provided by the MoES, the department employs a staff of eight. To put this number in context, in 2016 the size of the pre-school network was 721 institutions, which means that statistically speaking, each staff member had a portfolio of about 90 pre-school institutions on average.

Even without taking into consideration the concerns about its integrity, which some interlocutors shared during the INTES site visits, or the complaints by its staff about being bypassed by pre-schools and local authorities in matters concerning admission limits, it is unlikely that the department has sufficient capacity to exercise proper compliance control, for certain not with the frequency and breadth that the widespread overcrowding in Armenian pre-schools calls for.

State inspectorate

Anecdotal evidence collected during the site visits indicates that problems with the integrity of staff working at the State Inspectorate for Education and also with their expertise regarding pre-school education, may be preventing the effective detection of illicit actions around access to ECEC as well.

In discussions of the assessment team, the newly appointed leadership of State Inspectorate itself noted that the integrity of staff is a serious challenge.

This observation matches a broader pattern of integrity problems in the civil service of Armenia,³⁷ which include a lack of regulations on integrity and a proper definition of civil service principles, rights and duties (OECD, 2018b) and which, according to the Civil Service Reform Strategy calls for revisions in a number of areas such as classification and promotion, performance appraisal, remuneration, discipline, ethics, integrity, etc.³⁸

An additional problem is that there is no clarity about the extent and forms of risk of problematic conduct by the inspectorate, such as intentional omission to act on instances of illicit conduct in education and ECEC in particular because, despite the high stakes associated with its work, the inspectorate has never been subjected to a proper risk assessment. This too is part of a broader problem of poor statistics and missing evidence-based analysis concerning the civil service in Armenia (OECD, 2018b).

An even bigger challenge in the context of detecting illicit conduct in ECEC, is the limited expertise of education inspectors in pre-school education. Apparently, none of the inspectors employed at the time of this assessment had a specialisation or training in ECEC, which in the opinion of teachers who participated in the INTES focus groups seems to have had an impact on the focus and accuracy of inspections in pre-school education. For instance, some teachers complained about the exclusive focus of inspections on administration and documentation instead of on content, others noted weaknesses in the professionalism of staff carrying out the inspections, or took an issue with the rigidity of their approach:

Quote 22: “I agree with you. I am against those inspections. They come and start examining all the paperwork ... instead of asking what we need and how they can help us. This is a hard work by itself and we don’t need to deal with all of this paperwork.” (A pre-school teacher)

Quote 23: “I don’t agree that we don’t need inspections. ... However, the inspectors are often people who don’t have idea about preschool education or kindergartens’ scope of work.” (A pre-school teacher)

³⁷ The employees of the State Inspectorate for Education are civil servants.

³⁸ RA Government Protocol Decree No 57 of 29 December, 2015, accessible at <http://www.irtek.am/views/act.aspx?aid=84359&m=%27%27&sc=>

Quote 24: “As for the inspections, they should not be so strict. ... The inspections should be flexible and involve only professionals.” (A pre-school teacher)

Local authorities

The previous sections of this chapter described how the granting of illicit access by pre-school institutions is facilitated by exemptions from rules that limit their enrolment capacity. Statements recorded during the INTES site visits and focus groups suggest that local authorities too have an interest in giving such exemptions and/or tolerating the bypassing of maximum capacity regulations. More children in the kindergartens mean that local authorities can budget additional resources for pre-school education, which are then allocated to (selected) kindergartens and then used in ways that might not always be transparent. This is well illustrated by the following statement of a pre-school teacher:

Quote 25: “The Municipality took the financing of the kindergartens in Yerevan under its own subordination. It finances the kindergartens according to the number of children. Hence more children in the kindergarten means more financial resources allocated to that kindergarten. However we don’t know how this money is spent. As more children started registering, the groups started raising the limit from 30 to 31, 32 and now the limit is 33. However, I have seen groups of 44 children in different kindergartens, and I don’t know how the registration process was carried out. The only reason for having that many children I groups is the financing of the kindergartens.” (Pre-school teacher)

The background information provided by the MoES for this report notes that the supervision of administrative aspects of pre-school operation is responsibility of the leader of the local community,³⁹ which also includes control of compliance with norms on attendance and enrolment. However, the active involvement of local authorities in initiating and approving enrolment exemptions, as described before, and the financial stakes they have in most matters concerning attendance and admission, are almost certain to lead to conflicting interests and may have

³⁹ (Peeters, Van Laere, & Gevorgyan, 2018) and Model Charter of pre-school institutions in Armenia - protocol decision No 54 of the Government of the Republic of Armenia of 26 December 2002, Article 34.

a negative impact on the effectiveness of external ECEC control in this area on local level.

In addition, the local departments in charge of supervising ECEC are also struggling with capacity issues and lack of expertise concerning pre-school education, as suggested by some of the participants in the INTES focus group with teachers (see Quote 21 above).

B.3 Lack of accountability and transparency in handling of waiting lists for admission

In numerous statements during the INTES site visits and focus groups, parents and principals underlined that the waiting lists for admission to ECEC (online and paper-based) are not public, and that the ranking of children is hidden from those registered on the lists. Parents may learn about the position of their child on the list if they inquire, but this too may depend on the willingness of the principal, as illustrated in Quote 25 from the INTES focus groups and even then, there is no certainty that the information can be trusted (see Quote 9, for instance).

Quote 26: A question by parent and civil society activist: “Is it possible to check the position of my child in the list?... Let’s say, I have a certain number on the coupon, how can I check whether someone who registered after us actually went ahead of us in the list?”

A response by a principal: “Well, I often do it like this, for the procedure to be rather transparent. I turn the computer screen to the parent and show them which number belongs to their child...”

However, parents don’t see the ranking of others on the waiting list and, consequently, changes on the list that do not concern them are hidden from view as well. It is also not possible to conclude with certainty how well the lists are kept and updated, and even whether in all cases in which parents and principals refer to them, they really exist.

This is a remarkable level of opaqueness, especially considering the stakes and corruption risks around access to pre-school education. Section A described how most of the manifestations of illicit access to ECEC thrive on the lack of

transparency in the handling of waiting list, so it is surprising that this well-known vulnerability has not been addressed yet in any form, for instance by defining minimum standards of accountability and transparency in handling admissions, or by defining access to the waiting lists as parental right, or else.

Admissions to pre-school education are a sensitive and complex area in other countries too. Box 1, for instance, describes the system of online management of admissions to ECEC in Munich, Germany. It shows that even sophisticated solutions may have difficulties to neutralise the importance of informal connections and networks, but at least they manage to ensure an acceptable level of transparency for all those with stakes in the admission process.

Box 1. The “Kita-finder” in Munich, Germany: a transparent system of electronic registration for ECEC

In 2015 Munich introduced the „Kita-Finder“, an electronic city-wide registration system for ECEC places. It has several features of interest from a transparency point of view. First, parents can inform themselves via a central platform about all ECEC settings in the city, including parental fees due, the pedagogical concept applied in the kindergarten and availability of free places. Second, parents register their child in the system for one or more ECEC settings of their choice.

Registration is possible maximum 12 months ahead of the desired start date. For instance, to apply for a place in a pre-school on time or the regular start of the year in September, parents have time between September and April, irrespective of the age of the child. The admission is still under the responsibility of the ECEC institution, which can apply its own criteria. The enrolment itself is carried out via the Kita-Finder platform, so that other ECEC providers can see if a child has already received a place in a different centre.

Although the platform is primarily a tool for parents and providers to simplify access and the assignment of places, it has also been criticized for not being sufficiently robust in neutralizing the role of personal relationships between parents and pre-school providers.

C. Factors creating incentives for the violation

An incentive for a violation describes the motive or motives of education participants to engage in integrity violations, which motives include the wish to secure an education deliverable, for instance access to education. Where for some reason, such as shortcomings in policy and practice, this deliverable is in short supply or otherwise difficult to obtain in permissible ways, education participants might resort to illicit or illegal solutions (integrity violations) (OECD, 2018a).

Section C of this chapter describes a scarcity of affordable places in pre-school education in most regions of the country and in Yerevan as a major incentive for illicit practices to secure access to ECEC. An additional reason for the integrity violations are inadequate and loose criteria for admission, which may leave problematic conduct as the only alternative for pre-school principals and local authorities to handle the onrush of applicants for a place.

According to results of a household survey of families with children, more than 3 out of 4 families whose children were not admitted to kindergarten, reported that main reason for that was absence of places in the kindergarten (Babloyan, 2017: 39).

C.1 Lack of affordable and good quality pre-school education

Globally, more and more families need a kindergarten place because of the full-time employment of both parents (Shaeffer, 2015). Armenia is part of that global trend. As more and more families move to cities where they cannot rely on the support traditionally provided by grandparents and relatives and as more young mothers have to work full time (NSS, 2008), there is a growing need for pre-school education and care, especially in the urban centres.

There is ample evidence that the ECEC sector in Armenia is not well equipped to respond to that need. One of its main problems in this respect is a persisting shortage of places in ECEC that families could afford, and which are of acceptable quality. The shortage leads to unmet demand and motivates parents to engage in illicit conduct in the hope to secure an advantage for their children despite the adverse circumstances.

The following statement from an INTES focus group provides a good illustration of a typical connection between the scarcity of places in ECEC and the propensity of parents to engage in integrity violations. The messages that the quote communicates coincide with those of numerous other stakeholders in Yerevan and regions in Armenia, as noted in the course of interviews during the site visits for this assessment:

Quote 27: “I want to bring an example of one of the districts. As most of you may know, Davtashen is a relatively new district. ... Now this district has a lack of kindergartens, there are only five. This is why the parents pay for their children to be admitted....

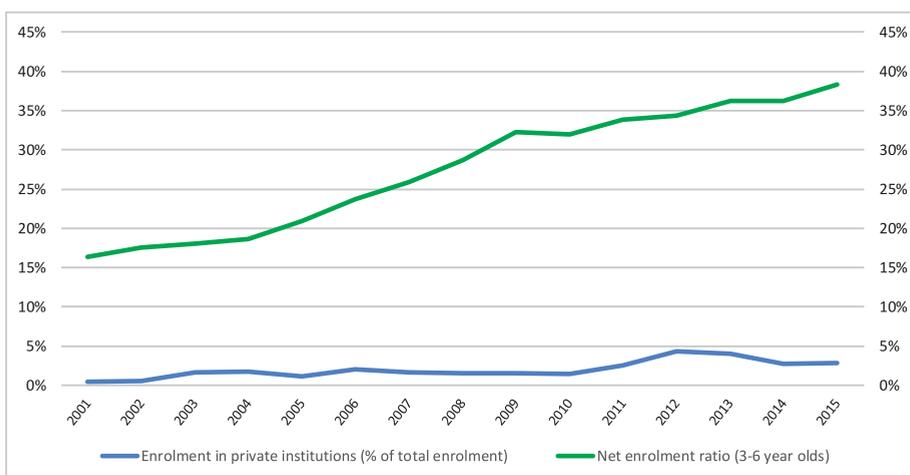
...The dynamic shows that at least 15 000 children (in Armenia) every year are deprived of their right to access preschool education. (Some of) these children are taken to private kindergartens. Overall there are 72 private kindergartens which have 3 000 children attending altogether.” (Civil society representative).

Most obviously, the quote indicates that a shortage of places in the public pre-schools leads to integrity problems (“parents pay to be admitted...”). However, the statement also notes that for most (12 000) of the 15 000 children who could not enrol in the public pre-school system, the private (licensed) kindergartens were not an option. While their quality is generally perceived as being sufficient or even high (Babloyan, 2017), they are quite expensive, which puts them out of reach for most families with pre-school children in Armenia.

Indeed, there is data showing that only 1.2% of total enrolment in ECEC is with such providers (see Figure 7 below). One INTES focus group participant (a parent whose child attends a public kindergarten) shared that the difference in affordability between public and private pre-schools is big enough to create discrimination, while another (a deputy-principal of a public kindergarten) noted that private kindergartens are only for rich parents who can afford them.

The high price tag could explain why enrolment in private pre-schools is stagnating for over a decade now, despite rising demand for ECEC and the better conditions offered by the licensed private providers. In fact, it is probably safe to conclude that cost is among the main factors preventing licensed private kindergartens from evolving into a viable alternative to increasingly popular yet overcrowded public system of ECEC (Figure 6).

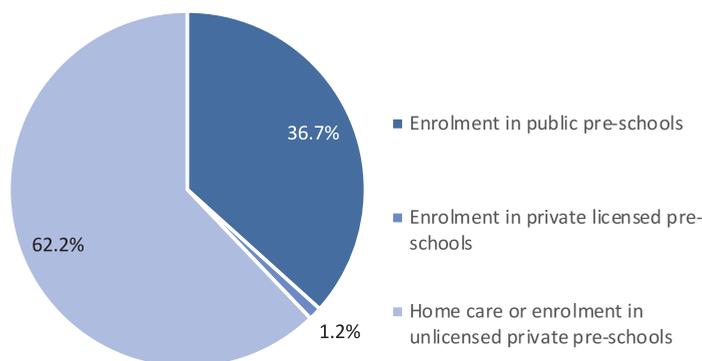
Figure 6. Enrolment trends in ECEC: net enrolment and enrolment in private ECEC as share of total ECEC enrolment, Armenia (2001-2015)



Source: UNICEF Europe and Central Asia Regional Office, TransMonEE (2016).

For parents who cannot afford a place in a licensed private kindergarten and also fail to secure one in the public system, the only other option is to arrange for some form of home care or enrol their children in one of the very many unlicensed, semi-legal, lower-quality but affordable shadow alternatives such as “development centres” (see the overview of the ECEC network in chapter 1 of this report). This describes the situation of over 60% of children in need of pre-school education in Armenia (Figure 7), all of which potential candidates for a place in a public pre-school.

Figure 7. Participation in ECEC by domain of provision, in % of total number of children aged 3-6 (2016)



Sources: Calculations based on data from (NSS, 2017) and UNICEF Europe and Central Asia Regional Office, TransMonEE (2016).

During the site visits, MoES and municipal representatives commented that most unlicensed ECEC alternatives are indeed more affordable, but also that the cheaper ones among them tend to be of dubious quality.

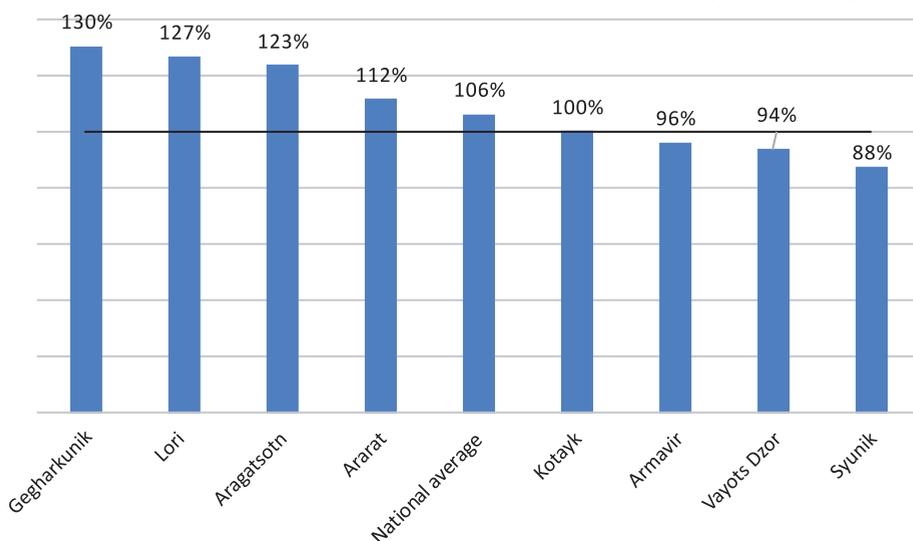
Quote 28: “I have a four and a half-year-old child. We had an unpleasant experience with a public kindergarten for two years ... and experience with a private unlicensed kindergarten for one year, which was also bad. Now my child attends a private licensed kindergarten and the conditions are satisfying” (A parent from Yerevan).

