

YOUTH TRANSITION TO WORK IN ARMENIA

Report drafted by Arman Sargsyan, national expert, and Eduarda Castel-Branco, ETF expert.

The contents of this report are the sole responsibility of the authors and do not necessarily reflect the views of the ETF or the EU institutions.

© European Training Foundation, 2019

Reproduction is authorised, provided the source is acknowledged.

PREFACE

Young people are key to a more sustainable political, economic and social future in the Eastern Partnership (EaP) region, of which Armenia is a partner country.

In 2015 the Joint Communication of the European Commission on the Review of the European Neighbourhood Policy (European Commission, 2015) stated that the European Union (EU) would consult partners on the establishment of a panel on youth employment and employability within the EaP region.

The importance of youth in the multilateral policy dialogue and activities of the EaP has increased, as acknowledged by the Joint Declaration of the Brussels Eastern Partnership Summit of 24 November 2017 (Council of the European Union, 2017).

The summit participants welcomed the *20 Deliverables for 2020* (European Commission, 2017), which aims to achieve tangible results in a transparent and inclusive manner, and looks forward to intensifying cooperation in the revised multilateral structure of the EaP (Platforms), which will better support the political objectives and the cooperation among partners. Participants reaffirmed the importance of people-to-people contacts as an essential means to bring societies closer together, through education and training, youth, cultural and scientific exchanges, and mobility. The Joint Declaration states that investment in young people's skills, entrepreneurship and employability will be substantially strengthened, notably with a reinforced Youth Package presented by the EU under the EU4Youth initiative, which will include a new mobility scheme for young people and targeted actions through youth engagement roadmaps, with a particular focus on leadership, mobility and the quality of formal and non-formal education.

Youth is one of the areas to receive EU funding in the European Neighbourhood in the period 2014–20. Discussions in the Eastern Partnership Youth Forum have called for increased action to foster youth employability and employment, education, volunteering and participation/cooperation. In line with this, in 2016 the European Commission decided to develop the EU4Youth programme (2017–20), covering all countries in the EaP, and to set up a specific EaP Youth Panel.

The objectives of the EU4Youth programme are to:

- increase the employability and participation of young people in society and the economy;
- support young people to become active citizens and entrepreneurs, and to develop skills;
- enable youth organisations to participate in the policy dialogue and to cooperate with public and private bodies and institutions, bringing together relevant authorities with other key stakeholders;
- support disadvantaged young people and women.

The EU4Youth programme consists of three components:

1. a capacity-building component for youth organisations, civil society organisations and private companies, as well as youth workers and leaders, under the Erasmus+ programme; 53 projects have been selected, including 20 for civil society fellowships and 15 for partnerships for entrepreneurship;
2. a grants scheme that supports educational opportunities and employment perspectives for young people through regional grants, with particular emphasis on disadvantaged groups; in March 2018 activities relating to five grants were officially launched, run by consortia of non-governmental

organisations (NGOs) from EU Member States and the EaP; Armenian organisations are participating in four of the five grants (EU Delegation to Armenia, 2018), focused on improving skills, entrepreneurship and employability;

3. a coordination component aimed at fostering synergies among the programme's elements, as well as among the EU4Youth and other actions targeting young people in the EaP region, and at ensuring coherent communication and visibility for the EU4Youth programme.

Armenia actively participated in the thematic activities on skills anticipation and matching organised under the work programme 2014–17 of Platform II of the EaP. The Make it Match network of the EaP and the related thematic and peer-learning activities were facilitated and coordinated by the European Training Foundation (ETF) for EaP Platform II.

In the EU, youth policies are highly visible and strategic. The objectives for youth¹ have long been a priority for the EU, which has developed youth policies to address multiple dimensions. In 2009 the European Council adopted the EU Youth Strategy (2010–2018), a framework for cooperation with two main objectives:

- to provide more and equal opportunities for young people in education and the labour market;
- to encourage young people to actively participate in society.

These objectives are pursued through a dual approach:

- specific youth initiatives targeted at young people to encourage non-formal learning, participation, voluntary activities, youth work, mobility and information;
- 'mainstreaming' cross-sector initiatives that ensure youth issues are taken into account when formulating, implementing and evaluating policies and actions in other fields that have a significant impact on young people, such as education, employment, and health and well-being.

