



European Training Foundation

# ARMENIA

**EDUCATION, TRAINING AND EMPLOYMENT  
DEVELOPMENTS 2018**



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# KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT

In 2017–2018, Armenia underwent a major political reform, involving changes to the Constitution and the political system. Constitutional amendments radically changed the country's political system, shifting from a semi-presidential to a parliamentary republic. The new president was elected in March 2018 by the parliament rather than by popular vote. In May 2018, a new prime minister was elected and a change of government took place; both events were strongly supported by the population of Armenia. The enhancement of democracy, free economic competition, the fight against corruption, and respect for the rule of law and human rights are high priorities of the new government. The change in government has led to new ministerial teams in both the Ministry of Education and Science and the Ministry of Labour and Social Affairs. This change coincides with a period when both education and employment policies are under review. The draft Law on Approving Armenia's State Education Development Programme up to 2030 was elaborated and approved by the government in 2017, and was submitted to the National Assembly for adoption in 2018. The expert group on higher education system reform has completed drafting the Law on Higher Education, and the bill is now in the National Assembly.

In June 2017, the government approved a reform programme for the period 2017–2022, including measures to boost growth and attract private investment. The programme consists of four main sections: public governance and the legal system, foreign policy and defence, economic progress, and social issues. Each section contains a list of reforms and timelines as proposed by individual agencies, to ensure the long-term development of Armenia.

Since 2017, the Ministry of Education and Science (MoES) has been developing a new VET Strategy 2019–2023, which is expected to be finalised by the end of 2018. It envisages changes in the content of skills development and an updated concept of social partnership, focusing on stronger collaboration of the VET system with sectoral organisations and the development of local business–VET partnerships. In 2017, the MoES established a national working group on work-based learning (WBL) that includes all main stakeholders. The working group is currently working on a concept paper on the development of WBL in Armenia and priority actions for 2019–2023. The finalisation of the concept paper is expected by the end of 2018. In August 2017, the National Strategy of the Republic of Armenia on Migration (2017–2021) was adopted, followed by the National Action Plan (2017–2021). In November 2017, Armenia signed a Comprehensive and Enhanced Partnership Agreement (CEPA) with the European Union. The agreement unleashes wide-ranging possibilities for the country, as it implies extensive expert, financial, and technical assistance to support economic stability and institutional development in Armenia. It will gradually enable improvements in the investment climate in the country for foreign investors and will form a basis for the further deepening of trade and financial ties between Armenia and the EU.

# 1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

The population of Armenia is small, shrinking, and ageing. Between 2011 and 2017, it fell from 3 018 900 to 2 986 100 people. This trend is caused by a combination of decreasing fertility and increasing migration that poses a critical challenge to the future of human capital and skills in the country. The fertility rate has fallen from 2.62 children per woman in 1990 to 1.64 in 2016<sup>1</sup>. The number of young people has been decreasing since the early 2000s; the overall decline amounts to around 30%, strongly contributing to the overall population decrease. The relative size of the youth population (aged 15–24) is also falling, from 22.5% in 2012 to 17.2% in 2017. This negative trend is exacerbated by the increasing and permanent emigration of young people. Estimates say that if the current trends of births, deaths, and leaving the country continue, Armenia's population will decrease by 860 000, becoming about 2.14 million by 2040<sup>2</sup>.

Armenia has one of the highest emigration rates in the world. Data from the United Nations indicate that there were an estimated 937 000 Armenian migrants in 2015, equivalent to 31.1% of the country's total population. Russia remains the most common destination country, receiving 45% of Armenia's emigrants. The country is also considered to be among the 15 largest remittances recipients in the world<sup>3</sup>. The remittances play an important role in the household economies and employment choices. In 2017, a revival of growth in household consumption was supported by a 14.6% rise in money transfers from abroad. Poverty and the lack of employment are the main drivers for emigration and the main group of emigrants is low-skilled.

Armenia is a lower middle-income country, vulnerable to external shocks. It is characterized by a serious socioeconomic divide between regions, as well as rural and urban settlements. Despite macroeconomic progress and the implementation of structural reforms during the last decade, growth has been weak and uninclusive, and a rising state debt has strained the government budget, hindering the implementation of adequate national social safety nets. Although the importance of the agricultural sector has been declining, it remains essential for the Armenian economy and accounted for 17.8% of the GDP in 2016. The sector suffers from low cultivation of arable land (30% of the land is not used), limited resources, and low growth potential. The industrial sector contributed 27.5% to the GDP in 2016 (of which one-fifth is the construction subsector). The service sector has been growing in recent years and contributed 54.7% to the GDP in 2016. New sectors, such as information and communications technology (ITC), jewellery making (particularly because of the size of the country's diamonds), and tourism, are beginning to expand.