For many parents though, the shadow pre-schools represent an acceptable makeshift solution until they can arrange for admission to a public kindergarten.

All of this means that one of the broader problems which motivates illicit actions for access to ECEC is not just the shortage of places in public pre-schools, but the shortage of affordable, good quality places in the ECEC system as a whole, both public and private. At the time of this integrity assessment, the public kindergartens seemed to be the only legitimate alternative which met both of these criteria – they were affordable and at the same time of acceptable quality.

The overcrowding of public providers is a sign of the extent to which this statement is true, and a proxy for the amount of integrity risk which the shortage of good places in ECEC overall is putting on the public system of ECEC in particular. In many regions, public pre-schools work with enrolment that is way above the capacity for which they were licensed, for instance in Gegharkunik (130%), Lori (127%), Aragacotn (123%), and Ararat (112%) (Figure 8). Here too, the data for Yerevan is not comparable but, as discussed in section B.1, the situation in the capital is not less acute.

Figure 8. Average capacity load in public kindergartens in per cent of maximum licensed capacity, by region (2016)



Notes: Data for Yerevan is not comparable because it includes enrolment in private pre-school institutions. Data for Shirak is incomplete. Data on actual density and enrolment is based on extrapolation of results from a survey of 600 households in Armenia as presented in (Babloyan, 2017)

Data sources: (NSS, 2017) (Babloyan, 2017)

What are the reasons for the shortages in all three domains of ECEC provision in Armenia: the capacity shortages in the public pre-schools, the lack of affordability of private licensed pre-schools, and the reportedly unsatisfactory quality of most unlicensed providers? The answers to these questions could be of help in the identification of effective recommendations on how to take away pressure from the public system of ECEC, which in turn is likely to reduce the risk of integrity violations, most notably illicit access.

A rather well-known reason for the capacity shortages in the public system is the lack of capital investment in the expansion of the public ECEC network. A related problem is that the public pre-school system provides predominantly full-day care, which might not be the most cost-efficient solution in the Armenian context. The INTES background report notes that more diversified and flexible forms of provision, *i.e.* through short programs (half a day) can be an efficient way to increase enrolment without additional infrastructure investments, which may be most beneficial for disadvantaged children.

It is beyond the remit of this report and its recommendations to address the reasons behind the lack of resources for ECEC expansion and for the rigidity of the pre-school offer, but it is important to note that the gap in public spending has been filled by sizeable private investment in ECEC capacities, as demonstrated by the vast number of private alternatives, licensed and unlicensed.

As to the problems in the private domain of ECEC provision, both the high cost of licensed and the low quality of unlicensed providers can be traced back to outdated licensing education and health/sanitary requirements, which incentivise them to remain “under the radar” and out of the reach of MoES inspections.

In a statement during the INTES focus group, a principal of a well-established private, licensed kindergarten provided an example of how difficulties to comply with unrealistic and outdated expectations by bodies of external control:

Quote 29: “Maybe I am speaking more calmly now because now the control over our kindergarten has decreased, as we have been working for 18 years now. Now, as we correspond to the standards and got the license, they do not control everything at our kindergarten. This might be a little bit harder for the kindergartens which were just established.... (There are) requirements based on some horrific normatives and standards, which have not been revised and updated since the Soviet times. Those normatives are no longer applicable because a lot has changed, but they remained (guiding) for that body, which continues to inspect (compliance) with these old standards.

For example, recently, when they were inspecting our institution, they told us that we should have a huge wardrobe on the 1st floor. No schools have wardrobes today. I asked them to show me an example and I would follow it. The area of our educational complex does not allow me to have a huge wardrobe for 400 people...” (Principal of a licensed private kindergarten).

An illustrative, but by far not the only example of outdated and difficult to comply licensing requirements is probably the space requirement per child, which is very generous by international standards and is also being applied in a very unsystematic manner across the country, as shown in Table 6.

Table 5. Space per child in ECEC in square meters, OECD average and Armenia, by region (2016)

Region	Preschool building area (square meters) per child
Ararat	13
Gegharkunik	11
Lori	11
Kotayk	11
Shirak	11
Vayotz Dzor	10
National average	10
Yerevan	9
Armavir	8
Syunik	8
Tavush	8
Aragatsotn	6
OECD average	3

Sources: (OECD, 2011a); (NSS, 2017); (Peeters, Van Laere, & Gevorgyan, 2018)

In general, in OECD countries space requirements are set in square meters per child. Indoor space requirements are largest for family day care, followed by child care centres and kindergarten/pre-school. The OECD average for regulated indoor space per child is set at 2.9m² per child for kindergarten/pre-school, while it is 3.6m² for care centres. The OECD average outdoor space requirement per child is 7m² in kindergarten, while it is 8.9m² in child care (OECD, 2011b).

In Armenia, the de facto national average is three time higher, at 10 square meters. The regulations stipulate that children less than 1,5 years the bedrooms must be of 6 sq. meters, while for the children aged 1,5 and over, the capacity must be 4 sq. meters. Similarly, the capacity of the group rooms must be 6 sq. meters for the children less than 1,5 years and 3.6 sq. meters for those older than 1,5.⁴⁰ However, these figures vary greatly between regions, and the national average is three times higher than in OECD countries (NSS, 2016) (Peeters, Van Laere, & Gevorgyan, 2018).

⁴⁰ Government Decree N 1490-N of 2007.

These and other requirements drive up the cost for the licensed kindergartens which wish to remain compliant, but they also make it difficult, maybe even impossible for most of the unlicensed providers to legalise their operations at a reasonable cost and call themselves what many of them already are – kindergartens. Declaring themselves as real, law-abiding ECEC institutions, however, would be essential for building trust among parents in the quality of their work.

C.2 Inadequate criteria for admission

In the beginning of this chapter, the assessment team noted that admissions to ECEC are regulated only loosely. In the absence of national guidelines or minimum standards on how to manage admissions, it is conceivable that at least in some cases the illicit conduct around access to ECEC is an unintentional consequence of deficient admission policies and procedures, and not necessarily the result of actions aimed at securing undue benefits. In fact, quite a few of the principals during the site visits declared that all their actions concerning the handling of admissions are driven by a genuine wish to help those who need a place in their kindergarten.

One of the main problems in this respect are the criteria used in the handling of waiting lists, which lists are the most common way of coping with situations in which there are too many candidates for too little places in kindergartens. The criteria on which all waiting lists rely (paper-based and online), such as place of residence and date of birth, are simple and straightforward, but they are also easily met by all candidates for enrolment in a given kindergarten. This usually forces those in charge of admission decisions to establish additional formal and informal criteria, some of which may be controversial, unfair or even illicit.

Examples may include the date of registration on the waiting list (first come, first serve principle), which puts at a disadvantage the children whose date of birth is further away from the date on which the registration on the waiting lists opens⁴¹ and, considering that the lists are not public, may invite manipulations;

⁴¹ For instance, if a child can register from September, but it turns three only in October, it will lose out to children who were born before September of that year.

the socio-economic status of parents, which is a highly problematic criterion as it runs against the commitments of the state to the right of parents and children; the availability of places in groups with children that are older than the children applying for a place, as discussed before, etc.

D. Recommendations for action

Priority 2.1: Address overcrowding of public pre-school institutions

The proliferation of exemptions from enrolment limits on local level is a major factor that facilitates illicit access and the practice should be regulated with urgency. One way of doing that without interfering with local autonomy is to redefine the standards for maximum group size and reassess the capacity limits of public pre-schools in view of revising the standards. Responsibility for monitoring compliance with such standards should be clearly defined and allocated, and the possibility to grant exemptions on local level should be eliminated.

This could go along with measures to revise the pre-school education scheme by diversifying the forms of provision (e.g. part-time versus full-time attendance), which could increase enrolment capacity while keeping the costs feasible.⁴² The new Law on Pre-school Education lends itself as a pragmatic starting point for the framing of such changes.

Priority 2.2: Improve the effectiveness of external control

Section B.2 of this chapter discussed weaknesses in external control of ECEC, which included capacity shortages and unclear definition of responsibilities. It is recommended to provide an opportunity for professional development of education inspectors towards developing greater expertise specifically in ECEC. The trainings should encompass quality more broadly, that is, both structural (regulation focused) and process (teaching/learning) quality.

This measure should be complemented with a revision of regulations that define the supervisory functions of the licensing department, the inspectorate,

⁴² See also (McLean & Orozova, 2007).

and local authorities to avoid overlaps, clarify ambiguities, and establish formal mechanisms of cooperation. Such a revision would also provide an opportunity for a shift in the mandate of inspectors from mere compliance control to a more formative role in support of pre-school staff and institutions.

The foundations for all these changes could be laid in the new Law on Pre-school Education as well.

Priority 2.3: Improve the accountability and transparency of admission procedures

As a matter of urgency, it is recommended to define minimum standards of accountability and transparency in handling of waiting lists, both online and paper-based. As a minimum, this should include the introduction of a right of parents to have access to these lists and track the ranking of their and the other children, at any time and on their own.

Priority 2.4: Mobilise the available enrolment capacity to provide more affordable, good quality places in ECEC

Section C.1 of this chapter discussed extensively the shortage of affordable, quality places in ECEC and how it is a driver of illicit conduct around access. The reasons for the shortage include limited enrolment capacity in the public pre-school system, the prohibitive cost of licensed, private kindergartens, and the problematic quality of shadow, private providers.

Certainly, it is a matter of public debate and strategic planning on how this problem should be approached the task, but the current situation in which the only solutions discussed (capital investment in public ECEC) depend on resources which are not available or are not being provided, is not sustainable in the long run. If this would remain the only option under consideration, the acute need for ECEC capacity in Armenia will remain unaddressed, which is detrimental also to the integrity of the system.

This report therefore recommends exploring additional, supporting options to the enrolment capacity challenge. A major one is to help private providers

reduce cost by revising the licensing standards to make them leaner, up-to-date, and more feasible to meet. A step like this would also incentivise unlicensed private providers to legalise their operations and subject themselves to the new minimum quality standards. Another step, as mentioned under Priority 2.1, would be to diversify the forms of provision (*e.g.* introducing part-time attendance).

Priority 2.5: Consider devising minimum national standards and/or procedures for admission to ECEC

The last section of this chapter (C.2) described the imperfection of common criteria for admission to ECEC and discussed how the ad-hoc choices of supplementary criteria might lead to problematic consequences, some of which represent an integrity risk. This report recommends defining minimum, nationwide standards and/or procedures for admission, which are more differentiated and fair and can serve the needs of pre-schools which are confronted with situations of capacity shortage in which they might be struggling to manage admissions in a fair and integral way.

CHAPTER 3. FAVOURITISM IN STAFFING DECISIONS

The focus of chapter 3 is favouritism in staffing decisions in ECEC. Like the preceding chapter, it starts with a brief description of the rules and regulations in the area of human resources and then describes the typical ways and mechanisms of violating these rules for personal benefit. These include the recruitment of individuals with connections or financial means into professional and administrative positions in ECEC in disregard of the minimum qualification requirements, as well as hiring of staff on surplus positions that are publicly funded. The chapter also describes favouritism in the professional practice of teachers and provides an overview of the official positions and undue benefits involved, as well as of the norms and commitments at stake.

The chapter then discusses the factors which provide opportunities for favouritism, which include inadequate staff regulations and ineffective external control, as well as a number of factors that create incentives for the illicit conduct, such as staff shortages due to the overcrowding of groups, informal interdependence with local authorities, low wages, and labour market uncertainty. The chapter concludes with recommendations on how to address the shortcomings.

Regulatory background

The introductory chapter of this report provided a snapshot of arrangements in the area of human resources in Armenian ECEC. This section offers further insight into staff recruitment and promotion policies, with a focus on aspects of relevance to the subsequent discussion of favouritism.

Like in other areas of pre-school operation, on local level of governance there is a considerable amount of autonomy over recruitment and human resource decisions in ECEC. According to the Law on Local-Self Government, the local authorities are responsible for the selection, appointment, and dismissal of pre-school leadership.⁴³ Staffing decisions concerning all other, lower positions

⁴³ Law on Local Self-Government, Article 17.

are the responsibility of pre-school principals,⁴⁴ but the decisions may have to be approved by the local authorities as well. The principals of pre-schools are also responsible for creating the conditions for professional development of staff.

The responsibility for the design of the recruitment process for any of these positions is not clearly defined, but the background report for this assessment, as well as statements during the site visits indicate that the process is de facto in the hands of principals and, in the case of public pre-school institutions, also of local authorities. However, there are also some mandatory requirements which are defined centrally, by the MoES.

The first mandatory requirement concerns the number and profile of staff positions a pre-school can have. Which profiles a pre-school has and how many members of staff can be employed in each depends on the number of groups a kindergarten is allowed to cater for, the number of days it operates per week (five or six), and the number of children with special educational needs that it enrolls. For instance all kindergartens, even the smallest ones with one group, are obliged to have a full-time cook on their payroll, but full-time assistant cooks can be hired in kindergartens with four or more groups only. The same rule applies to the full time employment of deputy directors (a minimum of four groups), nurses (a minimum of five groups), etc. All kindergartens must also have a principal and at least one teacher per group.⁴⁵

Table 7 shows the full grid defining the minimum number of staff per job profile and kindergarten size. It is mandatory for all ECEC institutions, irrespective of their form of ownership, but private providers can hire more people per job profile if they can afford. Public providers can do that too, provided they find alternative sources of funding, for instance from the provision of fee-based services.⁴⁶

⁴⁴ Order of the Minister of Education and Science No. 416-N of 2011 on the Approval of the Characteristics of Pre-school Institutions, section II.1.

⁴⁵ Order of the Minister of Education and Science of Armenia No. 29 of 2007 and amendment No. 1318-N of 2017.

⁴⁶ Ibid., Annex 1, points 30-31.

Table 6. Grid for defining minimum staffing positions, by job profile and number of groups per pre-school

Job profile	Number of groups											
	1	2	3	4	5	6	7	8	9	10	11	12
Principal	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deputy principal	0.25	0.25	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25
Teacher (1)	1.17	1.17	1.17	1.17	1.17	1.17	1.17	1.17	1.17	1.17	1.17	1.17
Assistant teacher (1)	1.00	2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00	10.00	11.00	12.00
Nurse	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Chief Accountant	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Accountant	0.25	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00
Logistics staff	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Warehouse manager	0.00	0.00	0.00	0.00	0.25	0.25	0.50	0.50	0.50	1.00	1.00	1.00
Administrator/office manager	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	1.00
Cook	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Assistant cook	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Maintenance worker	0.25	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	2.00	2.00	2.00
Tailor	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Laundry person (in full-time kindergartens)	0.00	0.75	1.00	1.00	1.50	2.00	2.25	2.50	2.50	2.50	3.00	3.00
Laundry person (in kindergartens without full-Cleaner)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00
Music teacher	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Physical teachers	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Swimming teacher	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Dance teacher	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
SEN teachers (logopedes, defectologists)	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00

Notes: 1. Based on an 8-hour workload and a six-day working week.