The EU Youth Strategy proposes initiatives in eight areas:

- [employment and entrepreneurship](#),
- [social inclusion](#),
- [participation](#),
- [education and training](#),
- [health and well-being](#),
- [voluntary activities](#),
- [youth and the world](#),
- [creativity and culture](#).

To promote youth employment and entrepreneurship, the EU and its member countries work together to address the concerns of young people in employment strategies; invest in the skills that employers look for; develop career guidance and counselling services; promote opportunities to work and train abroad; support quality internships/apprenticeships; improve childcare and shared family responsibilities; and encourage entrepreneurship.

¹ The United Nations (UN), for statistical consistency across regions, defines 'youth' as those persons between the ages of 15 and 24 years, without prejudice to other definitions by Member States. All UN statistics on youth are based on this definition. At the national level, 'youth' may be understood in a more flexible manner. In some countries, youth is defined as those persons between the ages of 15 and 29, while in others, such as Azerbaijan, legislation defines youth as the population aged 14–29.

The Youth Employment Package (European Commission, 2012) is a highly strategic initiative comprising the Youth Guarantee (2013), the European Alliance for Apprenticeships (2014), and the Quality Framework for Traineeships. In December 2016 the European Commission adopted a [Communication on Investing in Europe's Youth](#), which proposed a renewed effort to support young people through access to employment, education and training, and youth mobility, solidarity and participation.

Attention to youth transition from education to work has also increased in the EaP countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine), as young people are increasingly facing difficulties in finding not only their way into the labour market but also their way in life in general and into adulthood. Within this context, in 2017 the ETF initiated a mapping of the policies and programmes implemented to promote better perspectives and outcomes for young people in the labour market and society. The aim is to support the countries' government institutions and stakeholders in the development of effective policies and structures to facilitate youth transition to work and foster youth employability.

This report is part of the ETF's regional initiative to map the policies and measures that support youth school-to-work transition in the EaP countries. It focuses in particular on describing the key policies and programmes that address the challenges of youth employability and the bottlenecks associated with the implementation of these measures in Armenia. The analysis was undertaken in the period March–December 2017, with a complementary review and updates in February–May 2018. The report is based on analysis of statistical data, review of existing studies and policy documents, and key informant interviews.

The preliminary findings were discussed at the validation workshop in Yerevan in November 2017. The final version of the document reflects the feedback received from key stakeholders and is presented below with chapters covering the youth labour market situation, the youth policy framework, overview of the youth-related measures implemented, and conclusions and recommendations.

The ETF would like to thank institutions and individuals in Armenia for sharing information and opinions on the topic and for actively participating in the validation workshop. The ETF is grateful to the National Statistical Service, and in particular to its Labour Market Statistics department, for contributing to the quality of this analysis by providing the valuable data tables used in Chapter 1 of this report, and other relevant inputs and comments.

National expert Arman Sargsyan drafted the report, under the guidance of the ETF. ETF expert Eduarda Castel-Branco supervised the work and substantially amended and updated the final version of the report.

CONTENTS

EXECUTIVE SUMMARY	7
1. YOUTH SITUATION IN THE LABOUR MARKET	12
1.1 Overview of the youth situation	12
1.2 Youth labour market situation	26
1.3 Characteristics of youth transition to work	38
2. YOUTH POLICY FRAMEWORK	44
2.1 Legal framework	44
2.2 Institutions and stakeholders	50
2.3 Skills intelligence	51
3. MEASURES SUPPORTING YOUTH TRANSITION TO WORK	52
3.1 Developing skills	52
3.2 Getting career information and guidance	56
3.3 Entering and staying in the labour market	57
4. MAIN CONCLUSIONS AND PERSPECTIVES	61
ANNEXES	65
Annex 1. Measures supporting youth transitions (implemented over the past three years)	65
Annex 2. Youth in total population, 2016	70
Annex 3. Employment by sector	71
Annex 4. Shares of the inactive, active, employed and unemployed population by educational attainment	73
Annex 5. Youth population by stage and subcategory of transition, 2012 and 2014	74
ACRONYMS	75
BIBLIOGRAPHY	76

EXECUTIVE SUMMARY

This report asserts that investing in youth employability is a major priority if Armenia wants to rebuild its economy, address the causes of its demographic decline, and maintain its orientation as a democratic society. Employment is a major priority in both the Armenia Development Strategy (ADS) 2014–2025 and the State Youth Strategy 2013–2017.