After a weak period that saw GDP growth slow from 3% in 2015 to 0.2% in 2016, driven by a decline in the construction and agriculture sectors and Russia's economic downturn, Armenia rebounded strongly in 2017 with growth of 7.5%. This positive development was linked to high copper prices, increased remittances, particularly due to the moderate recovery in Russia, and expansionary monetary policy. According to World Bank estimates, the economic outlook remains positive. On the back of sustained favourable external economic conditions and subject to robust structural reforms,

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<sup>1</sup> *The Demographic Handbook of Armenia 2017*, [http://www.armstat.am/file/article/demog\\_2017\\_3.pdf](http://www.armstat.am/file/article/demog_2017_3.pdf)

<sup>2</sup> <https://www.azernews.az/aggression/124597.html>

<sup>3</sup> OECD/CRRRC-Armenia, *Interrelations between Public Policies, Migration and Development in Armenia*, OECD Development Pathways, 2017, <https://www.oecd-ilibrary.org/docserver/9789264273603-en.pdf?expires=1536230518&id=id&accname=guest&checksum=2B73223A66DF8C7D8FA644E1FD9C1E2B>

medium-term growth is forecast to be around the potential growth rate of 4%, based on private sector, export-led activity. In particular, the agribusiness, ICT, and tourism sectors are expected to deliver solid growth as efforts to increase competitiveness and connectivity start to deliver results<sup>4</sup>.

Over the last decade, Armenia has made considerable efforts to upgrade its commercial, administrative, tax, and financial legislation and to improve its business environment. Armenia is ranked 47th among 190 economies in the World Bank's 2018 *Doing Business* Report<sup>5</sup>. This ranking however, represents a drop from 38th position in 2016. Armenia's overall competitiveness was ranked 79th in 2016–2017, which is a marked improvement from its ranking at 85th position in 2014–2015<sup>6</sup>.

Even though poverty reduction has been a strong focus of the government since the 1990s, 29.4% of Armenians are still living in poverty, with 1.8% in extreme poverty, and the levels of poverty have not sunk to the former lowest level of poverty in 2008. An alarming characteristic of poverty in Armenia is the fact that around 25% of the poor adults are employed people: although they work and receive a (low) salary, they are still poor. This may be an indicator of a number of drawbacks in the economy, such as inefficiencies in the labour market, low labour productivity, and low wages, including the low economic participation rate of women.

## 2. EDUCATION AND TRAINING

### 2.1 Trends and challenges

Public expenditure on education is low and the share of public expenditure on education in the GDP has been fluctuating in the recent years, from a highest point of 3.2% in 2010 to the lowest of 2.2% in 2014, rising to 2.8% in 2016. While general education, which is already performing efficiently, constitutes 66% of the education budget, public spending is lower in pre-primary (0.5%), vocational (7.3%), and tertiary (9.1%) education. Consequently, the coverage of early childhood education is very low, with rural areas most disadvantaged and vocational education threatening to become obsolete<sup>7</sup>.

Despite relatively low expenditure on education, the overall educational attainment level of the economically active population is high. In 2016, 67.9% of the active population had attained medium-level education, 23.5% high-level, and 8.7% low-level. The level of educational attainment has been steadily increasing over recent years, as the share of the population with high (21.2% in 2012) and middle (66.9% in 2012) levels of educational attainment has risen and the share with a low level of educational attainment has fallen (11.9% in 2012). However, while the overall share of the population with medium-level education has increased, the share with vocational education decreased from 26.3% in 2012 to 23.6% in 2016. This suggests that there is a demand for middle-level skills but that it is not directed towards vocational education.

The education sector of Armenia comprises pre-school, basic and upper secondary education, preliminary and middle vocational education and training (VET), and higher education. Armenia has

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<sup>4</sup> <http://www.worldbank.org/en/country/armenia/overview>

<sup>5</sup> <http://www.doingbusiness.org/reports/global-reports/doing-business-2018>

<sup>6</sup> World Economic Forum, *The Global Competitiveness Report 2016–2017*; <https://www.weforum.org/reports/the-global-competitiveness-report-2016–2017-1>

<sup>7</sup> <http://documents.worldbank.org/curated/en/476801500273475872/pdf/117478-WP-P162262-PUBLIC-WBArmeniaEducationInternalStudyMay.pdf>

made considerable progress in improving access to general education. Enrolment in primary and secondary education is relatively high, with gross enrolment rates at 94.34% in 2016 and 86.04% in 2015. The rate of transition from primary to secondary education is also high (98.48% in 2015), and this is in line with similar trends in further education, where the gross enrolment rate in tertiary education reached 51.08% in 2016<sup>8</sup>.