Source: Order of the Minister of Education and Science of Armenia No. 29 of 2007, Annex 1.

The second requirement which is mandatory for all pre-schools irrespective of their form of ownership, concerns the minimum qualifications of candidates for professional positions (e.g. for the position of principals, teachers, specialists) in public and private ECEC. The corresponding order by the MoES⁴⁷ determines that the minimum educational attainment of prospective ECEC employees depends on their job profile, field of specialisation, as well as the length and area of prior professional experience (Table 8 provides an overview). As a minimum, applicants for professional positions in ECEC must have a vocational degree (Column 1 in Table 8), except if they wish to apply for the position of a principal or deputy-principal, in which case they must have attained at least a bachelor's degree (ISCED 6).

Interestingly, for the core positions of principal, deputy principal/methodist and teacher, the field of formal specialisation of job candidates does not seem to matter, unlike for assistant and subject matter teachers (music, dance, physical education) and for special education teachers (defectologists) who must have specialised in their field. The same is true for the requirements regarding

⁴⁷Order of the Minister of Education and Science No. 416-N of 2011, sections II-X.

minimum professional experience (Columns 4-6), which for all positions can be in other fields and not only ECEC, except for assistant teachers where no prior experience is required. For applicants to positions of teachers and deputy principals, the only alternative to experience in ECEC is experience in pedagogy. Candidates for position of principals who do not have prior ECEC experience could qualify with experience in education, research, or education-related management instead.

Table 7. Minimum qualification requirements for employment in ECEC, by job profile (professional positions)

Position	Minimum qualifications	Field	Minimum ECEC experience	Minimum alternative experience (if no ECEC)	Field
	Requirement 1	Requirement 2	Requirement 3	Requirement 4	Requirement 5
Principal	higher education (bachelor)	any	5 years	10 years	pedagogy, education, research, or education management
Deputy principal, methodologist	higher education (bachelor)	any	5 years	7 years	pedagogy
Teacher	VET or higher education (bachelor)	any	5 years	10 years	pedagogical activity
Assistant teacher	VET or higher education (bachelor)	any, if combined with VET qualifications in pedagogy	none	none	na
Special pedagogue (defectologist)	VET or higher education (bachelor)	social pedagogy, social work, psychology	none	none	na
Music teacher	VET or higher education (bachelor)	music or other field of relevance	none	none	na
Physical education teachers	VET	field of relevance	none	5 years	any within the last 10 years
Dance teacher	VET or higher education (bachelor)	pedagogical field	none	none	not applicable

Source: Based on Order of the Minister of Education and Science of Armenia No. 416-N of 2011

Pre-school institutions can also employ staff in a variety of administrative and service positions, such as cook, logistics manager, general worker, maintenance worker, cleaner, etc., for which there are no minimum qualification or experience requirements (Table 9).

Table 8. Minimum qualification requirements for employment in ECEC, by job profile (administrative and support staff)

Position	Minimum qualifications	Minimum ECEC experience
1	2	3
Logistics staff	None defined	Not applicable
Warehouse manager	None defined	Not applicable
Office manager	None defined	Not applicable
Administrator	None defined	Not applicable
Cook	None defined	Not applicable
Assistant cook	None defined	Not applicable
Worker	None defined	Not applicable
Maintenance worker	None defined	Not applicable
Tailor	None defined	Not applicable
Laundry staff	None defined	Not applicable
Cleaner	None defined	Not applicable

Sources: Based on Orders of the Minister of Education and Science of Armenia No. 416-N and No. 29-N.

As a measure of the relative significance of each of these positions as a job opportunity in the public ECEC system in Armenia, one could take the average ratio of staff per pre-school by job profile. Table 10 suggests that in 2016, teachers and support staff (such as janitors, guards, etc.) were by far the most common positions (a ratio of over 5 pre pre-school for each), followed by assistant teachers (3.65) and less so cooks (1.38 per pre-school).

Table 9. Employment in public ECEC, by job profile and ratio of staff per pre-school, (2016)

Job profile	Ratio of staff per pre-school
Teachers	5.53
Support staff	5.21
Assistant teachers	3.65
Principals	0.97
Music teachers	0.97
Other pedagogues	0.95
Nurses	0.83
Logopeds	0.06
Defectologists	0.01

Note: The average ratio is obtained by dividing the total number of staff in each job profile by the total number of public pre-schools. The ratio is a proxy indicator and does not reflect the actual distribution of staff positions in pre-school institutions.

Source: Calculations based on (NSS, 2017).

The data in Table 10 also suggests that, predictably, the ratio of principals was roughly one per kindergarten, which is also the case with teachers in music and other fields. It also seems that not all pre-school institutions had nurses and that only very few kindergartens had staff in support of children with special educational needs (logopedists and defectologists). According to the official statistics, in 2016 close to a third of public ECEC employees were teachers (28.3% or 3 701 employees). In the same year, the public pre-schools had a comparable number of people in administrative and service positions on their payrolls (26.6% or 3 487 employees), and considerably fewer assistant teachers (18.7% or 2 443 employees) (NSS, 2017).

A. Description of the integrity violation

Favouritism in education encompasses practices to redistribute public resources in the form of employment contracts, employment-related promotions and benefits in favour of relations, friends, colleagues or people who are otherwise close to those in charge of recruitment decisions (Amundsen, 1999) (OECD, 2018a).

Systemic favouritism is widespread in the public and private sectors in Armenia (Meissner, 2016). It is reported to be a norm of decision-making at all points of entry to professions in education as well, in particular to positions in teaching and institutional leadership (OSF-Armenia, 2016) (OECD, 2018b). Pre-school education is not an exception. Although quantitative evidence of favouritism has never been collected in a systematic way, indirect evidence and numerous examples collected from individuals and institutions in the course of the INTES assessment all suggest that favouritism is a deeply-rooted problem in Armenian ECEC. This is also acknowledged in the action plan of the latest anti-corruption strategy of Armenia (2015-2018), where both civil society and public authorities agree that staff policies prone to favouritism are one of the major integrity problems in pre-school education.⁴⁸

Concurrent narratives collected from practitioners during the site visits reproduce a reality where appointment and dismissal are decided without transparency and accountability, by local officials and/or principals who depend

⁴⁸Anti-Corruption Strategy 2015-2018: Programme on Anti-Corruption Measures in Education.

on each other and on wider informal networks that hinder them in taking merit-based, independent decisions. Favouritism extends also to teachers who are already in the profession. Some of them may be allowed to provide preferential treatment to selected children in exchange for undue monetary benefits.

The next section provides more detail on the manifestations of this violation at various stages of the staff management in ECEC.

A.1 Manifestations of the violation

A.1.1 Favouritism in decisions about hiring and firing

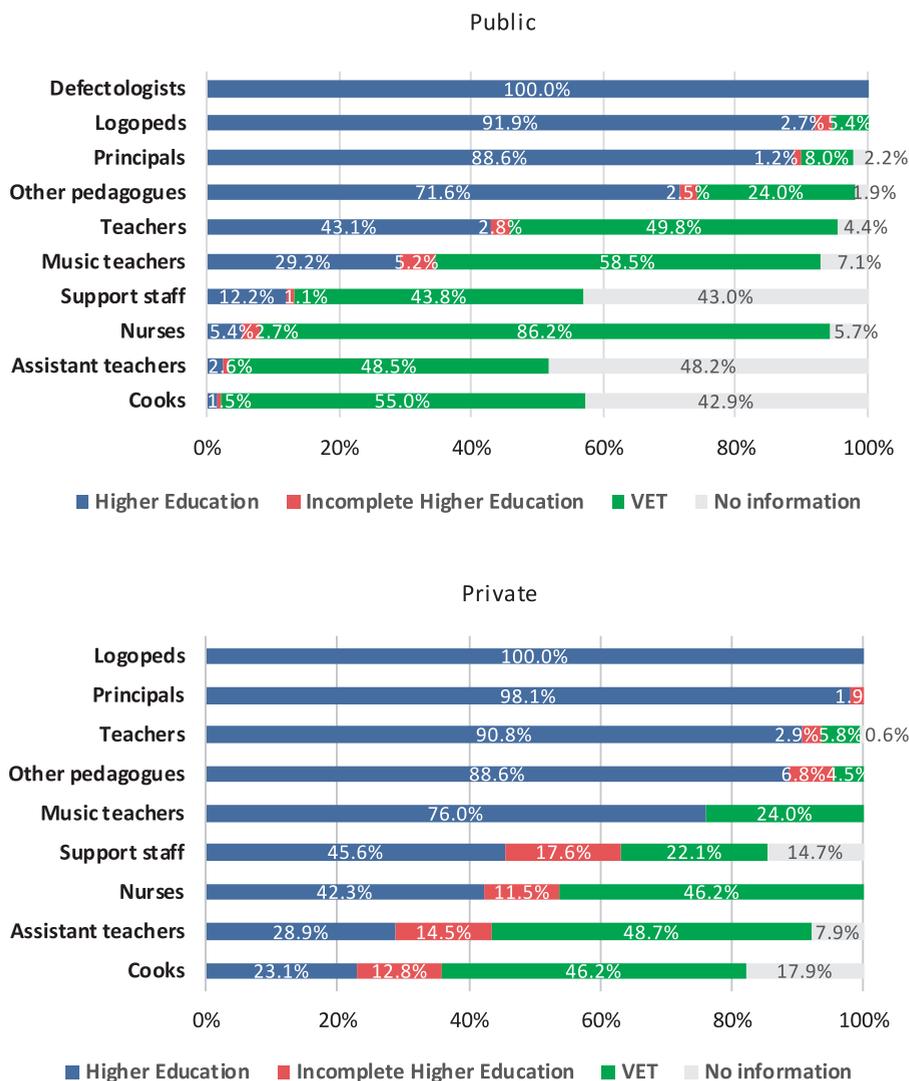
Recruitment in disregard of minimum qualification requirements

Evidence collected during the INTES site visits and focus groups suggests that it is not uncommon for public pre-schools to violate staffing regulations by hiring candidates with less than the minimum qualifications required by law. In the majority of cases recorded for this assessment, this seems to have been the result of deliberate actions intended to favour job applicants on the basis of alternative considerations, such as informal connections or the prospect of undue benefit. This section presents evidence of the practice in some detail.

There is a widespread consensus that the quality of ECEC and its outcomes depends on the education and competence of professional staff working in ECEC (Peeters, Sharmahd, & Budginaite, 2016). Strategies to ensure a sufficient standard of staff quality are very much in focus of discussions in OECD and EU countries (OECD, 2011b) and in most, prospective candidates must have attained at least a bachelor's degree (ISCED 6) to qualify for the teaching profession.

The formal requirements for entry to professional positions in Armenian ECEC are lower in comparison (Table 8) and the official statistics indicate that most of the professional staff in public pre-schools was hired with qualifications that were at the lower end of the mandatory spectrum. In 2016, the last year for which there is data, only 43% of the teachers and 2.6% of the assistant teachers in public pre-schools had a higher education degree. Close to half of the teaching workforce in ECEC had only vocational education (ISCED 4) (Figure 9) and only a fraction of teachers had graduated in education-related fields.

Figure 9. Staff in public and private ECEC, by job profile and educational attainment (2016)



Source: Calculations based on (NSS, 2017).

From an integrity point of view, an even more concerning finding is that public pre-schools tend to hire candidates who apparently do not meet even the minimum qualification requirements for a professional position. A system-wide pre-school inspection from 2016 revealed that in some 93% of the inspected kindergartens there were discrepancies between mandated and actual staff lists

in terms of job profiles and qualifications (SIE, 2016). Figure 9 shows that in 2016 almost 12% of the pre-school principals in public ECEC did not have the higher education credential required for their job - an observation that was shared with the assessment team also in the focus group discussions.

Quote 30: “Most of the time the principals themselves don’t have the needed education. Today, there are principals of public kindergartens who don’t even have a higher education; therefore I don’t know how they were appointed” (A parent).

Focus group participants noted repeatedly that among the teachers there are numerous underqualified job holders as well. In one statement, a civil society activist described how a teacher training project in a public pre-school uncovered that its teachers were hired without the necessary qualifications (Quote 31). Considering their number (the entire workforce or 32 teachers), it is unlikely that the decision to hire unqualified staff was accidental. A statement concerning another kindergarten goes along the same lines and confirms that such decisions can very well be intentional (Quote 32).

Quote 31: “We ... have a problem with that. Recently, we had trainings in our kindergarten, which were financed by “Step by Step” and included all the kindergartens in the region. No one, out of the 32 people who were hired by the kindergarten, had professional education. They either did not have the proper education or had no education at all. ... For one year we had a teacher, who did not have any education at all. This was very hard for us, because we had to work with her every day. There was a need to teach her pedagogy and psychology for working with the children” (A principal in a public pre-school, and civil society activist).

Quote 32: We had a case, when we trained the entire staff of a newly opened kindergarten for a whole year. They learned what needs to be done, but as soon as the community leader changed, the whole staff of the kindergarten was fired the next day. He (the community leader) also hired people who had nothing to do with preschool education and were always causing conflicts and keeping the situation tense. This was all done in a political context for the sole benefit of certain people (A parent and civil society activist).

Is the hiring of unqualified candidates as described here, an integrity violation? Under circumstances, it is. For instance, if the recruitment of new teachers is preceded by the seemingly arbitrary firing of staff, as described in Quote 32. Although there are no regulations concerning dismissal procedures, the termination of contracts to “free up” space for candidates who are close to the community leader or the principal, as suggested in the quote, is a practice which is highly problematic from an integrity point of view.

Another element is the disregard of minimum qualification requirements, which numerous counterparts suggested is intentional and happening in exchange for undue benefits (see section A.3 for an overview of those). Some interlocutors noted that it is probably permissible for principals to hire underqualified candidates if there is a shortage of qualified ones. However, it seems questionable that teacher shortages can always explain the motivation for such practices (Quote 33). Besides, the INTES assessment team could not find a stipulation of such an exception in any of the regulations concerning staffing policies and procedures in ECEC. This means that the hiring of pre-school teachers and leaders in full awareness that they do not meet the recruitment criteria, is in any case a violation of rules. It is also an integrity violation if it is done in exchange for some kind of an undue benefit.

Quote 33: “There are not enough (teachers), but there are some. However, even if there are teachers (available), they usually do not get the job. Unfortunately, there are completely different considerations at work there” (Principal of a public kindergarten KG).

Hiring of staff on surplus positions

The first section of this chapter described how the minimum number of staff positions in each job profile depends on the number of groups for which a kindergarten has been licensed, and also that ECEC institutions could hire more people than that, provided they secure alternative sources of funding to meet the extra expense. Public funding is meant to cover only the cost of compliance with minimum staffing requirements in public pre-school institutions.

Public pre-schools and local authorities can and do abuse this option to

open additional, publicly funded staff positions beyond the ones envisaged in the regulations in view of allocating them to job-seekers who are connected to principals and/or local decision-makers, for instance through family ties (e.g. Quote 34).

Quote 34: “There was a case when the village head appointed his mother as the principal of the kindergarten, and she in turn hired her relatives as new teachers” (Parent).