The events of May 2018 in Yerevan and other cities, which resulted in a change of government and the election of a new prime minister, attracted substantial support from Armenian youth, demonstrating their readiness to engage in civil and political life. The presidents of the European Council and the European Commission have sent messages of congratulation and look forward to strengthening relations with the new government, within the framework of the EU-Armenia Comprehensive and Enhanced Partnership Agreement (CEPA).

This report analyses important characteristics of youth transition to work in Armenia, and maps the policies and measures implemented to facilitate and foster skills development and matching, effective career guidance and entrance into the labour market of the population aged 15–29. The report outline is identical for all country reports for this ETF initiative, which is focused on policies and measures supporting youth transition to work in the countries of the EaP region.

Youth policy, institutions and measures

In November 2017, Armenia signed a CEPA with the EU. The agreement unleashes wide-ranging opportunities for the country, as it implies extensive expert, financial and technical assistance to support economic stability and institutional development in the country. It will gradually contribute to the consolidation of democracy, improve the investment climate and form a basis for further deepening of trade and financial ties between Armenia and the EU.

In 2014 the government adopted the Armenia Development Strategy (ADS, 2014–2025), in which employment and education feature as important priorities.

‘The overarching goal of the government long-term strategy is the permanent increase of the welfare of society. Taking into account the peculiarities of the current stage of development of the country, the increase of employment through creation of quality and high-productivity jobs is announced as the main objective of the strategy.’ (Government of the Republic of Armenia, 2014, p. 8)

The ADS 2014–2025 pursues four priorities, including employment (Priority 1) and human capital development, including education (Priority 2). The ADS recognises the particular challenges for young people in the labour market and underlines the need for better-targeted and better-informed policy measures to effectively address the challenges of youth employment and unemployment (Ibid., p. 60).

Armenia has prioritised the employment and socio-economic issues of young people in its State Youth Strategy 2013–2017. The implementation of the strategy has been completed and in June 2017 a new task force started the process of dialogue and preparation of the new phase of the strategy. The institutional setting of the State Youth Policy includes the Council of Youth Policy, the Institute of Youth Studies and the Youth Workers’ Institute, all established with support of the Ministry of Sport and Youth Affairs. Although the media coverage of the political events of May 2018 showed images of young people actively participating in the many public demonstrations, youth participation in civic and political life and in policy shaping is generally considered limited.

The State Employment Agency (SEA) implements a set of diverse employment programmes, and provides career information and guidance services and support in job placement to the population. Young people are important target users of these programmes and services, given that the youth age group is classified by law as being in the 'non-competitive' category.

According to data from the SEA for this report, in 2016–17 young people were overrepresented in these programmes (30–39% of beneficiaries) compared with the share of youth among those who are registered unemployed (approximately 24%). During the period 2015–17, approximately 7 030 young people benefited from various measures of the state employment programmes; nonetheless, this figure represents only a small proportion of the total youth registered unemployed (12% in 2015 and 20% in 2016). In 2017, for exceptional reasons, the country substantially downsized funding for state employment programmes and the total number of participants decreased to approximately 2 500 (around one fifth of the number in previous years). In 2018 the programme is expected to regain its full capacity.

In 2018 the government introduced a new programme that will support young unemployed mothers to (re)-enter the labour force, through the acquisition of professional experience combined with support for childcare (children up to the age of three). Such measures can better target one of the significant challenges highlighted in this report, namely the high rate of women in the age groups 20–24 and 25–29 who are not in education, employment or training (NEETs).