At the same time, the share of students in VET as a percentage of total upper secondary students is relatively low (26.2% in 2016). Although the share of VET students has been steadily increasing over recent years, the total number of students enrolled in VET has decreased (from 25 281 in 2015 to 19 563 in 2016). The issue of rising share and declining numbers is caused by the ageing trend in the population, which has seen a decline in the young population.

According to the National Statistical Service of Armenia there is an overall decline in the number of enrolled students and graduates at all levels of education, particularly affecting rural areas. In general education the number of enrolled pupils in urban areas increased from 223 800 to 230 500 between 2012/13 and 2016/17. But in rural areas there is an opposite trend, with a visible decline from 144 900 pupils to 134 400 in the same period<sup>9</sup>.

Student achievement, particularly in mathematics and science, points to issues with quality in general education. Armenia participated in the Trends in International Mathematics and Science Study (TIMSS) in 2003, 2007, and 2011. The achievement level in TIMSS 2011 lags behind those of the comparator countries: Armenia outperformed only Georgia in this group and was slightly below the international average of 500. These findings indicate that near-universal access to general education has not necessarily translated into widespread high student achievement. Regular participation in such international student assessments will help Armenia to benchmark its success and use the learnings to improve policy-making<sup>10</sup>.

## 2.2 Education and training policy and institutional setting

The education system is currently undergoing structural, content-related, and administrative reforms. The Armenia Development Strategy (ADS) 2014–2025<sup>11</sup>, which is the country's main socioeconomic development strategy and the basis for medium-term, sectoral, and other programme documents, identifies the education sector as a fundamental resource for the sustainable development of the country. Increasing the sector's quality, effectiveness, relevance and access, at all levels are main priorities.

The government's programme for the period 2017–2020<sup>12</sup> sets up a detailed action plan for five years, including activities aimed at developing an advanced education system that fully serves national interests and reflects the relevance of education to future expectations as regards economic and social development. Within this framework, the draft Law on Approving Armenia's State Education Development Programme up to 2030 was elaborated and approved by the government in 2017, and

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<sup>8</sup> <http://uis.unesco.org/country/AM>

<sup>9</sup> ETF, *Mapping youth transitions to work in Eastern Partnership Countries*, Armenia Country Report, 2018 (forthcoming).

<sup>10</sup> <http://documents.worldbank.org/curated/en/476801500273475872/Armenia-Reducing-poverty-and-improving-shared-prosperity-through-better-jobs-skills-and-education>

<sup>11</sup> [https://eeas.europa.eu/sites/eeas/files/armenia\\_development\\_strategy\\_for\\_2014-2025.pdf](https://eeas.europa.eu/sites/eeas/files/armenia_development_strategy_for_2014-2025.pdf)

<sup>12</sup> <http://www.gov.am/files/docs/2219.pdf>

was submitted to the National Assembly for adoption in 2018<sup>13</sup>. Since 2017, the Ministry of Education and Science (MoES) has been developing a new VET Strategy 2019–2023, expected to be finalised by the end of 2018. It envisages an updated concept of social partnership by focusing on stronger collaboration of the VET system with sectoral organisations and the development of local business–VET partnerships. The higher education development strategy is also in the process of being drafted.

The education system in Armenia is regulated by three main laws: the Law on Education (1999), the Law on Higher and Postgraduate Vocational Education (2004), and the Law on Preliminary (Craftsmanship) and Middle Vocational Education (2005). In accordance with the developments and reforms in the education system, the laws have been amended several times. The higher education system reform expert group has completed drafting the Law on Higher Education. This bill is now in the National Assembly. In addition, individual areas, such as quality assurance, the national qualifications framework (NQF), and the system of accumulation and transfer of academic credits, are regulated by a range of sub-legislative acts. The NQF was revised and updated in 2016 with new definitions for each level. To develop the NQF further, the MoES is working on the development of a credit system and the revision of qualifications. Work is in progress to select an institution for the revision of subject syllabuses and standards.

Although some progress has been achieved at the policy level, at the structural level VET continues to face critical constraints. These include very low levels of funding, apparently insufficient to enable the system to develop, and an overall negative perception of VET by students and their parents, who see this kind of education as a last resort for the weakest students. The overall aim of the reforms is therefore to improve the reputation of VET. In the context of the VET optimisation process, 17 VET colleges are being rehabilitated and transformed into regional centres of excellence. These centres will promote the implementation of multi-level educational programmes, in line with the directions of development of the regions or industrial sectors, or both. It is envisaged that quality management centres will be established to support the network of the centres of excellence and share information on the outcomes of the programmes with VET institutions, so as to inform the implementation of internal quality assurance systems.