Direct evidence on the prevalence of this practice has never been collected, but there are indications that hiring of staff on surplus positions represents a veritable integrity risk, systematic and widespread enough to be noted in this INTES assessment. Specifically, there is evidence of numerous surplus positions on the payrolls of public pre-schools; there are reasons to conclude that these positions are paid for mostly from the local budgets (which represents a violation of the regulations on staffing); and, considering that staffing in ECEC is a policy area that is widely acknowledged as being at risk, it is necessary to express a concern that at least some of these positions might have been opened as part of a broader scheme to provide employment by means of favouritism. Again, the purpose of the discussion here is to present pointers for further research and not to prove cases or the extent of misconduct.

Table 11 presents the result of calculations illustrating the potential extent of employment opportunities that were created as a consequence of this practice. It shows the surplus of staff positions in public and private ECEC (and instances of understaffing) with the help of two calculated comparisons: the average ratio of staff per pre-school by job profile compared to the ratio proscribed in law (Columns 1 and 2); and the staff hired in each job profile as share of total employment in ECEC compared to the share proscribed in law (Columns 3 and 4).

Table 10. Staff in ECEC by job profile, average ratio per pre-school, and as share of total ECEC employment, public and private (2016)

Public pre-school institutions				
Job profile	Average ratio of staff per pre-school	Statutory minimum ratio	Share of total ECEC employment	Difference to statutory minimum share
	1	2	3	4
Teachers (1)	5.53	4.68	28.3%	4.9%
Support staff (2)	5.21	4.25	26.6%	5.4%
Assistant teachers (1)	3.65	4.00	18.7%	-1.3%
Cooks	1.38	1.00	7.1%	2.1%
Principals	0.97	1.00	5.0%	0.0%
Music teachers	0.97	0.25	5.0%	3.7%
Other pedagogues	0.95	0.75	4.8%	1.1%
Nurses	0.83	0.75	4.3%	0.5%
Logopedists and defectologists	0.07	2.00	0.3%	-9.7%

Private pre-school institutions				
Job profile	Average ratio of staff per pre-school	Statutory minimum ratio	Share of total ECEC employment	Difference to statutory minimum share
	1	2	3	4
Teachers (1)	3.33	4.68	34.1%	10.7%
Assistant teachers (1)	1.46	4.00	15.0%	-5.0%
Support staff (2)	1.31	4.25	13.4%	-7.9%
Principals	1.00	1.00	10.2%	5.2%
Other pedagogues	0.85	0.75	8.7%	4.9%
Cooks	0.75	1.00	7.7%	2.7%
Nurses	0.50	0.75	5.1%	1.4%
Music teachers	0.48	0.25	4.9%	3.7%
Logopedists	0.10	2.00	1.0%	-9.0%

Notes: The average ratio is obtained by dividing the total number of staff in each job profile by the total number of public pre-schools. The ratio is a proxy indicator and does not reflect the actual distribution of staff positions in pre-school institutions. The average size of a pre-school which was used for the calculations in the Table was 3.68 groups in public and 3.69 groups in private pre-schools, The values were obtained by dividing the total number of groups in the country by the total number of pre-schools, public and then private. 1. Calculations based on an 8-hour workload and a six-day working week. 2. For the sake of comparability, some job profiles have been subsumed under the generic category “support staff”. They include profiles such as accountant, assistant accountant, staff responsible for logistics, administrative staff, assistant cook, tailor, staff in charge of laundry, and cleaners.

Sources: Calculations based on data from (NSS, 2017) and Order of the Minister of Education and Science of Armenia No. 29 of 2007 and amendment No. 1318-N of 2017.

The data in Table 11 suggests that public pre-schools have more teachers and support staff on their payrolls than what the local budgets are allowed to pay for (Columns 1 and 2). There is no information on what part of these extra positions is funded from private sources and may thus be legitimate, but it is highly unlikely that private funding alone can support the surplus of teachers

and support staff. Most of the private funding comes from parental payments which, as discussed in chapter 4, are provided for food or outside the budget/informally and therefore cannot be used for the funding of official salaries.

Table 11 also shows that public pre-schools hire considerably fewer assistant teachers and teachers for children in need of special support (i.e. speech therapists) than what they are obliged to (see Columns 3 and 4). There may be various reasons for that, such as shortage of qualified staff, but also the vacancies for specialised pedagogues require qualifications which are difficult to forego, just like those for teaching positions in music, art, or dance, which makes them a less attractive option in recruitment schemes around favouritism, because their requirements are too demanding.

Another integrity-related reason for the understaffing in demanding job profiles is that the resources that would otherwise be earmarked for wages in those jobs can be “redirected” to the staffing in job profiles that are more convenient for the manipulation of recruitment decisions, for instance to positions of support staff for which, as shown in Table 9 before, there are no minimum qualification requirements. Indeed, these are also the staffing positions for which the departures from the mandatory staffing lists were the biggest (Table 11, Column 4) and which, according to information shared during the site visits, are a common target when opening additional vacancies.

A.1.2 Favouritism in the professional practice of teachers and principals

Favouritism is not confined to recruitment decisions. It is common also in the professional practice of teachers and, by default, also of their principals who allow for that or may even encourage it. The assessment team noted two interconnected manifestations of favouritism in this domain: favouritism by means of impunity which principals extend to selected teachers, who in turn engage in problematic conduct, such as treating some children more favourably than others in exchange for money or presents.

One parent in an INTES focus group, for instance, shared a personal experience with confronting a senior kindergarten teacher who was physically abusive towards a child. The teacher enjoyed the protection of the principal, who openly communicated

that the actions of the pedagogue in question cannot lead to punitive consequences, because the teacher is too important to be punished (Quote 35).

Quote 35: “On the third day I noticed how the teacher hit a crying child on the head. I immediately went to the classroom, called the principal. The teacher tried to deny it. The next day when she told me that she talked to the teacher and that the latter admitted her mistake, she said she cannot fire her because she is one of the best there. I said that I will complain but she said that she will deny everything. So I took my child out of that kindergarten, but the teacher is still working there” (A Parent of a child who attended a public kindergarten).

The same impunity-driven favouritism by pre-school leaders supports some teachers in providing preferential treatment to children whose parents can afford to bribe – the teachers, the principals, or both. The bribes may be in kind (Quote 36) or monetary (Quote 37), and although some of the focus groups participants expressed their apprehension for the motivation of teachers to compromise their professional integrity, they were also well aware of the long-term detrimental impact of the practice on equity, quality and integrity in Armenian ECEC. Such direct payments to teachers can account for up to 50% of the informal payments provided by parents to kindergartens (see chapter 4).

Quote 36: “You also mentioned that children don’t understand what bribery is, but I will talk about a case when me and my neighbour took our children to the kindergarten one day. She had a package and her child handed it to the teacher, who kissed and thanked him. My child saw that, and I know that it made an impact on him. He knows that ... one should not be giving something, but the child of my neighbour will know that one can get a better treatment with a package” (A parent of a child attending a public pre-school).

Quote 37: “I myself have a friend who pays 20.000 AMD each month to the teacher. When I asked why, she said that her child doesn’t eat well and that the teacher feeds the child herself or changes his clothes the first after they wake up from sleep, so that he won’t get sick. I understand where this comes from, today the teachers get very low salaries. The salary of the teacher is about 80.000 AMD and the salary of the teacher assistant is 60.000 AMD, which is not enough for their living. I understand them, because they cannot provide for their children with

this money. But of course, it is not fair to get money from parents and discriminate against the children...” (A parent of a child attending a public pre-school).

A.2 The official positions involved

The introduction to this report and the overview of regulations in the area of staff policy in ECEC discussed how local authorities and pre-school principals enjoy a high degree of autonomy in the recruitment and dismissal of ECEC staff. It is logical to expect that members of these two groups of professionals will also be the ones who are primarily involved in the integrity violations described in the previous section (A.1).

All of the evidence collected through the INTES focus groups and site visits confirms that this is the case. Actions by principals and local authorities (in particular governors/community leaders) indeed account for most of the violations described by ECEC stakeholders. At the same time, the interaction and actual role of each group in the domain of recruitment are so intertwined that it is difficult to determine who may have had the primary responsibility in case of an integrity violation. For example, although principals are in charge of taking the formal staffing decisions (except for their own position),⁴⁹ they may be following informal “orders” by their local authorities, as illustrated in Quotes 38 and 39.

Quote 38: “The staffing decisions are completely up to the governor. Governors decide who will be working (in a kindergarten), and the inflow of unprofessional staff to the kindergartens is largely determined by that. However, in legal terms this function (hiring) belongs to the principal, so the principal is the one to hire and fire the people. Yet, the governor or the community leader (may) present the candidates and the principals cannot refuse to hire these people” (Principal of a public pre-school).

Quote 39: “...We were training teachers for a certain period of time in the framework of a project... Our requirement was as follows: those who have been trained will not stop working after the project is over in two years, they

⁴⁹ Order of the Minister of Education and Science No. 416-N of 2011 on the Approval of the Characteristics of Pre-school Institutions, section II.1.

should not be replaced with people who have not been trained. But that (the replacement) started happening and we did not have the means required for stopping it. We complained to the Ministry, but they did not have the means to change or interfere with the decisions made by the community leader either” (A civil society representative).

It seems that local authorities are more likely to have a forceful role in the promotion of candidates for jobs in education (and ECEC) when there are political considerations at play. This is the case especially before and after elections, when wide-reaching staff changes in various sectors of public life are quite common, as noted in the next focus group quote:

Quote 40: “There is a really bad example of a political issue that happened in our kindergarten. During the elections period the village head appointed four of his relatives in the Community Council... After the elections he “took a revenge” by making the kindergarten principal resign ... and appointed his mother as the principal after she just retired from school. He also hired people who had nothing to do with preschool education. This was all done in a political context for the sole benefit of certain people. Now he is not in the position anymore, but his mother continues to be the principal of the kindergarten and the situation there continues to be unhealthy” (A parent of a child attending a public pre-school).

There is also evidence that some of the primary beneficiaries of favouritism – the prospective teachers – can also be involved in the integrity violation. They might bribe their way into a job in ECEC, as discussed in the next section about the undue benefits involved in the integrity violation (A.3).

A.3 The undue benefits and alternative loyalties

The involvement of principals and local officials in acts of favouritism can be driven by various undue advantages. The next two sections note how some of them may be monetary, while others may come in the form of longer-term benefits associated with an economy of favours around informal affiliations and alternative loyalties, such as family relationships (nepotism), party affiliations (patronage), or simply connections and friendship (cronyism).

A.3.1 Informal affiliations and alternative loyalties

Quote 41: Some people who were hired don't have the required qualification; they were just hired because they have connections (A parent).

The discussion so far has shown that there is no shortage of cases in which ties and connections between job candidates, pre-school leadership and local authorities have played a bigger role for a job in (public) ECEC than merit and qualifications. In fact, such connections seem to have become the most important asset in the quest to find or retain a job in Armenian pre-school education.

For instance, in almost every interview with ECEC stakeholders during the site visits there were references to nepotism and cronyism in staffing (see Quotes 34 or 40). Sometimes the appointment of family members was even readily disclosed as a proof of continuity and commitment to child care and teaching. On several occasions during the interviews for this assessment, it was suggested that a successful career as a pre-school leader or regional education administrator depends on allegiance to informal, mostly politically sustained networks, and not on leadership or qualifications alone, in the same way this is the case in other segments of Armenian education (OSF-Armenia, 2016). Proven or not, to the extent such cases and conditions involve office holders who grant favours, contracts or appointments in return for political support (Nketiah, 2011) and/or kickbacks, they all have the “aftertaste” of patronage.

There is also evidence of the participation of preschool heads in election procedures, which constitutes a violation of rules against the politicisation of education⁵⁰ and the (ab)use of staff as administrative resource. Specifically, national media in Armenia recently broke a story involving hundreds of school and pre-school principals, who were recorded confirming over the phone how they have prepared their staff and parents “to gain voices” for the ruling party in the upcoming elections (OECD, 2018b).

⁵⁰ See Law on Education, Article 4.

A.3.2 Undue financial benefits

Some of the focus group discussions also revealed that candidates for a job in ECEC may bribe community officials and, where applicable, the principals. The amount of the bribe can be considerable (a multiple of the average annual salary of a pre-school teacher, which is about USD 1 900). Some focus group participants suggested that successful candidates therefore try to recuperate the cost by regularly collecting money from parents. The next focus group quote summarises all these elements in one description:

Quote 42: There was a time when I wanted to be a principal. Depending on the kindergarten's location and the number of children it, the amount for becoming a principal varies from 3000 to 6000 US dollars. Thus, if a person becomes a principal for 3000\$ he or she will start collecting money from the teachers, the teachers will collect money from parents and so on. The system is corrupted from the above (A parent).

Here too, evidence of the prevalence of bribing in ECEC recruitment and information about the typical amounts involved, has never been collected in a systematic way.

A.4 The norms and commitments at stake

Favouritism in staffing decisions violates a number of commitments in the area of ECEC. They include commitments to integrity, but also such concerning quality, equity and diligence in administrative operations.

Like in other countries (OECD, 2018a), such commitments stem from a range of sources on different levels of the hierarchy of laws (norms) as illustrated in Table 12. They include the Constitution of Armenia, international conventions, as well as primary and secondary legislation, both sector-specific and broader, applicable to the public sector at large (Table 12).

Table 11. Legal norms violated by favouritism in ECEC, by hierarchy, source and commitment

Legal norms	Legislation	Commitments violated through favouritism
International conventions	Discrimination (Employment and Labour) Convention (1958); Employment Policy Convention (1964)	Non-discrimination on the basis of political opinion, social origin, or any other distinction not related to the job requirements; freedom of choice of employment;
Constitution	Constitution of the Republic of Armenia	Equality before the law; right to proper administrative action; labour rights
Primary laws	Labour Law, Law on Local Self-Government	Transparent hiring procedures in compliance with statutory requirements
Primary laws - sector level	Law on Pre-school education	Equality of conditions, protection of legitimate interests of the child, compliance with staff lists
Regulations	Orders No. 29-N and 416-N	Recruitment procedures, minimum qualifications, staffing plan requirements
Codes of conduct	None	n.a.
Guidelines, instructions	None	n.a.

Sources: based on (OECD, 2018a) and information from ILO-NORMLEX at www.ilo.org and ARLIS at www.arlis.am.

The practices described in this chapter violate a number of commitments that are described on various levels of the hierarchy of legal norms of Armenia. They include constitutional principles, such as equality before the law, labour rights and the right to proper administrative action; international commitments to non-discrimination of employees and prospective employees on the basis of political opinion or other requirements not related to the job; as well the obligation of public entities to follow transparent hiring procedures in compliance with statutory requirements stipulates in the Labour Law and the Law on Local Self-Government. Favouritism violates also commitments described in sector legislation (Law on Pre-school Education), such as equality of conditions in ECEC and the protection of the rights of the child, and administrative regulations such as staffing lists, recruitment procedures and minimum qualification requirements.

Beyond this legislative and international standards dimension, favouritism in staffing decisions may violate commitments also through its negative implications for the quality of early childhood education and care services. Research on this topic indicates that qualified staff has a positive impact on children's well-being, development and learning (OECD, 2001) (Peeters, Sharmahd, & Budginaite, 2016). If despite the existence of clear rules and regulations, the qualifications of staff do not comply with the required specifications, there is a veritable risk of lower the quality of service provision.