Government expenditure on education is very low, both as a share of gross domestic product (GDP) and as share of total government expenditure. In 2016 public expenditure on education as a share of GDP (2.75%) corresponded to only 58% of the similar indicator in the EU-28 (average: 4.7%). The corollary of this fact is a high level of private expenditure on one side, and persistent constraints with the quality of inputs and processes in education and training on the other. To succeed with the necessary boost to skills development and matching policies for better employment and citizenship, the education budget would need to be reinforced, as recognised by the ADS 2014–2025.

Among the education and training reforms that are under way, vocational education and training (VET) is a priority. Currently the VET system is small, as participation remains very limited in comparison with participation in higher education. The VET system needs to be made more attractive for young people and should be adapted to the needs of the economy. It is being structured around a network of regional VET colleges that will develop partnerships with vocational schools and employers in each of the 12 regions of the country, by strengthening the provision, focused on work-based learning, and by improving its quality. Partnerships with employers and improved services should have a positive impact on student enrolment. There is also a stronger focus on subnational development, reflecting a new balance between central and regional or local management.

Career guidance has developed a sustainable national approach and instruments, building on the Methodological Centre under the auspices of the Ministry of Labour and Social Affairs (MLSA). All higher education institutions run careers centres to support students and graduates in their transition to work. However, the effectiveness of these services depends on the availability and use of more and better information on skills and labour market dynamics, job vacancies and recruitment practices.

Despite the improvements in the availability of statistical data, the skills intelligence system and landscape remain fragmented and uncoordinated, preventing research initiatives and relevant databases from communicating with each other to produce more systematic and sustained flows of analysis and indicators. Armenia has actively participated in the EaP Make it Match network 2014–2017, facilitated by the ETF and dedicated to capacity building and peer learning on methods and systems for skills anticipation and matching. The country team in this network is aware of the need for

a coordinated approach involving key data feeders, equipped with the analytical capacity to operate as a type of observatory of labour market and skills.

Youth profile: demographics, education and labour market

This report finds that age, educational attainment, gender and the urban–rural divide are all important dimensions to take into account in analysing the youth transition to work, as they determine the direction of change of key indicators and the scale of the issues. In the period 2010–16, progress in such indicators as youth activity and employment rates and the length and effectiveness of transition to work are positively associated with higher educational attainment levels (ISCED 6–8). Women are visibly overrepresented among NEETs. Informal employment is much more entrenched and sizeable in rural than in urban Armenia. Measures of skills mismatch for young people point to a polarisation of skills demand.

Demography is a major issue for the future of the country. On January 2016, the total *de jure* population of the country was 2 998 600. This was a decrease of approximately 12 000 people compared with January 2015. The youth population represented around of 23% of this total. The gender distribution of the youth population is almost equal; 33.1% of the total young population live in Yerevan and 59.6% live in urban areas; 21.6% of the urban population are young people.

There has been a sizeable reduction in the youth population (15–29 years), and this signals significant problems for the future of society and Armenia’s economic resilience. This issue will remain a challenge for a range of government policies. The size of the youth population has a substantial influence on the demographic dynamics in the country: the number of young people decreased by 13.5% over the period 2011–16, and this contributed decisively to the downward demographic trend during the past five years.

This trend is partly explained by the high and growing permanent emigration rate of young people, in particular young women. This continuous outflow of young people poses critical challenges to the country’s future human capital and skills.

The overall educational attainment of the youth population (15–29 years) is relatively high, with a declining proportion of low educated individuals (14.6% in 2016), and a growing share of medium educated (general and secondary education) (54.1% in 2016). The proportion of young people with higher educational attainment (ISCED 6–8) decreased by 3.9 percentage points in the period 2013–16, but nonetheless remains significant (21.8% in 2016). The population as a whole (15–29 and 15–75 years) with secondary specialised education (classified by the NSS as ISCED 5) decreased continuously during the period 2010–16, falling to below 9.5% among young people. This decreasing trend in the share of young people with higher and secondary specialised education needs to be interpreted in the light of contextual factors, but at the same time it may signal an issue for the future of skills for employment and human capital. In comparative terms, it should be noted that the population aged 15–75 has slightly higher proportion (23.5% in 2016) of holders of higher education qualifications (ISCED 6–8), and lower shares of those with medium and lower levels of attainment.