A new teacher training and grading system was introduced in 2017 and has been coordinated by the National Institute of Education. As a result, about 7 000 new teachers were trained; 500 existing teachers were awarded the title of first-grade teacher, and 30 teachers that of second-grade teacher, after attestation. Aimed at raising teachers' professionalism, the programme is implemented in cooperation with the World Bank<sup>14</sup>. In the VET system, staff development is being coordinated by the National Centre for Professional Education Quality Assurance and the National Centre for Vocational Educational Development. In the last two years, 184 staff, including directors, deputy directors, and collegiate management board members, have participated in retraining, while, more broadly, 2 500 professional staff, including teachers, assistants, and other educational professionals working in the system, have been trained.

The government is giving high priority to the development of a system of work-based learning (WBL). The Programme of Preliminary and Middle Professional Education and Training Development for 2017–2021 recognises WBL for the first time as a tool for increasing the attractiveness of VET and its relevance to the needs of the regions and the agriculture sector, and also envisages concrete actions

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<sup>13</sup> <http://www.gov.am/en/news/item/9309/>

<sup>14</sup> <http://www.gov.am/en/news/item/9309/>

to develop WBL in the VET sector<sup>15</sup>. With support from the German Agency for International Cooperation (GIZ) dual education is being piloted in four sectors (ICT, tourism, winemaking, and agriculture). Although WBL is a priority for both the MoES and the Ministry of Labour and Social Affairs (MoLSA), the coordination between them is rather weak, since the two ministries are approaching the policy issue from different perspectives. A significant development in 2017 was the creation of a national working group on WBL by the MoES, which involves key stakeholders, including the MoLSA, employers, donors, and public VET providers. The working group is currently working on a concept paper on the development of WBL in Armenia and priority actions for the period 2019–2023. Its finalisation is expected by the end of 2018.

In addition to these emerging policy perspectives, entrepreneurial learning is recognised as a strategically important area in Armenia. The government is introducing modules for key competences in entrepreneurship across all levels of formal education. A module for entrepreneurship, covering a series of skills relevant to starting a business, has been developed and will be compulsory in all vocational education. By the end of 2019, the government has further plans to develop and introduce state education (qualification) standards and a relevant syllabus in VET, including the teaching of entrepreneurship as a core subject. An additional feature that will take shape more concretely in the future is a stronger focus on investment in internet-based educational technology to support learning in the VET sector. This will require the application of new methods and mechanisms, the capacity building of specialists, and increased access to learning, contributing to the formation of an open educational space.

Responsibility for the management of the education system is distributed among a number of institutions, all of which are subordinate to the MoES. These are:

- the National Institute of Education;
- the Inspectorate of Education;
- the National Centre for Educational Technologies;
- the Assessment and Testing Centre;
- the National Information Centre for Academic Recognition and Mobility;
- the National Centre for Vocational Education and Training Development;
- the The National Centre for Professional Education Quality Assurance;
- the National Training Fund.

The EU has been the main donor in the field of VET reform in Armenia since 2003. More recently, this has been carried out through Sector Policy Support Programmes (SPSPs), which also cover support to VET development. In 2016, the EU extended financial assistance of EUR 3.75 million to enhance VET capacity. A new EUR 23 million EU4Innovation initiative will concentrate on enhancing education, focusing on science, technology, engineering and mathematics. In addition, Social Innovations for Vocational Education and Employability of Young People with Disabilities (SIVEE), a project financed by the EU and implemented by Save the Children Armenia, fosters equal employment opportunities for youth with disabilities through promoting social innovation in the VET sector.

The World Bank's Education Improvement Project (2014–2018) aims at improving the school readiness of children entering primary education, improving the physical conditions and availability of

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<sup>15</sup> ETF, *Mapping youth transitions to work in Eastern Partnership Countries*, Country Report, 2018 (forthcoming).

educational resources in upper secondary schools, and supporting improved quality and relevance in higher education institutions in Armenia<sup>16</sup>.

## 3. LABOUR MARKET AND EMPLOYMENT

### 3.1 Trends and challenges

A declining demand for labour is characteristic of the Armenian labour market. Activity and employment rates are low and trending downward. The activity rate decreased from 62.7% in 2012 to 61% in 2016. There is a large discrepancy between male and female labour market participation, with the female activity rate at 52.5% and the male rate at 71.3% in 2016. The employment rate also decreased in the same period from 51.9% to 50% (58.4% for men and 43.2% for women in 2016). The rate of employment by educational attainment has slightly decreased for medium-skilled and low-skilled workers but has increased for those with higher education.