Not only from the perspective of children, but also from staff working in the

sector, non-compliance with standards and permitting exceptions may create tensions and discontent. A context in which favouritism is commonplace may also reduce the motivation of qualified persons to apply for a job and go into the ECEC profession.

B. Factors that create opportunities

B.1 Inadequate staff policy regulations

B.1.1 Absence of norms regulating dismissal and no mechanisms of appeal

Dismissal in ECEC are regulated only loosely, which creates a gap that can be instrumentalised for the creation of vacancies through the firing of staff.

Dismissals are referred to in the Law on Pre-school education and Ministerial Order No. 416-N of 2011. The latter notes that the principal is responsible for the disciplinary sanctions and dismissal of the rest of the staff in ECEC,⁵¹ while the former vests the responsibility for dismissals for principals in the hands of local authorities.⁵² There is no secondary legislation to fill in further detail, but there is evidence that such dismissals are a common element in recruitment schemes involving favouritism. Quotes 32 or 40 for example, described how newly elected community leaders dismiss the entire staff of community pre-schools before appointing their own people.

This finding fits a broader pattern of problems with staff policies in Armenian education. In the sector as a whole there are no uniform rules for recruitment, dismissal, promotion, rotation, training, attestation of teachers. Underperformance is among the least common reasons for dismissal, while the most common ones are reasons that are “unaccounted” for (OSF-Armenia, 2016).

An additional problem with this regulatory shortcoming is that it leaves ECEC staff without a possibility to question the actions of pre-school and community leaders, or appeal against dismissals which they feel are arbitrary and/or appear to be motivated by political or financial interests.

⁵¹ Order No. 416-N of 2011, Article II.1.22.

⁵² Law on Pre-school Education of 2006, Article 17.

B.1.2 Weak national policy and accountability framework concerning recruitment in ECEC

The introduction to this chapter described how local authorities and pre-school institutions enjoy a high degree of autonomy over employment decisions in ECEC. OECD countries with decentralised employment policies would usually also have monitoring systems in place and a formally defined cooperation between entities involved of this area (OECD, 1998). In education, decentralisation of staff policy and in other domains of administration has been accompanied by a greater use of accountability mechanisms on both local and provider levels (Burns & Köster, 2016).

In Armenia, the decentralisation of staff policy in education and ECEC in particular was introduced without the provision of a proper national policy framework that could have ensured the due diligence and soundness of decisions, for instance by setting quantitative and qualitative targets regarding the workforce in ECEC, spelling out requirements regarding the accountability and transparency of recruitment processes, etc. The absence of a national framework can and does facilitate abuse in this area, which is an observation confirmed by ECEC practitioners in the focus groups as well.

Quote 43: “There needs to be certain control. If the government decides that only those with corresponding qualification should be hired, there needs to be a set of mechanisms (criteria) implemented for controlling the whole process” (A principal and civil society activist).

This structural weakness not only facilitates integrity problems, but it also makes the monitoring or integrity risks and abuse difficult. Beyond the indirect and the anecdotal evidence presented in this chapter, there are almost no criteria against which to evaluate the soundness and effectiveness of recruitment procedures and decisions in Armenian ECEC. At the time of this assessment it also seemed that neither the central authorities, nor civil society organisations and researchers had systematically collected information about these procedures on local level at all (except for Yerevan).

B.2 Ineffective external control

Chapter 2 noted that, despite their responsibility for monitoring and control, local authorities have a vested interest in integrity violations discussed in this report (see also Quote 44). The focus of discussion was therefore on the education inspections, which have the potential to be an effective tool of external control and possibly a source of guidance for improvement but are hindered in that role by major structural obstacles, such as integrity of staff and overlap in the distribution of responsibilities between local authorities and education inspectors. These obstacles prevent adequate and effective monitoring responses to the challenge of favouritism in all segments of Armenian education,⁵³ including in ECEC.

Quote 44: “The Municipalities or Community Councils demand money from the kindergartens to hide their mistakes and problems. The system is corrupted from the above. All the complaints by the parents result in a forced signature collection that everything is good” (A parent).

A specific challenge regarding staff policies in ECEC is the reported reluctance of inspectors to verify compliance with staffing norms and regulations, most notably those concerning staffing lists and respect for the minimum qualifications requirements of newly hired staff. Some of the focus group discussions revealed that quality and the professional practice of teachers in ECEC are also not in focus of the education inspections.

Quote 45: “...There needs to be certain control. If the government decides that only those with corresponding qualification should be hired, there needs to be a set of mechanisms implemented for controlling the whole process (A principal and civil society activist).

Quote 46: “If there are no people in the community with relevant education, of course they will hire the ones who don’t have it. No one will ask him why he hired his uncle’s daughter and fired someone who had the needed education, and with whom parents were very pleased (A civil society representative)”.

⁵³ See (OSF-Armenia, 2016) for a discussion of integrity, monitoring and control in school education, and (OECD, 2018b) for overview of the same area in higher education.

Considering the potentially wide-reaching consequences of staffing decisions in ECEC and the widely acknowledged fact that this is an area at integrity risk, it is unfortunate that education inspectors do not ordinarily focus on the verification of compliance with regulations concerning staff policy in ECEC.

The assessment team did not come across any specific reasons for this shortcoming beyond the structural ones already discussed in the preceding chapter: shortage of sector-specific competence, problems with the overall integrity of staff in the inspectorate, capacity shortages and unclear distribution of responsibilities. This means that policy actions to remedy these shortcomings are likely to help with the closure of opportunities for a wider range of integrity violations in ECEC, including favouritism.

C. Factors that create incentives

C.1 Favouritism as a remedy for staff shortage due to the overcrowding of groups

Section A.1.1 described that the number of staff positions in a pre-school institution depends on the number of groups that the kindergarten is allowed to have as well as on the hourly workload of teachers.⁵⁴ These criteria do not take into consideration the actual number of children that the pre-school enrolls, which can be a serious problem for kindergartens which have to work cater for groups that are overcrowded – a widespread phenomenon in Armenia (see Figures 4a, 4b and 8). The regulations are preventing such kindergartens from hiring the people they need to handle the enrolment surplus, except if they would resort to private sources of funding, which few of them can afford to do.

In this set-up, it is perhaps understandable that pre-school institutions with disproportionately large groups which cannot hire additional staff will be prone to alternative solutions such as recruitment in excess of the permissible limits, even if that means to engage in integrity violations.

⁵⁴ Order 29-N of 2007 and amendment No. 1318-N of 2017.

C.2 Informal interdependence between principals and local authorities

Pre-school principals depend on local authorities in a multitude of ways, which makes them vulnerable and susceptible to pressure, including pressure to partake in illicit or illegal conduct.

The INTES assessment of school and university education in Armenia in 2015 determined that education providers in all segments of pre-university education are highly dependent on the regional and local administrations in a variety of ways and areas of institutional operation. These include securing of funding for current and capital expenditures, project-based investment, staff policies, and “protection” by means of lobbying on their behalf with the central level authorities (OSF-Armenia, 2016).

The preceding chapters of this report described how most of the responsibility for ECEC is delegated to the local level of governance and that pre-schools and their principals depend on the decisions and benevolence of local authorities in key areas of decision-making as well. This may extend to participation in integrity violations, which require formal or informal decisions to allow for exceptions to centrally defined rules. Illicit access, for instance, implies a waiver of limits to enrolment capacity (see section B.1 in chapter 2), while favouritism calls for a tacit agreement to surplus staff positions and underqualified appointments (see section A.1.1).

Such actions might be of direct benefit to individuals who seek employment and to pre-school institutions, but they also create a channel of informal cooperation and coercion through which local authorities may secure the complicity of pre-schools in further illicit practices and favouritism schemes. ECEC staff hired through such schemes on the basis of political, family, or other affiliations is staff which is protected from arbitrary staffing decisions, but it is also “indebted” to those who protect it and helped to secure its employment in the first place.

Quote 47: “The child of our community leader attends our kindergarten. The community leader often visits the kindergarten for his child. Once he decided that we should come to work 30 minutes earlier and leave 30 minutes later (our

work finishes at 4:30), so that the working parents will not suffer. All of this was done orally, without a written order. I tried to explain that our kindergarten works only for 8 hours, and that this decision is a violation of teachers' rights, but he said that he is the one who decides and that we should do whatever he says. So, together with my colleagues, we decided that we will take turns and be on duty for a longer period of time" (Principal of a public kindergarten).

Situations in which ECEC professionals exercise their duties in a context of "debt" typical for an informal economy of favours, is particularly true for principals. Like school principals, the leaders of pre-school institutions are positioned at the junction between parties and voters with children in pre-school age, which makes them valuable counterparts for the incumbent political powers (OSF-Armenia, 2016). Besides, it seems that many of them have been hired due to their political affiliation and not (only) merit. Therefore, because of their dependence on local authorities, in most of the cases of favouritism reported to the assessment team principals seem to have been instrumental in the facilitation of the illicit staffing decisions.

Quote 48: "I am sure that the pressure is even higher in the public sector, and that everyone including the teachers, the principals need to be protected. Here we talked about the parents who complain, and when the teachers and tutors are not protected and do not have someone in higher positions, they become vulnerable and the same parents or principals can easily fire them. Even the principals are not protected, because the corrupted system simply made them obey and do whatever they have been told" (Principal of a private licensed pre-school).

C.3 Precarious employment conditions

When discussing the integrity of staff in Armenian education, previous INTES-based reports remarked that the employment conditions of professional staff in the sector bear the features of precarious employment.⁵⁵ Wages are low and employment is volatile, which can be detrimental to the morale of employees and is almost certain to have a profound impact on the integrity of the conduct of most.

⁵⁵ See for instance (NSS, 2008) and (OECD, 2018b). For a description of precarious employment see (ILO, 2012)

Some of the preceding sections (see B.1.1, for instance) described how staff in ECEC has no protection against the risk of arbitrary dismissal. This is particularly concerning in the case of the pre-school principals. They have autonomy for staffing decisions and are vulnerable in terms of employment security, which can weaken their position vis-à-vis administrative and political powers and make them a key player in schemes promoting favouritism. Numerous statements during the site visits and focus groups illustrate how this risk plays out in practice (see Quotes 38, 40 or 48, for example).

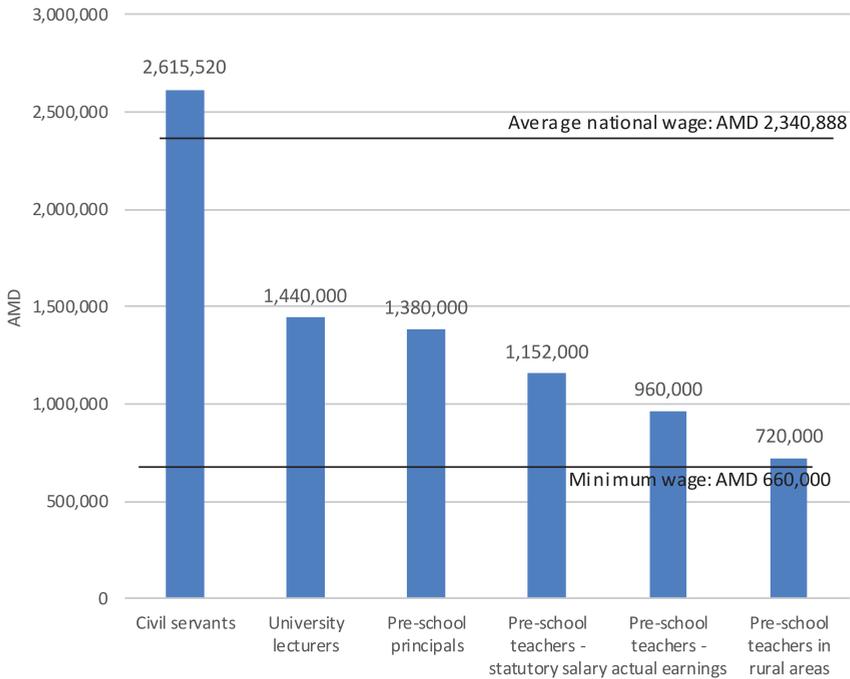
Interlocutors during the focus groups and interview suggested that low salaries – another feature of precarious employment – are another important reason for the participation of ECEC professionals in malpractice. Some might even choose to enter the teaching profession in the certainty that they will be able to earn “on the side”, for instance in exchange for treating some children more favourably, as described in section A.1.2 of this chapter.

Quote 49: “I understand them (the teachers), because they cannot provide for their children with the money they earn. They need extra income. Of course, it is not fair to get the money from parents and discriminate the children, but this is because of the situation the government has put the teachers in. They should either be corrupt or not work at all.

I cannot ask them to not take the money and not provide their children, but I can also ensure that the money they take affects the way they treat children” (A parent and civil society activist).

To the extent data on remuneration was made available to the INTES team, it does confirm the account of unsatisfactory remuneration for ECEC professionals. Figure 10 shows that pre-school teachers in rural areas earn more than three times below the national average, and that those in urban areas earn almost 2.5 times below that. While sub-standard pay is a common feature of education sector employment (even full-time university lecturers earn less than the average salary for the country), earnings around the minimum wage appear to be disproportionately low and may be pushing teachers with families below the subsistence minimum.

Figure 10. Average annual wages in selected sectors and ECEC in Armenia (2016)



Sources: (NSS, 2017) (OECD, 2018b), (Peeters, Van Laere, & Gevorgyan, 2018), and information provided during the INTES focus group discussions.

In their statements, some focus group participants established a direct connection between the sub-standard levels of pay and corruption and suggested that an increase in their income will resolve a number of challenges, such as propensity to engage in problematic conduct.

Quote 50: “One of the main corruption risks is the low salary of the teachers. This is the reason why they sometimes gather money or discriminate children because one’s parents pay extra money” (A civil society representative).

C.4 Labour market uncertainty

Unemployment and precarious employment are serious challenges in Armenia in general (ETF, 2017) and not only in the education sector. Wages in the public sector are only marginally above the national average, as shown in

Figure 10, but employment in the public service is an attractive option because it provides a degree of stability and a reliable access to the national welfare system. However, it is also an option which can be beyond the reach of job-seekers as vacancies are rare and competition may not be always transparent.

Education in Armenia is the third largest single employer of graduate labour after agriculture and services and it is the largest public employer (OSF-Armenia, 2016). For many, a job in the sector is therefore among the most realistic options of securing employment with some degree of protection. Although wages in education and ECEC in particular are among the lowest in the public domain, and although the environment of some providers can be volatile in term of job security, employment in a school or a pre-school is still a desirable option, especially in regions of the country with little to no other stable employment alternatives.

Quote 51: “In rural areas for the teacher to get (a salary of) AMD 80.000 will be almost a dream, because most of them work part time. They often get AMD 35.000 or 60.000 at most. However, the job is still in high demand and the people hired for the position usually have connections” (A parent).

Like in school education (OSF-Armenia, 2016), the prospect of a job in a public pre-school and/or the wish to keep such a job may create incentives for prospective candidates to engage in misconduct, including procedural violations and the provision of bribes to ensure success with job applications.

The finding describes in this section concerns the economic and labour market situation in the country and in terms of policy responses it goes well beyond the remit of authorities in charge of pre-school education and of ECEC providers. It is nevertheless important to include it in the analysis as an illustration of how the motivation of education participants to violate integrity in the ECEC system is also influenced by external factors that may require a concerted effort across sectors in the public domain.