The situation of vulnerability characterised by the NEETs rate affects women and the urban youth most severely. The total NEETs rate increased slightly between 2015 and 2016 (34.6%). It is highest among women in the age groups 25–29 (60.4% in 2016) and 20–24 (52.7% in 2016), and among urban youth aged 25–29 (46.2% in 2016). The NEETs rate for women is increasing and is twice as high as the rate for men (total, and by subgroups of age), reflecting a particular challenge for Armenian women that requires specific policy action.

The NSS reports that 40.6% of youth employment in 2016 was informal; the number of informal jobs for the age group 15–29 was 77 600 000, which represents 17% of total informal jobs (15–75). The informal employment rate was lower for young women than for men (37.8% and 42.3%, respectively). The most significant difference was between urban and rural areas: in urban Armenia the youth informal employment rate was below 20%, whereas in rural Armenia it exceeded 67%.

Although the educational attainment of young people is high, the labour market indicators remain problematic, despite the positive trends in the past decade. In 2016 the youth unemployment rate exceeded the unemployment rate for the population aged 15–75 by 55%, and the youth employment rate was 33% lower than the rate for the population aged 15–75.

Recent studies (International Labour Organisation (ILO), World Bank) point to a relatively high youth labour underutilisation rate (47.5% in 2014). In 2016 underutilised labour potential represented 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% of those who were unemployed and 17.7% of inactive non-students (ILO, 2016).

Inactivity (not learning, not employed) adversely affects young people's skills (cognitive, job-related and social) and employability. The lack of use and lower intensity of use of these skills, combined with a difficult school-to-work transition, may limit young people's employment opportunities.

Nevertheless, there are some positive developments to report. The pace of improvement of the key labour market indicators during the period 2010–15 was better for the 15–29 than for the 15–75 age group. However, the accentuated economic slowdown of 2016 adversely affected progress in the activity and employment rates of both young people and the population as a whole. The activity rate of the age group 15–29 had steadily improved during the period 2010–15 to reach 50.1%, but fell back to 46.7% in 2016. Similarly, the employment rate of the age group 15–29 had increased to 35.9% in 2015, but decreased again to 33.6% in 2016. Only the unemployment rate did not worsen in 2016, reaching 27.9% for the age group 15–29 compared with 18% for the 15–75 population.

These youth labour market indicators differ widely according to the educational attainment level. For young people with low and medium attainment (general education and VET), the activity and employment rates have continually decreased, pulling down the total rates. In 2016 the employment rate for highly educated young people was 58.1%, compared with 28.2% for those with medium educational levels.

The labour market indicators for the population aged 15–29 with secondary specialised education deserve a special mention. There has been a notable improvement in the activity rate, which increased by almost 10 percentage points during the period 2010–16. However, this occurred alongside a similarly strong increase in the unemployment rate, which reached 40.6% in 2016. This is the educational attainment level with the highest unemployment rate, both among those aged 15–29 and the 15–75 population. This finding is significant in the light of the planned boost for this qualification level in ongoing education reforms.

The profile of youth transition to work has been analysed by the ILO (2014, 2016) and the World Bank (Valerio et al., 2015) in successive studies. There is a strong correlation between a young person's level of education and their labour market transition. On average, a young person with tertiary education is able to complete the transition from school to a stable, satisfactory job in less than half the time it takes a young person with secondary education. The situation for young women in terms of the transition to work is worse.

There is a relationship between the features of youth transition and the features of skills mismatch among employed young people in the form of overqualification and underqualification. The ILO (2016) estimates that overqualification affects 19.6% of young workers, and underqualification 10.1%.

Another measure of mismatch is the proportion of unemployed compared with the proportion of employed people by educational level, which provides an indication of shortage and excess supply in the labour market for the different levels of education. This report finds that there was a permanent and increasing excess supply of young people with secondary specialised education during the period 2010–16, while there were shortages associated with both higher and lower educational attainment levels.

The duration of job search is often very long, adversely affecting young people's opportunities to actively use their skills. In 2014 more than half of unemployed young people had been looking for work for longer than 12 months.