The unemployment rate is high. After peaking at 18.5% in 2015, unemployment declined slightly to 18% in 2016, due to difficult labour market conditions and an unfavourable external environment. There is a slight difference between the male and female unemployment rates (18.1% and 17.8% respectively in 2016). Long-term unemployment increased from 9.1% in 2012 to 10.6% in 2016. The youth unemployment rate is much higher than the overall unemployment rate: it jumped from 32.5% in 2015 to 36.6% in 2016 and was particularly high for young women (46% in 2016). This is a reversal of the trend in 2014–2015, when the youth unemployment rate was declining. It is likely that the increase was largely due to the low growth of 0.2% in 2016. The 2017 figure will be reported by the national statistics service in late 2018. This may show a decline in the youth unemployment rate following the very strong growth of 7.5% in 2017.

The proportion of young people not in employment, education or training (NEET) is also high. Although the overall NEET rate fell from 36.8% in 2012 to 28.5% in 2016, it showed only a marginal decrease for young women, from 39.3% in 2012 to 37.8% in 2016. Recent studies by the International Labour organization (ILO) and the World Bank also point to relatively high youth labour underutilisation (47.5% in 2014). The share of underutilised labour potential consisted of 10.9% of the youth population in irregular employment (either in self-employment or paid employment with labour contracts of less than 12 months), 18.9% unemployed, and 17.7% inactive non-students<sup>17</sup>.

Trends in broad sectoral employment remain consistent with an ongoing rise in the percentage of the labour force employed in the services sector (from 45% in 2012 to 50.6% in 2016) and falling employment shares in the agricultural and industry sectors (from 37.3% to 33.6% and from 17.7% to 15.8% respectively between 2012 and 2016). The high level of self-employment (41.9% in 2016) is mainly shaped by a high proportion of people working in the agriculture sector as ‘own-account workers’. Because employment in agriculture accounts for such a large share of total employment, productivity is very low; shifting towards export-oriented services, therefore, may substantially improve economic outcomes. Labour market targets include reducing the share of employment in agriculture over time, and increasing the share of employment in the industry and construction sectors.

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<sup>16</sup> <http://pubdocs.worldbank.org/en/703481524127033315/Armenia-Project-Pagers-April-2018-FINAL.pdf>

According to both the ILO school-to-work transition surveys (2014 and 2016) and the STEP skills measurement survey carried out by the World Bank in 2014, the main types of skills mismatch in Armenia are overqualification, underqualification, and gaps with regard to particular skills. The ILO's 2016 survey estimated that overqualification affects 19.6% of young workers and underqualification affects 10.1%.<sup>18</sup> Significant gap exists between the quality and competence of the skills needed by the economy and what is actually supplied by the current educational system. According to the World Bank report<sup>19</sup>, a majority of employers report that the education system does not produce the high levels of cognitive, non-cognitive, and job-related skills required of workers; this is especially true in the growing sectors of the economy, such as the ICT and high technology industries.

### 3.2 Employment policy and institutional setting

The ADS 2014–2025 has as its main objective an increase in employment through the creation of high-quality, well-paid jobs. It underlines the importance of introducing new policies to promote employment (especially aimed at the creation of new jobs) and of addressing the peculiarities of regional development. The government programme for the period 2017–2022 aims to enhance the integrity of state policy on sustainable employment by introducing new programmes to improve the socio-demographic situation, prevent emigration, raise the level of competitiveness of young people and persons with disabilities in the labour market, involve young, competent professionals in the field of public administration, and effectively fill employers' vacancies.

The National Employment Strategy 2013–2018 shapes employment policy in Armenia. The strategy is currently being reviewed and the new government is willing to adjust its policy arrangements. The forthcoming employment strategy needs to be linked with other policies, such as those on youth and migration, and also needs to reinforce inter-ministry cooperation and coordination in policy implementation.

The MoLSA is the main governmental body which elaborates and implements policies in the labour and social security sectors. The State Employment Agency (SEA), operating through its 51 local centres, provides employment services to job seekers, including intermediation services and career information and guidance. It also organises job fairs and provides professional training for unemployed people. In 2017, the SEA launched an improved online system for matching job seekers and job vacancies. In 2018, a new programme was introduced to support young unemployed mothers to (re)-enter the labour force through the acquisition of professional experience combined with a support for childcare (for children up to three years of age). This will help to address the high NEET rate of young women. Further support to capacity building in the SEA is necessary to provide well-targeted services to job seekers, particularly the long-term unemployed and the informally employed, as the labour market improves.