D. Recommendations for action

Priority 3.1: Address the precarious employment conditions of staff in ECEC

Legislators and the MoES should address the precarious employment conditions of staff in ECEC, because the current situation is a major source of integrity risk. One way to do that while respecting local autonomy, is to introduce safeguards against arbitrary dismissals, for instance by setting minimum procedural standards for the hiring and firing of staff and a mechanism for appeals against recruitment and dismissal decisions. Procedural standards like these can ensure that everyone has an equal chance of being treated in a fair way, while respecting the different procedural arrangements and administrative cultures on local level (Hess, 2016). This recommendation is in line with the priorities of the current anti-corruption action plan of Armenia in education as well.⁵⁶

The standards can be a combination of new rules and references to existing legislation which regulates employment procedures in various segments of the public sector. They should formulate basic principles and procedural guarantees that can be derived from relevant international and national commitments that are already in place, such as fair employment conditions, mutual trust, access to justice, etc.

Priority 3.2: Strengthen and mobilise the mechanisms of external compliance control

The previous chapter discussed some of the structural weaknesses of the Education Inspectorate. This chapter noted that the reluctance of inspectors to engage in matters concerning compliance with staffing regulations, is a major source of opportunity for malpractice. Yet, inspectors are in the best position to detect and report improper staffing decisions because they are in the best position to detect the administrative trace left by such decisions, such as mismatch in the staffing lists and/or surplus of publicly funded staff posts in a pre-school.

⁵⁶ Programme on Anti-Corruption Measures in Education (further called Programme) 2015-2018, titled “Corruption Risks in Education sector and their Neutralization and (or) Reduction”.

The recommendation in priority No. 2.2 in the previous chapter is therefore relevant in addressing the challenge of favouritism as well: to provide an opportunity for professional development of education inspectors towards develop greater expertise specifically in ECEC, and a revision of regulations that define the supervisory functions of the licensing department, the inspectorate, and local authorities to avoid overlaps and clarify ambiguities.

Priority 3.3: Revise the criteria determining the minimum number of staff per pre-school

The regulations determining the minimum number of employees a pre-school institution can hire on its publicly funded payroll, take into consideration only the number of groups in a kindergarten, but not the size of the groups and the teacher-child ratio. This prevents the very many pre-schools with larger groups from hiring the staff they need to handle the surplus, except if they can pay for that from alternative sources of revenue.

It is recommended to adjust the regulations so that they correspond to actual situation with enrolment. This action will legalise and make transparent an already advanced development with the surplus of staff. It will also allow for better planning of needs and resource allocations and will thus remove a major incentive for malpractice involving staffing decisions.

CHAPTER 4. MISAPPROPRIATION OF RESOURCES

This chapter discusses the misappropriation of financial resources in the public system of early childhood education and care in Armenia. Despite an abundance of anecdotal information, there is still little in terms of systematic research and evidence about the prevalence of this violation in Armenian pre-school education. Due to constraints in time and scope, this chapter cannot fill the evidence gaps. It is only meant to provide pointers for further research and discussion by describing the most common manifestations of the violation and the areas at risk as reported by stakeholders and ECEC practitioners.

After an overview of major public and private sources of income and the rules of their management, the chapter describes some of the common ways of misappropriating funds from each, lists the regulatory weaknesses which make this possible, and discusses the possible incentives of the perpetrators. Like preceding sections of this report, the chapter concludes with recommendations for action.

Regulatory background

Sources, purposes, and amounts of funding

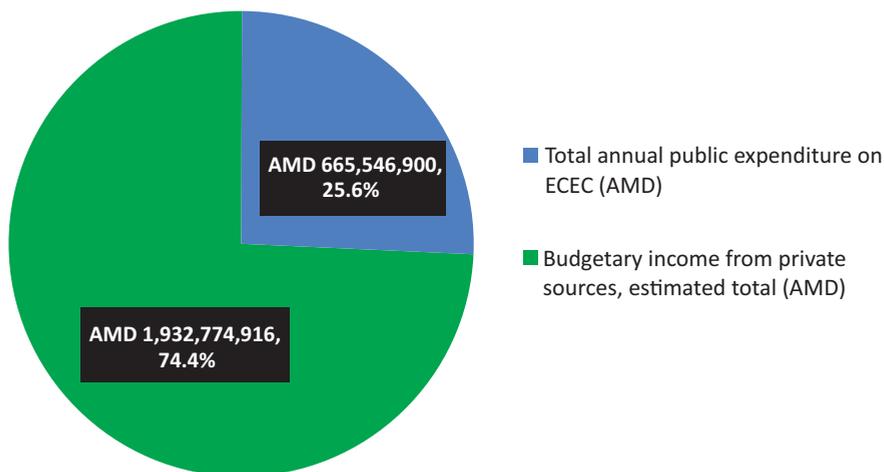
Budgetary funds

The funds and assets at risk of misappropriation in ECEC in Armenia can stem from a range of sources, each of which managed according to different rules and calling for a different misappropriation scheme.

The regulations stipulate that the state and community budgets should be the primary source of funding for public pre-school institutions. The background report notes that in 2018, public funding for ECEC was AMD 796 million or 0.64% of total public spending on education (Peeters, Van Laere, & Gevorgyan, 2018). Except for the capital Yerevan where pre-schools are for free, parents are also obliged to cover the cost of food and some other administrative expenses. Pre-schools are also allowed to diversify their funding and pursue complementary sources of revenue, such as the provision of fee-paid instruction.

Private funding for mandatory items such as meals accounts for a substantial share of the public pre-school budget. In 2016, households with children aged 3 to 5 reported an average of AMD 48 000 per year in formal payments (Babloyan, 2017), which amounts to over AMD 1.9 billion per year for all officially enrolled children in that age group. This was more than three times the public funding for all of ECEC in that year (Figure 11).

Figure 11. Budgetary funding for public ECEC by source (public and private), Armenia (2016)



Notes: The data on formal private funding covers children aged 3-5. It is an estimate based on enrolment data and data collected through a household survey in 2016 and is based on the assumption of one child per household. Data on public funding covers all age groups enrolled in ECEC.

Sources: (NSS, 2017) and estimates based on (Babloyan, 2017) & (NSS, 2017).

There is no data about the revenues of public pre-schools from the provision of paid services. They seem to play an important role in some of the transactions around illicit access to ECEC (see chapter 2, section A.3), but as a source of income, they are probably less significant compared to the other sources described in this section. This may be reflected to some extent in the staffing decisions of public pre-schools, where teachers in the extra-curricular subjects that can be provided for a fee, such as English, dance or music, account for only a fifth (20.8%) of the teaching workforce (Table 13). It was also confirmed during the site visits, during which a community leader noted that in his region none of the parents has request and none of the pre-schools is offering extra classes,

possibly because parents prefer to take their children elsewhere for additional courses, but also because revenue from such services is subject to tax.

Table 12. Composition of the teaching workforce in public ECEC in Armenia, by subject taught (2016)

Job position	No of staff	In percent
Teachers	3701	
Assistant teachers	2443	
Total ECEC teachers	6144	79.2%
Music teachers	648	
Other pedagogues	633	
Total extra-curricular teachers	1281	20.8%

Source: (NSS, 2017)

Extra-budgetary funds

Kindergartens can also benefit from extra-budgetary resources, which they may receive from legal and natural persons in the form of monetary or in-kind donations, or as direct informal payments to pre-school teachers and principals. The next quote describes typical situations of informal fundraising and resource use in kindergartens in the province.

Quote 52: “I want to ask you something. Don’t you collect money for stationery? You collect money for everything (FG moderator).

- We have taken the stationery supplies with us when we took our children to the kindergarten (A parent of a child who attends a rural public kindergarten – Parent 1)
- We bought everything starting from thermometers (A parent of a child who attends a municipal public kindergarten - Parent 2)
- But the teachers themselves tell the parents that they don’t have enough financing. Our kindergarten is financed by the Community Council and it cannot provide such kind of products. We recently collected money for buying glass cups for children, but the teachers asked for it. However

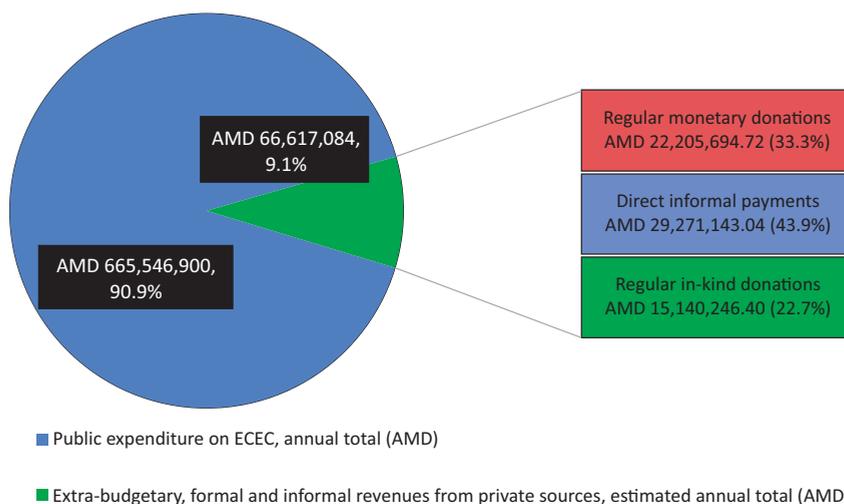
we never give presents or money for New Year or March 8. We only buy the things that they say the children need. (Parent 1)

You said sometimes we buy glasses and so on. How does that exactly work? Do you buy the glasses yourself as parents and then bring them to the kindergarten? Or you collect the money and give it to the kindergarten. How does this technically work? (FG moderator)

- No, the parents collect the money after the meetings. We decide the approximate amount of money needed, for example 250 AMD for cups, and I, as a member of the parents' committee, buy the products." (Parent 1)

The cumulative amount collected in this and other, possibly less transparent ways, can be considerable. According to estimates based on official statistics and survey data, in 2016/2017 the formal and informal extra-budgetary revenues of public pre-schools and their staff were close to AMD 67 million, which is the equivalent of more than 9% of total public spending on ECEC in that year (Figure 12).

Figure 12. Public expenditure on ECEC and estimated extra-budgetary, formal and informal revenues from private sources, comparison in % (2016)



Notes: The data on extra-budgetary payments cover children aged 3-5. It is an estimate based on enrolment data and information collected through a household survey in 2016/2016 and is based on the assumption of one child per household. Data on public funding covers all age groups enrolled in ECEC.

Sources: (NSS, 2017) and estimates based on (Babloyan, 2017) & (NSS, 2017).

Further calculations presented in section A.3 of this chapter show that the average household would provide the means for a third of these pre-school revenues through regular parental donations, close to 44% will be given as regular direct payments to the teachers and principals, and 22.7% would be regular in-kind donations, mostly for expendables such as soap, toilet paper, cleaning materials, ad-hoc repairs, etc. The proportion of spending on each of these “items” would vary by area (urban-rural) and between pre-school institutions within an area (See Figure 14 for further detail)

Financial management and accountability arrangements

There are only very few regulations proscribing how funds from public and private sources should be managed and accounted for in ECEC. The applicability of legislation concerning the administration of resources and assets depends on the legal status of pre-schools and their form of ownership.

Private providers are financially accountable in the same way as private businesses and mostly for tax purposes. Public providers on the other hand have the status of state non-commercial organisations, and the normative framework defining their accountability for funds and other assets is a composite of several regulations.

The Law on State Non-commercial organisations stipulates that all budgetary revenues must be used for the advancement of the main mission of these organisations (provision of pre-school education),⁵⁷ and that the procedure of using the funds must be defined by the founder. This might be the State (the MoES) or delegated to the local level of governance, in which case the community leader is responsible for the oversight and approval of annual expenditure reports and balance sheets.⁵⁸ On operational level, the principals of kindergartens are in charge of ensuring that the funds are used effectively and in line with national and local regulations and decisions, to which end he or she can also open bank accounts for the pre-school institution.⁵⁹

⁵⁷ Law of Armenia on State Non-commercial Organisations No. LF-248 of 2001, Article 6

⁵⁸ *Ibid.*, Article 14.

⁵⁹ Order of the Minister of Education and Science of Armenia No. 416-N of 2011, section II.

The assessment team did not come across norms providing guidance on how public pre-schools should handle the extra-budgetary funds that they receive, for instance whether they must reflect them in their budgets and whether and if yes, how they are expected to report on the way they use them. The municipality of Yerevan has attempted to fill this gap with respect to monetary donations by parents and companies by opening a dedicated website (“Help your Kindergarten”). It tracks the declared needs of pre-school institutions and the cumulative level of donations provided to each.⁶⁰ However, at the time of the site visits for this assessment, representatives from the municipality informed that they have deactivated the website because pre-school institutions have started to use it to request donations from parents on a regular basis. A recent check showed, however, that it is active again.⁶¹

Thus, at the time of completion of this report, parents in Yerevan (and the rest of the country) could collect money or make in-kind donations directly to the pre-schools, but an established, formal mechanism for the acceptance, use, and reporting on these donations did not seem to exist.

A. Description of the integrity violation

Misappropriation of funds in education can be defined as the embezzlement of assets (funds) in the sector by someone (a natural or legal person) who does not own them but is entrusted with their management or control (Theoharis, 2015) (OECD, 2018a). The violation is usually perpetrated with the help of misappropriation schemes, which are acts of fraud in which a perpetrator employs trickery or deceit to misuse or steal the resources and assets (Albrecht, Kranacher, & Albrecht, 2010).

In the action plan of the current anti-corruption strategy of Armenia, the authorities note that the extra-budgetary revenues of kindergartens, specifically the funds collected for procurement purposes such as the purchase of educational and other supplies, are at risk of misappropriation.⁶² Numerous statements in

⁶⁰ See <http://www.ognirmankapartezid.am/>

⁶¹ See <http://www.ognirmankapartezid.am/payments>, accessed on 28 December 2018.

⁶² See the Programme on Anti-Corruption Measures in Education (further called Programme) 2015-2018, titled “Corruption Risks in Education sector and their Neutralization and (or) Reduction”.

the focus groups and site visits for this assessment suggest that the same is true for financial resources provided to the regular budgets of pre-school institutions for expenditure items such as wages, maintenance, heating, etc.

The ways and means of misuse of funding for ECEC in Armenia may vary depending on the purpose and source of funding. The schemes in place to misappropriate parental donations are different than those which enable the misuse of funding for wages or maintenance of infrastructure, for example. There is a scarcity of evidence and prior research on this violation and its manifestations, so the intention of this final chapter is not to present findings on the prevalence and origin of each form of financial abuse. Rather, the purpose is to provide a systematic overview of some of the more typical ways and targets of misappropriation in view of inviting and informing further research on the topic.

The following sections discuss the misappropriation of budgetary and extra-budgetary funds. This includes the misuse of public resources for private gain, fraud related to payrolls, as well as misappropriation of parental donations.

A.1 Manifestations of the violation

Public funds and assets

Abuse of public resources for private gain

A striking feature of the ECEC sector in Armenia is the practice of public kindergartens to rent out part of their building to private ECEC providers, the owners of which would commonly be in a family relationship with the principal of the “hosting” pre-school institution. According to the municipal authorities in Yerevan, the practice started in the 1990s in response to a steep population decline which led to underutilisation of much of the capacities of the public pre-school network. Some buildings were sold, other rented long-term, and in some, principals were permitted to rent out the empty space to private companies, in particular pre-school providers – a practice which by today has become something of an implicitly tolerated routine for an undisclosed number of pre-schools in the capital.

The integrity implications of this legacy “solution” are manifold. The most obvious one is nepotism. The team recorded more than one case of principals of public kindergartens who handed over the job to their daughters before retiring and taking over the leadership of the private institution in the same building.

An even bigger problem in the context of this chapter is the apparently common practice to conflate the expenses of the public and private entities that share the building. While the private pre-school charges market prices for its services, its running expenses for items such as electricity, heating, maintenance, cleaning, etc. are covered by the public institution from which it rents the building. By engaging in such practices, the public ECEC provider de facto facilitates the misuse of public resources and assets for private gain.

One such public kindergarten visited by the assessment team confirmed that the rental agreements it has with the private provider in its “backyard” is for a minimum rent of about AMD 10 000, which is too low to include any other expenses or services. Another interlocutor who was in charge of an unrelated, private entity providing pre-school services complained that the privately owned twins in such kindergarten “duos” have an unfair advantage and undermine the market. They pay minimal rent, share resources with the public pre-school to save money for cleaning, etc., and they offer their services cheaper than private kindergartens which must rent their premises at market prices and pay for all expenses themselves. are renting a building in the free market. Also, the interview counterpart noted that most of these double pre-schools are led by relatives with good connections to the regional administrations.

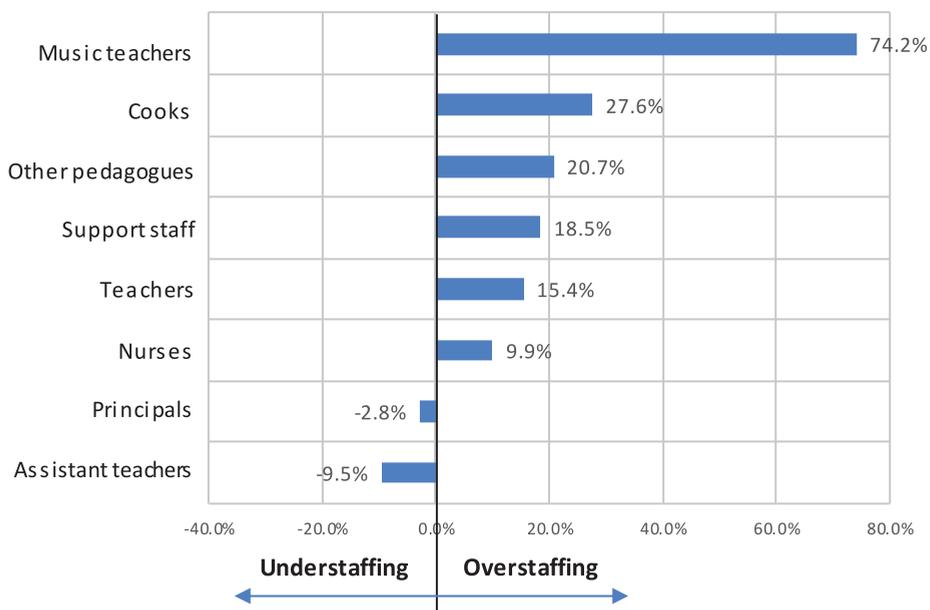
Payroll fraud

Chapter 3 described how the minimum number of staff positions in each job profile depends on the number of groups for which a kindergarten has been licensed, and also that ECEC institutions could hire more people than that, provided they secure alternative sources of funding to meet the extra expense. In section A.1.1 the chapter also described a risk that public pre-schools and local authorities may abuse this option to open additional, publicly funded staff positions beyond the ones envisaged in the regulations, and that some of the staff they hire is without the necessary qualifications.

Hiring people in violation of minimum qualification requirements and/or hiring more of them than the public budget is supposed to pay, is a form of abuse of public funding for personal gain. It requires that public resources earmarked for a legitimate purpose, such as wages for certain job positions, can be “redirected” to individuals who do not qualify and/or have been hired on vacancies that were created for the purpose.

As noted before, direct evidence about the prevalence of these practices has never been collected, but the extent of departures from the statutory norms on staffing in public ECEC provide a clue of the possible magnitude of the problem (see also chapter 3) and also of the job profiles, the (public) funding for which may be most often in focus of such practices. Table 14 presents an overview.

Figure 13. Average departures from minimum staffing norms in public ECEC, by job profile



Notes: See Table 11.

Sources: Calculations based on data from (NSS, 2017) and Order of the Minister of Education and Science of Armenia No. 29 of 2007 and amendment No. 1318-N of 2017.

Funds from private sources

Misappropriation of parental donations through procurement and reporting fraud

Parental donations which are documented and processed through the website of the municipality (The “Help your Kindergarten” platform) are recorded by the origin of donation (who is donating?), its size (how much was donated?), destination (which pre-school organisation is the beneficiary), and use (how much of the money has been spent and on what).

The weakest link in this reporting package is the one devoted to the use of resources. The reports are generic and do not indicate any details about the procured goods or services, such as a breakdown of expenses, who was the vendor or who has delivered the service, what alternative offers were available, if any, why the purchase was necessary, and whether it was really paid for with funds recorded on the website. The use of parental donations for procurement is a high risk area and the lack of information about it can and does invite abuse. Box 2 presents an example from Ukraine with an overview of procurement fraud schemes that can be at play in the misappropriation of parental donations, such as procurement at inflated prices.

Box 2. Misappropriation of parental donations through procurement fraud in Ukraine

“...Procurement fraud schemes, such as the use of parental contributions for procurement at inflated prices in order to take and/or give kickbacks, are possibly among the most common forms of misappropriation (of parental donations). The integrity assessment team was repeatedly told of cases where schools and pre-schools appear to have engaged or recommended suppliers who will:

- present parents with bills for more than the actual cost of the goods and services they supply, and pass on (some of) the difference to the school; or
- present parents with bills for the full retail price of goods on which a discount is normally offered, and pass the value of the discount to the school; or
- present parents with bills for goods or services that were not delivered at all (or, if delivered, had already been paid for from the school budget allocated by the local financial department), and pass (some of) the parental payment back to the school.

In resorting to such schemes, all of which involve false invoicing and are therefore unlawful, education institutions employ common forms of procurement fraud in which the primary recipients of diverted funds are the school administrators negotiating the kickbacks and receiving the money contributed by the parents, as well as the vendors supplying the goods and services purchased with the parents’ money.”

Source: (OECD, 2017a)

Statements from the INTES focus group discussion illustrate the diversity of potentially damaging detail behind the generic reporting on the use of parental donations in ECEC, which remains hidden from public sight and from the parents themselves although it points towards the possibility of widespread misappropriation through procurement and reporting fraud. In Quote 52, a former teacher suggests that the use of donations is not properly reported and that the money can be misappropriated for private benefit, and in the next quote (53), a parent shares her conviction that the reports about the use of funds can be “doctored”:

Quote 52: Most of the times the kindergartens in Yerevan ask for donating a certain amount of money to “Help your Kindergarten” fund, which is not actually a donation.... They do everything for the parents not to be able to tell whether it [the donation] is bribery or not. Besides, we don’t know how the money gathered through that fund is allocated for certain needs of the kindergartens; all the documentation must be thoroughly examined [but it is not] (Former teacher in a public kindergarten).

Quote 53: I know that some of the kindergartens in Yerevan renovate the buildings by the money collected from parents. Of course they later make some changes in the documentation to show that it was done with money gathered from “Help your Kindergarten” fund. ... One time they asked me for a TV. The teacher said that my child is very active, and he better be sitting and watching cartoons.” (A parent of a child attending a public kindergarten).

The money of parents who are not in Yerevan and thus donate directly to the kindergartens (a practice that is finding its way in the capital as well despite the online platform) is at high risk of misappropriation as well. In an interview, an interlocutor in a high-level administrative position from a local community noted that money can be collected for alternative purposes under the pretext of addressing pre-school needs:

Quote 54: “What are the illicit benefits that can be realised from parental donations? The main source of risk is the lack of proper control of how the donation is used by the pre-school. For example, if the head of the parental council is a friend of a teacher, he can initiate the collection of money for a need by the kindergarten, and then some of that money can be used for the private

benefit of that teacher.” (A senior representative of a local administration)⁶³

It seems that there is awareness among at least some of the parents that the collection of donations might be driven by considerations other than the needs of the pre-school, and that the practice itself is problematic from an integrity point of view and should be stopped or at least regulated better:

Quote 55: I am probably the only parent in the group of 34 children, who hasn't ever brought anything to the kindergarten for anyone. The table of our teacher is full of gifts for every New Year event or concert. And saying that it is just an appreciation, as most of the parents explain, would be wrong, it is a bribe (A parent of a child attending a public kindergarten).

Quote 56: “This is a huge problem in the villages. Even the smallest things that children need during their classes or performances are bought by the money collected from the parents - a vivid example of so-called “direct corruption”. (A parent of a child in pre-school age and a civil society activist).

Quote 57: “We should stop the practice of collecting money from the parents. We should take the initiative to our hands and show that we as teachers can make a lot of things ourselves rather than buying it with the money collected from parents.” (A teacher and civil society activist).

A.2 The official positions involved

The responsibility for the management of pre-school institutions in Armenia is delegated to the local level of governance and to the principals of pre-school institutions. As noted earlier in this chapter, the community leader is responsible for oversight and the approval of staffing list and annual expenditure reports, while the principals are responsible for the adequate and legitimate use of funds and assets in their pre-schools.

The assessment team was left with the impression that this policy area – the administrative and financial management of pre-schools – is an area characterised by a tightly knit landscape of responsibilities on community level.

⁶³ This quote is from an interview carried out during the site visits and not from a focus group.

If so, it is difficult to imagine that acts of misappropriation (which happen to be the only integrity violation in this report that implies administrative and criminal liability – see section A.4) can take place without the involvement and knowledge of all sides which are responsible for the management of resources and assets in ECEC: principals, local administrators, and possibly community/municipal leaders. To the extent teachers are direct beneficiaries of at least some of the extra-budgetary donations, they help to proliferate the integrity violation as well.

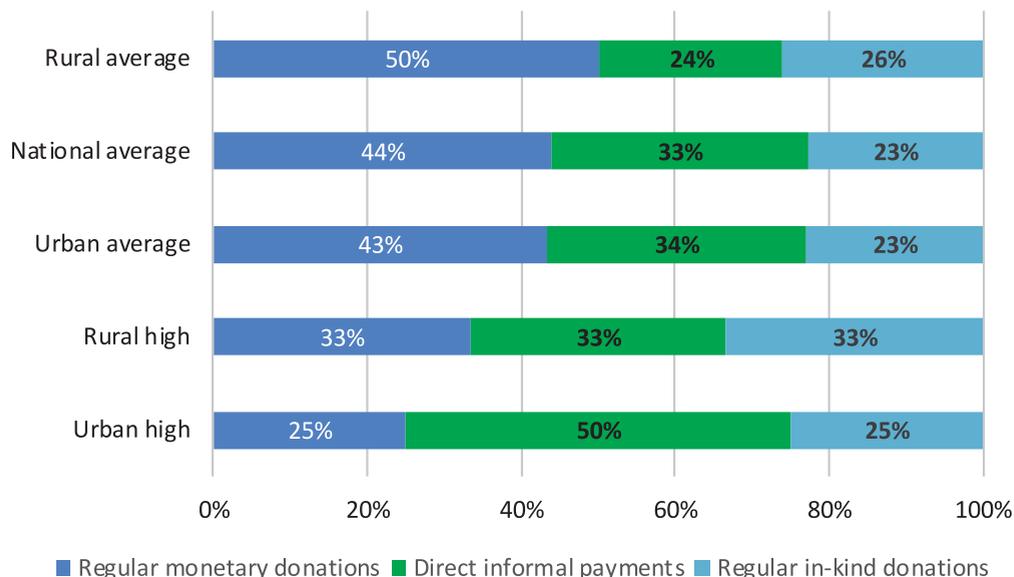
Still, the purpose of this “identification” of partakers in the illicit conduct remains purely technical. The idea is to provide a basis for further research which may help identify all sides which are involved and thus need to be engaged in resolving the problem.

A.3 The undue benefits

By its very nature, the violation described in this chapter implies that the undue benefits for those involved are material in nature. With the data available at the time of preparation of this report it was impossible to arrive at estimates of the usual amounts involved, how they are typically distributed between official positions, and whether some regions of the country might be more affected than others, etc.

However, some of the survey data collected on behalf of *Save the Children* in 2016 provide clues about the relative importance of various forms of extra-budgetary donations and with this – of the tentative exposure to misappropriation risk of different forms of material support that external stakeholders (mostly parents) provide to public kindergartens. Figure 14 shows the relative share of monthly spending of households on various forms of extra-budgetary payments in ECEC.

Figure 14. Extra-budgetary payments in ECEC, by relative cost and type (2016)



Notes: The data on extra-budgetary payments cover children aged 3-5.

Sources: Calculations based on survey data from (Babloyan, 2017).

For instance, in urban areas, the informal payment to ECEC staff can be the costliest regular payment, while in rural locations the parental donations and in-kind contributions would be of greater significance and come at a greater expense than payments to teachers. Overall for Armenia, parental donations eat away the biggest share of the family budget for pre-school education, followed by direct payments to staff and regular, in-kind donations.

A.4 The norms and commitments at stake

At the core of each instance of misappropriation of funds for ECEC that was described in this chapter, there is a scheme that aims at defrauding the state and/or private stakeholders of the money they invest in the ECEC sector. This is true for the abuse of public assets for private gain in the case of public and private pre-schools sharing the same building, it is definitely the case with overstaffing when it is paid for with public money, and it is also applicable to all instances of parents describing how their contributions to the kindergartens of their children are being used and misused.

Armenia has committed against this type of illicit conduct in its public and private sectors in various ways. In 2007 the country ratified the United Nations Convention Against Corruption (UNCAC), which requires that each State Party establishes as a criminal offence the embezzlement, misappropriation or other diversion of property and/or funds by persons in public position for their own benefit or the benefit of another person.⁶⁴

This international commitment is translated in the Criminal Code (Articles 179, and 308-315), which defines liability for corruption offences in the public sector of public officials. As established in a recent OECD anti-corruption monitoring report which covered higher education in Armenia and drew on the INTES methodology, the definition of public official (Article 308) covers persons performing organisational-managerial, administrative and economic functions in state authorities, local self-government authorities, and organizations thereof (OECD, 2018b). This implies that these provisions of the criminal code are applicable to managerial staff in charge of ECEC on local level, and to the principals and possibly the staff of pre-school institutions. Furthermore, the OECD report determines that Article 179 on embezzlement, Article 189 on fraudulent entrepreneurial activity, Article 200 on commercial bribing, and Article 214 on abuse of authority by employees of commercial and other organisations apply to anyone in the public or private sector who misappropriates in “significant amount” the property he or she has been entrusted with. This means that these provisions of the Criminal Code are applicable to pre-school providers as well, irrespective of their form of ownership.

Finally, the Code on Administrative Offences describes offences against administrative procedure, such as omission of data, delay of submission of data, and the submission of false data to state bodies⁶⁵ – actions which are an integral part in some of the manifestations of the violation discussed here.

Unfortunately, the assessment team did not find any evidence of rules and regulations on institutional level (*e.g.* codes of professional and ethical conduct, disciplinary rules, etc.) which would define disciplinary liability for any of the practices described in this chapter.

⁶⁴ United Nations Convention Against Corruption, Article 17.