Young people are an important target group for the SEA. According to data from the SEA, in the period 2015–2017 around 7 030 young people benefited from various measures of state employment programmes, yet this figure represents only a small part of the total registered unemployed youth (12% in 2015, 20% in 2016). In 2017, for exceptional reasons, Armenia substantially downsized funding for the state employment programme and the total number of participants dropped to

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<sup>18</sup> [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/documents/publication/wcms\\_537747.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_537747.pdf)

<sup>19</sup> <http://documents.worldbank.org/curated/en/476801500273475872/pdf/117478-WP-P162262-PUBLIC-WBArmeniaEducationInternalStudyMay.pdf>

approximately 2 500 (one-fifth of the previous year's total)<sup>20</sup>. In 2018, the programme is expected to regain its full capacity.

A new monitoring system was adopted in 2016, together with monitoring indexes, to evaluate the implementation of state employment programmes. This mechanism is considered essential for the assessment of effectiveness, better targeting, and provision of an adequate resource base. Targets for job placement are defined so as to guide the performance of the SEA's offices throughout the country: the new target set for 2018 is 15%.

In Armenia, there is a strong trend towards the integration of social support services. The MoLSA is developing and operationalising a network of integrated services delivery centres. The focus is currently on the regions outside the capital city, Yerevan. The centres are designed to link different services and integrate them in a single package of assistance according to client needs. At present these services include community health assistance, disability services assistance, and support for veterans. By 2020, the centres for integrated social services are to be transferred to local communities. In the future, their services may be extended to include career guidance and employment services.

Armenia has developed a sustainable national approach and instruments for career guidance, building on the Methodology Centre under the auspices of the MoLSA. All higher education institutions run career centres to support students and graduates in their transition to work. Nonetheless, the effectiveness of these services depends on the availability and use of more and better information about skills, labour market dynamics, job vacancies, and recruitment practices.

In recent years, the National Statistical Service has been publishing more data on the labour market, education, youth school-to-work transition, and more recently also on skills mismatch. The current approaches for monitoring labour market developments include 'barometer' analyses conducted by the SEA, based on employer surveys and unemployment records, as well as annual research carried out by the MoLSA through interviews with employers. The National Institute of Labour and Social Research produces short sector portraits and conducts analyses on specific issues of labour market and skills development. Other research centres contribute to these analyses. In addition, there are ad-hoc surveys by VET institutions, employer associations and, occasionally, international institutions. Despite the improvements in the availability of statistical data, however, the skills intelligence system remains fragmented and uncoordinated, which prevents the development of more systematic and sustained flows of analysis and indicators. There is scope for improvement through the development of a more coordinated approach involving key data providers equipped with the analytical capacity to establish a labour market information system.

The EU-funded programme Better Qualifications for Better Jobs, with a budget of EUR 15.2 million for the years 2017–2019, seeks to improve the efficiency of Armenia's labour market and the employability of its workforce, with a particular emphasis on agricultural employment. The programme will support in-depth sector analyses with a focus on skills. Since 2014 Armenia has been participating in the activities of the ETF Make it Match project, which targets capacity building and the sharing of international experience on skills anticipation and forecasting.

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<sup>20</sup> ETF, *Mapping youth transitions to work in Eastern Partnership Countries*, Country Report, 2018 (forthcoming).

# ARMENIA: STATISTICAL ANNEX

Annex includes annual data from 2012, 2016 and 2017 or the last available year

	Indicator	2012	2016	2017	
1	Total Population (000)	3021	2999	2986	
2	Relative size of youth population (age group 15-24) (%)	22.5	18.4	17.2	
3	Youth Dependency ratio (%)	27.9	28.9	M.D.	
4	Old Dependency ratio (%)	15.5	16.0	M.D.	
5	Global Competitive Index	Rank	82	79	73
		Score	4.0	4.0	4.2
6	GDP growth rate (%)	7.2	0.2	M.D.	
7	GDP per capita (PPP) (current international \$)	7649	8833	M.D.	
8	GDP by sector (%)	Agriculture added value	20.1	17.7	M.D.
		Industry added value	31.2	27.5	M.D.
		Services added value	48.8	54.8	M.D.
9	Poverty headcount ratio at \$1.9 a day (2011 PPP) (%)	1.6	1.8	M.D.	
10	Gini index (%)	29.6	32.5	M.D.	
11	Educational attainment of adult population (aged 25-64 or 15+) (%) <sup>(2)</sup>	Low <sup>(3)</sup>	11.9	8.7	M.D.
		Medium <sup>(4)</sup>	66.9	67.9	M.D.
		High <sup>(5)</sup>	21.2	23.5	M.D.
12	Gross enrolment rates in secondary education (%)	M.D.	86.0 (2015)	M.D.	
13	Share of VET students in secondary education (%)	8.5 (2011)	10.5 (2015)	M.D.	
14	Gross enrolment rates in upper secondary education (%)	102.1 (2011)	89.8 (2015)	M.D.	
15	Share of VET students in upper secondary education (%)	20.9	26.2	M.D.	
16	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.	N.A.	N.A.
		Mathematics	N.A.	N.A.	N.A.
		Science	N.A.	N.A.	N.A.
17	Participation in training/lifelong learning (age group 25-64) by sex (%)	Total	M.D.	M.D.	M.D.
		Male	M.D.	M.D.	M.D.

	Indicator		2012	2016	2017
		Female	M.D.	M.D.	M.D.
18	Early leavers from education and training (age group 18-24) by sex (%)	Total	M.D.	M.D.	M.D.
		Male	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.
19	Activity rates by sex (aged 15+) (%) <sup>(1)</sup>	Total	62.7	61.0	M.D.
		Male	72.1	71.3	M.D.
		Female	55.2	52.5	M.D.
20	Employment rates by sex (aged 15+) (%) <sup>(1)</sup>	Total	51.9	50.0	M.D.
		Male	60.2	58.4	M.D.
		Female	45.2	43.2	M.D.
21	Unemployment rates by sex (aged 15+) (%) <sup>(1)</sup>	Total	17.3	18.0	M.D.
		Male	16.5	18.1	M.D.
		Female	18.2	17.8	M.D.
22	Unemployment rates by educational attainment (aged 15+) (%) <sup>(1) (2)</sup>	Low <sup>(3)</sup>	13.8	14.7	M.D.
		Medium <sup>(4)</sup>	17.4	18.6	M.D.
		High <sup>(5)</sup>	18.2	17.1	M.D.
23	Youth unemployment rates by sex (aged 15-24) (%)	Total	35.4	36.6	M.D.
		Male	31.5	29.8	M.D.
		Female	40.7	46.0	M.D.
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%) <sup>(1) (2)</sup>		52.7	58.9	M.D.
25	Long-term unemployment rate (aged 15+) (%) <sup>(1) (2)</sup>		9.1	10.6	M.D.
26	Incidence of self-employment (%) <sup>(1) (2)</sup>		43.5	41.9	M.D.
27	Share of the employed in a public sector (%) <sup>(1)</sup>		22.7	24.3	M.D.
28	Employment by sector (%) <sup>(1) (2)</sup>	Agriculture	37.3	33.6	M.D.
		Industry	17.7	15.8	M.D.
		Services	45.0	50.6	M.D.
29	Employment in the informal sector <sup>(1) (7)</sup>		50.1	46.6	M.D.
30	Proportion of people aged 15–24 not in employment, education or training (NEETs), by sex (%) <sup>(6)</sup>	Total	36.8	28.5	M.D.
		Male	34.3	19.5	M.D.
		Female	39.3	37.8	M.D.

	Indicator	2012	2016	2017
31	Public expenditure on education (as % of GDP)	2.8	2.8	M.D.
32	Public expenditure on education (as % of total public expenditure)	12.4	10.2	M.D.
33	Skill gaps (%)	N.A.	6.3 (2013)	M.D.
34	The share of SMEs in GDP (%)	M.D.	M.D.	M.D.
35	The share of SMEs in employment (%) <sup>(8)</sup>	26.8	M.D.	M.D.

Last update: 19/06/2018

**Sources:**

Indicators 1, 2, 11, 15, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30 - National Statistical Service of the Republic of Armenia

Indicators 3, 4, 6, 7, 8, 9, 10 - The World Bank, World Development Indicators database

Indicator 5 - World Economic Forum

33 - OECD Statistical database

12, 13, 14, 31, 32 - UNESCO, Institute for Statistics

35 – OECD/European Union/EBRD/ETF (2015), SME Policy Index: Eastern Partner Countries 2016: Assessing the Implementation of the Small Business Act for Europe, OECD Publishing, Paris.

**Legend:**

N.A. = Not Applicable

M.D. = Missing Data

**Note:**

LFS data for 2017 will be published in DECEMBER 2018

(1) Age range 15-75

(2) ETF calculation

(3) Low = Primary and lower, General basic

(4) Medium = General secondary, Vocational, Secondary specialized

(5) High = Tertiary, post-graduate

(6) 2016: Participation in education in the week prior to the survey is considered.

(7) Data refer to the informal employment rate defined as the share of employed holding informal jobs among total employment.

(8) Data related to SMEs include enterprises below 250 employees as well as individual entrepreneurs.