⁶⁵ Code on Administrative Offences, Article 189.10.

B. Factors that create opportunities

B.1 Inadequate regulations concerning budget formation and the management of extra-budgetary resources

The absence of proper regulations concerning the management of extra-budgetary funds opens a major window of opportunity for malpractice. Specifically, despite their significant weight as a source of income in the budget portfolio of ECEC providers, revenues from private sources such as parental donations are treated as extra-budgetary income, for the management and reporting of which there are no clear regulations in place. It is up to each community to decide whether and if yes, how to handle this additional income of its pre-schools.

For instance, in a meeting with the assessment team a municipal leader noted that his municipality has a very clear idea of the funding they will have for ECEC each year and how to distribute it according to the current expenditure needs of the kindergartens under their responsibility. However, he also noted that parental contributions are not considered in the budget planning at all and that they are fully outside the budget process, and that while the local authorities do not encourage parents to contribute, they have no way of stopping or controlling them either.

In fact, the policy gap is also acknowledged in the current anti-corruption strategy of Armenia. Its action plan suggests the development of a common methodology for the budgeting in pre-school institutions for all communities in the country, publishing reports of all income and expenditure, and prohibiting monetary donations to kindergartens altogether.

B.2 Absence of disciplinary provisions and integrity safeguards on provider level

The assessment team did not find any evidence of regulations that would describe the responsibilities of pre-school staff in terms of ethical conduct, and also no internal disciplinary rules and procedures, nor sanctions for conduct that aims at the abuse of resources and assets. This not only creates a sense of impunity, but it also leaves staff in a kind of an “ethical vacuum” in which there is no certainty about what counts as acceptable conduct.

Some of the discussions during the focus groups were indicative in this respect. They revolved around the question of what kind of donations might be acceptable, and what value is permissible for presents which are customarily given to kindergarten teachers as a sign of appreciation in the course of the year and especially at the end of it.

B.3 Weak enforcement and external control

Of the three violations described in this report, the misappropriation of resources is the only one which is clearly defined as offence in law. Still, the assessment team did not find any evidence of enforcement of criminal or administrative liability for any of the many instances of violations involving the abuse of funds and assets in ECEC. This finding might be partially due to the lack of complaints and proper complaint channels, but it is also the result of weaknesses in the area of external control within the sector.

These weaknesses were discussed in some detail in chapter 2, section B.2 and chapter 3, section B.2, which sections are fully applicable to the integrity violation discussed in this chapter as well.

C. Factors that create incentives

C.1 Low salaries

Section C.3 in chapter 3 discussed the unsatisfactory level of pay of teachers and principals in public pre-school education (see also Figure 10) and noted that for most ECEC stakeholders who participated in the INTES site visits and focus groups, this was a good enough explanation for the propensity of ECEC professionals to request and accept undue payments and in-kind donations. Some even suggested that a salary raise will resolve the corruption challenge altogether.

Prior research on incentives for engaging in corruption indeed suggests that there is a connection between public sector salaries and propensity to engage in illegal conduct (Chêne, 2009), especially if the salaries are below a certain minimum threshold (OECD, 2017a). In the same body of research, however, one can find evidence that above a minimum threshold, higher salaries may

lead to requests for even higher (informal) payments (Milovanovitch, 2014) (Foltz & Opoku-Agyemang, 2015), and that without establishing effective control mechanisms and appropriate sanctions (Chêne, 2009) and creating a culture of integrity (OECD, 2005), a simple increase in income is not likely to change established patterns of conduct.

In sum, low income in Armenian ECEC is an important factor that probably motivates the misappropriation of resources by pre-school professionals, but addressing the problem would require a more differentiated approach – an approach that considers also the ethics and integrity of their working environment (see section D with the recommendations).

C.2 Lack of transparency vis-à-vis parents regarding material shortages in ECEC

Parents of children attending ECEC in Armenia seem to be largely satisfied with the overall quality and conditions of pre-school provision. In the *Save the Children Survey* of 2016, they assessed rather high different dimensions, such as material and technical supplies (4.15 out of 5 possible points), quality of services (4.44 points), infrastructure condition (4.11), etc., and the differences between parents whose children attend public and private providers were not big (Babloyan, 2017).

Still, the relatively high average level of satisfaction may be hiding disparities between and within regions, which may motivate some parents to do even more and contribute towards improvement. Often enough kindergartens seem to ask the parents directly for ad-hoc donations to address specific problems concerning the infrastructure conditions or shortages of supplies. The next quote describes a typical situation:

Quote 58: “But the teachers themselves tell the parents that they don’t have enough financing. Our kindergarten is financed by the Community Council and it cannot provide such kind of products. We recently collected money for buying glass cups for the children, but the teachers asked for it. However, we never give presents or money for New Year or March 8. We only buy the things that they say the children need.” (A parent of a child attending a rural municipal kindergarten).

For parents it is difficult to independently verify such claims. The assessment team was told that kindergartens rarely provide actual proof of their financial or material needs, but even if they would provide such proof, for parents it might be too time-consuming to verify them. Besides, requesting proof and refusing to pay brings the risk of negative consequences for the children, as stated in one of the previous quotes (No. 6) which noted “an atmosphere of fear” among parents that teachers and principals might somehow retaliate. There is also a strong culture of acceptance, which creates expectations of parental involvement and contribution, and limits the motivation to insist on more evidence to corroborate the requests for financial or in-kind support:

Quote 59: “When the child attends a kindergarten, the corruption is not considered as such if the parents invest in it and want to help the kindergarten. When the children were being admitted, the parents would be asked how they can be helpful to the kindergarten: intellect, connections, money and so on. I think that this method is right, because child-parent-kindergarten bond should become stronger, the parents should feel connected to the kindergarten.” (A former pre-school teacher)

C.3 Maximisation of private gain

For most integrity violations in education, also for those discussed in this report, it is possible to identify one or more deliverables that the education system is expected to provide to its participants but, for structural or other policy-related reasons, it doesn't.

This chapter identified some of the reasons for extra-budgetary donations by parents, such as the desire to help and the lack of information that would allow for critical double-check of funding demands, and also the sub-standard level of pay in the ECEC system.

However, it is fair to assume that a basic desire to maximise profit and private gain by those in official and professional position in the system, plays a role as well. The reason to include this factor in section C of this chapter is to place a reminder that Armenia has already described such conduct as offence in law that it has put in place sanctions against it, but that enforcement is lagging behind.

This certainly motivates perpetrators to continue because it sends a strong signal that they can operate with impunity. It also contributes to the proliferation of the integrity violation.

D. Recommendations for action

Priority 4.1: Incorporate all private revenues into the budget process and expenditure reporting of public pre-school institutions

The first priority for action regarding misappropriation of resources reinforces the intentions declared in the action plan of the anti-corruption strategy of Armenia, which have identified this integrity violation as one of the major risks in ECEC. The action should include the development of a common budgeting process for ECEC on local level, the publication of planned and executed budget of each pre-school institution and regulating parental donations to increase accountability and transparency.

In this last point, the strategy suggests the prohibition of all monetary donations, but considering the significance of this channel of revenue for the pre-school institutions, this measure appears unrealistic. A more feasible way might be for the MoES to define clear procedures for the transparent handling of donations. This should include a description of the conditions under which donations and other income from private sources are permissible, the inclusion of such extra revenue into the budget of the pre-school providers, and the definition of rules about how the funds should be managed and accounted for.

Priority 4.2 Introduce codes of ethical conduct in ECEC and define consequences for non-compliance

The absence of provisions against integrity misconduct in ECEC is concerning and should be addressed as well, for instance by defining disciplinary liability for certain actions, and introducing codes of professional and ethical conduct on the level of ECEC providers.

As noted elsewhere, codes of conduct are of limited impact if they are not reflected in regulations and procedures which define common values for staff,

such as integrity, diligence, etc., translate those values into obligations, and describe what happens in case of their violation (OECD, 2018b).

Specifically, it is recommended to introduce an obligation for pre-school institutions to have codes of ethical conduct. The MoES should supply a model code and provide guidance on how to translate that conduct into obligations for professional staff.

Priority 4.3 Improve the effectiveness of external control

See action priorities No. 2.2 in chapter 2 and No. 3.2 in chapter 3.

Priority 4.4 Reassess the level of pay in public ECEC

The assessment team recommends the authorities to reassess the wages of staff in ECEC in view of ensuring that they are above a minimum threshold across the country and independently of the location of pre-schools. This should be combined with the introduction of obligations in the area of integral conduct, *i.e.* through codes of conduct, and with efforts to raise quality of instruction, as noted also in the background report for this assessment, and the strategies for the development of ECEC in Armenia until 2030.

SUMMARY OF RECOMMENDED ACTIONS

This final section summarises the recommendations on how to address the integrity challenges that were identified throughout the report. It follows the structure of the report, which means that the recommendations are grouped by integrity violation and report chapter.

Integrity violation	Recommendations Chapter 2		Target areas for policy improvement
Illicit access to pre-school education and care	<p>Priority 2.1: Address the overcrowding of public pre-schools</p>	<p>The proliferation of exemptions from enrolment limits on local level should be regulated as soon as possible. This could be done by redefining the standards for maximum group size and reassessing the capacity limits of public pre-schools in view of revising the standards. Responsibility for monitoring compliance with such standards should be clearly defined and allocated, and the possibility to grant exemptions on local level should be eliminated.</p> <p>This could include measure to revise the pre-school education scheme by diversifying the forms of provision (e.g. part-time versus full-time attendance).</p>	Legislative action , licensing and external control
	<p>Priority 2.2: Improve the effectiveness of external control</p>	<p>It is recommended to provide an opportunity for professional development of education inspectors towards developing greater expertise specifically in ECEC, and a revision of regulations that define the supervisory functions of the licensing department, the inspectorate, and local authorities to avoid overlaps, clarify ambiguities, and establish formal mechanisms of cooperation. The foundations for these changes could be laid in the new Law on Pre-school Education.</p>	Legislative action and external control: professional development and division of responsibilities
	<p>Priority 2.3: Improve accountability and transparency in admission</p>	<p>It is recommended to define minimum standards of accountability and transparency in handling of waiting lists, both online and paper-based. As a minimum, this should include the introduction of a right of parents to have access to these lists and track the ranking of their and the other children, at any time and on their own.</p>	Access to ECEC: management of waiting lists
	<p>Priority 2.4: Mobilise the available enrolment capacity better to provide more affordable, good quality places in ECEC</p>	<p>This report recommends exploring additional, supporting options to the challenge with enrolment capacity in public ECEC, because it seems to fuel the proliferation of the integrity violation.</p> <p>A major one is to help private providers reduce cost by revising the licensing standards to make them leaner, up-to-date, and more feasible to meet. A step like this would also incentivise unlicensed private providers to legalise their operations and subject themselves to the new minimum quality standards.</p> <p>Another measure would be to diversify the forms of provision (e.g. part-time versus full-time attendance), as noted in Priority 2.1 as well.</p>	Legislative action , licensing criteria and procedures
	<p>Priority 2.5: Consider devising national standards and/or procedures for admission to ECEC</p>	<p>It is advisable to define nation-wide standards and/or procedures for admission, which are more differentiated and fairer, and can serve the needs of pre-schools which are confronted with situations of capacity shortage in which they might be struggling to manage admissions in a fair and integral way.</p>	Access to ECEC: admission criteria and procedures

Integrity violation	Recommendations Chapter 3		Areas of policy intervention
Favouritism in staffing decisions in ECEC	<p>Priority 3.1: Address the precarious working conditions of staff in ECEC</p>	<p>Legislators and the MoES should address the precarious employment conditions of staff in ECEC, because the current situation is a major source of integrity risk. One way to do that while respecting local autonomy, is to introduce safeguards against arbitrary dismissals, for instance by setting minimum procedural standards for the hiring and firing of staff and a mechanism for appeals against recruitment and dismissal decisions. Procedural standards like these can ensure that everyone has an equal chance of being treated in a fair way, while respecting the different procedural arrangements and administrative cultures on local level. This recommendation is in line with the priorities of the current anti-corruption action plan of Armenia in education as well.</p> <p>The standards can be a combination of new rules and references to existing legislation which regulates employment procedures in various segments of the public sector. They should formulate basic principles and procedural guarantees that can be derived from relevant international and national commitments that are already in place, such as fair employment conditions, mutual trust, access to justice, etc.</p>	Staff policies: recruitment and dismissal procedures
	<p>Priority 3.2: Strengthen and mobilise the mechanisms of external compliance control</p>	<p>The recommendation concerning priority No. 2.2 in the previous chapter is therefore relevant in addressing the challenge of favouritism as well: to provide an opportunity for professional development of education inspectors towards develop greater expertise specifically in ECEC, and a revision of regulations that define the supervisory functions of the licensing department, the inspectorate, and local authorities to avoid overlaps and clarify ambiguities.</p>	External control: effectiveness and professional development of staff
	<p>Priority 3.3: Revise the criteria determining the minimum number of staff per pre-school</p>	<p>The regulations determining the minimum number of employees a pre-school institution can hire on its publicly funded payroll, take into consideration only the number of groups in a kindergarten, but not the size of the groups and the teacher-child ratio. It is recommended to adjust the regulations so that they correspond to actual situation with enrolment. This action will legalise and make transparent an already advanced development with the surplus of staff. It will also allow for better planning of needs and resource allocations and will thus remove a major incentive for malpractice involving staffing decisions.</p>	Staff policies: staffing plans

Integrity violation	Recommendations Chapter 4		Areas of policy intervention
Misappropriation of resources in ECEC	<p>Priority 4.1: Incorporate all private revenues into the budget process and expenditure reporting of public pre-school institutions</p>	<p>The first priority for action regarding misappropriation of resources should include the development of a common budgeting process for ECEC on local level, the publication of planned and executed budget of each pre-school institution and regulating parental donations to increase accountability and transparency. It is also recommended that the MoES to defines clear procedures for the transparent handling of donations. This should include a description of the conditions under which donations and other income from private sources are permissible, the inclusion of such extra revenue into the budget of the pre-school providers, and the definition of rules about how the funds should be managed and accounted for.</p>	<p>Financial management: budgeting process; management of revenues from private sources</p>
	<p>Priority 4.2: Introduce codes of ethical conduct in ECEC and define consequences for non-compliance</p>	<p>The absence of provisions against integrity misconduct in ECEC is concerning and should be addressed as well, for instance by defining disciplinary liability for certain actions, and introducing codes of professional and ethical conduct on the level of ECEC providers. It is also recommended to introduce an obligation for pre-school institutions to have codes of ethical conduct. The MoES should supply a model code and provide guidance on how to translate that conduct into obligations for professional staff.</p>	<p>Staff policies: disciplinary liability and integrity of professional conduct</p>
	<p>Priority 4.3: Improve the effectiveness of external control</p>	<p>See action priorities No. 2.2 and No. 3.2</p>	<p>See areas in priorities No. 2.2 and No. 3.2</p>
	<p>Priority 4.4: Reassess the level of pay in public ECEC</p>	<p>The assessment team recommends the authorities to reassess the wages of staff in ECEC in view of ensuring that they are above a minimum threshold across the country and independently of the location of pre-schools. This should be combined with the introduction of obligations in the area of integral conduct and with efforts to raise quality of instruction, as described in (IPP, 2018) and the strategies for the development of ECEC in Armenia until 2030.</p>	<p>Staff policies: remuneration</p>

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