## ANNEX: INDICATORS' DEFINITIONS

	Description	Definition
1	Total population (000)	The total population is estimated as the number of persons having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, legal or registered residents can be considered.
2	Relative size of youth population (age group 15-24) (%)	The ratio of the youth population (aged 15–24) to the working-age population (usually aged 15–64 or 15–74).
3	Youth Dependency ratio (%)	The ratio of younger dependants (people younger than 15) to the working-age population (those in the 15–64 age group).
4	Old Dependency ratio (%)	The ratio of older dependants (people older than 64) to the working-age population (those in the 15–64 age group).
5	Global Competitiveness Index	The Global Competitiveness Index assesses the competitiveness landscape providing inside into the drivers of countries' productivity and prosperity. It expressed as scores on a 1 to 7 scale, with 7 being the most desirable outcome.
6	GDP growth rate (%)	The annual percentage growth rate of GDP at market prices based on constant local currency.
7	GDP per capita (PPP) (current international \$)	The market value of all final goods and services produced within a country in a given period of time (GDP), divided by the total population, and converted to international dollars using purchasing power parity (PPP) rates.
8	GDP by sector (%)	The share of value added from Agriculture, Industry and Services.
9	Poverty headcount ratio at \$2 a day (PPP) (%)	The percentage of the population living on less than \$2.00 a day at 2005 international prices.
10	Gini index (%)	Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality.
11	Educational attainment of adult population (25-64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group.
12	Gross enrolment rates in secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
13	Share of VET students in secondary (%)	The proportion of VET students in secondary education out of the total number of pupils and students in secondary education (general + VET)
14	Gross enrolment rates in upper secondary education (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
15	Share of VET students in upper secondary education (%)	The proportion of VET students in upper secondary education out of the total number of pupils and students in upper secondary education (general education + VET)

	Description	Definition
16	Low achievement in reading, maths and science – PISA (%)	The share of 15-years-olds falling to reach level 2 in reading, mathematics and science.
17	Participation in training/lifelong learning (age group 25-64) by sex (%)	The share of persons aged 25–64 who stated that they received education or training in the four weeks preceding the (LFS) survey.
18	Early leavers from education and training (age group 18-24) by sex (%)	The percentage of the population aged 18–24 with at most lower secondary education who were not in further education or training during the four weeks preceding the (LFS) survey. Lower secondary education refers to ISCED 1997 level 0–3C short for data up to 2013 and to ISCED 2011 level 0–2 for data from 2014 onwards.
19	Activity rates by sex (aged 15+) (%)	Activity rates represent the labour force as a percentage of the population of working age.
20	Employment rates by sex (aged 15+) (%)	Employment rate represents persons in employment as a percentage of the population of working age.
21	Unemployment rates by sex (aged 15+) (%)	Unemployment rate represents unemployed persons as a percentage of the labour force.
22	Unemployment rates by educational attainment (aged 15+) (%)	Educational levels refer to the highest educational level successfully completed. Three levels are consider: Low (ISCED level 0-2), Medium (ISCED level 3-4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8)
23	Youth unemployment rates by sex (aged 15-24) (%)	Youth unemployment rate represents young unemployed persons aged (15-24) as a percentage of the labour force (15-24).
24	Proportion of long-term unemployed out of the total unemployed (aged 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of unemployed persons aged 15+.
25	Long-term unemployment rate (age 15+) (%)	Number of unemployed persons aged 15+ who are long-term unemployed (12 months or more) as a percentage of the labour force aged 15+.
26	Incidence of self-employment (%)	The share of self-employed as a proportion of total employment. Self-employment includes employers, own-account workers, members of producers' cooperatives and contributing family workers.
27	Share of the employed in a public sector (%)	The share of employed in a public sector as a proportion of total employment.
28	Employment by sector (%)	The share of employed in Agriculture, Industry and Services.
29	Employment in the informal sector	Share of persons employed in the informal sector in total non-agricultural employment.
30	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The percentage of the population of a given age group and sex who is not employed and not involved in further education or training.
31	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit

	Description	Definition
		organisations. Both types of transactions together are reported as total public expenditure on education.
32	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations. Both types of transactions together are reported as total public expenditure on education.
33	Skill gaps (%)	The percentage of firms identifying an inadequately educated workforce as a major constraint.
34	The share of SMEs in GDP (%)	The share of GDP contributed by small and medium businesses.
35	The share of SMEs in employment (%)	The share of persons employed in small and medium businesses.





FOR FURTHER INFORMATION ABOUT  
OUR ACTIVITIES PLEASE CONTACT:  
COMMUNICATION DEPARTMENT  
EUROPEAN TRAINING FOUNDATION  
VIALE SETTIMIO SEVERO 65  
I - 10133 TORINO  
E: [INFO@ETF.EUROPA.EU](mailto:INFO@ETF.EUROPA.EU)  
T: +39 011 6302222  
F: +39 011 6302200  
[WWW.ETF.EUROPA.EU](http://WWW.ETF.EUROPA.EU)