The persisting low youth employment rates are a strategic issue, as they represent a strong hindrance to the country's productive transformation and migration profile.

1. YOUTH SITUATION IN THE LABOUR MARKET

1.1 Overview of the youth situation

This report consistently uses the definition of youth as the population aged 15–29. Most of the data tables in this chapter have been prepared at the ETF's request by the NSS. It is important to specify that the NSS classifies secondary specialised education as ISCED 5, a classification that can be questioned. To avoid miscalculation of the labour market indicators (rates and shares) for the education attainment category 'higher', it was agreed with the NSS that the figures relating to secondary specialised education should be shown in a separate row.

Armenia has an ageing population with high educational attainment levels and challenging outcomes in all labour market indicators. In 2016 the proportion of young people in the country's population was 23%, compared with 26.4% in 2011 (NSS, 2015, 2016). Starting from the early 2000s, the number of young people has been decreasing and the overall decline amounts to around 30%. The high level of youth migration is the main reason for this demographic trend.

The Youth Development Index (YDI) is a composite index of five domains. The country has a mixed performance on this index, with wide variations in domain scores and ranks, as shown in Table 1.1. Armenia ranks 134 out of 183 countries on the YDI with a score of 0.547, corresponding to the 'medium' category.

TABLE 1.1 YDI DOMAIN SCORES AND RANKS, 2016

	YDI	Health and well-being	Education	Employment and opportunity	Civic participation	Political participation
Rank	134	73	98	170	149	147
Score	0.547 (medium) 2010: 0.564	0.736	0.731	0.379	0.274	0.390
Global average score	0.616	0.636	0.714	0.567	0.509	0.573

Source: Global Youth Development Index and Report (2016), pp. 126–127

Armenia scored above the global average in only two of the five domains of the composite YDI, namely health and well-being, and education. The lower than average national scores in the other three domains adversely affect the country's overall YDI. This pattern is particularly visible in the scores and ranks for employment and opportunity (ranked 170th), civic participation (ranked 149th) and political participation (ranked 147th). With this composite result, in 2016 the country had the lowest YDI of all EaP countries².

² YDI 2016 rankings of the other EaP countries: Azerbaijan, 95; Belarus, 101; Georgia, 104; Moldova, 113; Ukraine, 115.

However, the low scores in the political participation domain seem to contradict the images of active youth involvement in the May 2018 political events that led to the election of a new prime minister and to high hopes for a new policy towards a dignified life for all Armenians.

The national youth policy dates from the early post-Soviet period. The main policy document is the State Youth Policy Concept, first adopted in 1998 and revised periodically, as indicated in the following sections of this report. Alongside the formation and development of state policy, it is worth mentioning that civil society is also very dedicated to youth issues and programmes, and there is a relatively healthy and developed youth NGO network in the country.

1.1.1 Definition of youth in Armenia

The State Youth Policy Concept (1998) defines ‘youth’ as the population in the age group 16–30 years. According to the State Youth Policy Concept adopted by Government Decision No 54 on 25 December 2014, the main target group of youth policy are young people in the age group 16–30, Armenian citizens as well as people with the right of residence in the country (holding a residence permit), foreign citizens and refugees (Government of the Republic of Armenia, 2014).

Another legislative act is the State Youth Strategy of the Republic of Armenia 2013–17, which defines ‘youth’ as the population in the age group 16–30, recognises it as having significant potential in society and stresses the importance of young people’s sustainable opportunities to be free, highly developed and responsible citizens (Government of the Republic of Armenia, 2012).

The State Youth Policy Concept also provides a definition of ‘young family’ as one in which the maximum age of one parent is 30 and the second parent (if there is one) is no older than 35, with their combined ages totalling a maximum of 65 years. This definition is used by government programmes to target particular youth groups, for example, to provide housing to young families.

However, the NSS, which provides official statistics in Armenia, uses the age groups 15–19, 20–24 and 25–29 for its demographic data, in accordance with the Commonwealth of Nations³ and Eurostat official definitions of young people (Eurostat, 2017). Some employment statistics reports from the NSS refer only to the 15–24 and 25–29 age groups, but the NSS delivers indicators and data tables in accordance with the age groups indicated.

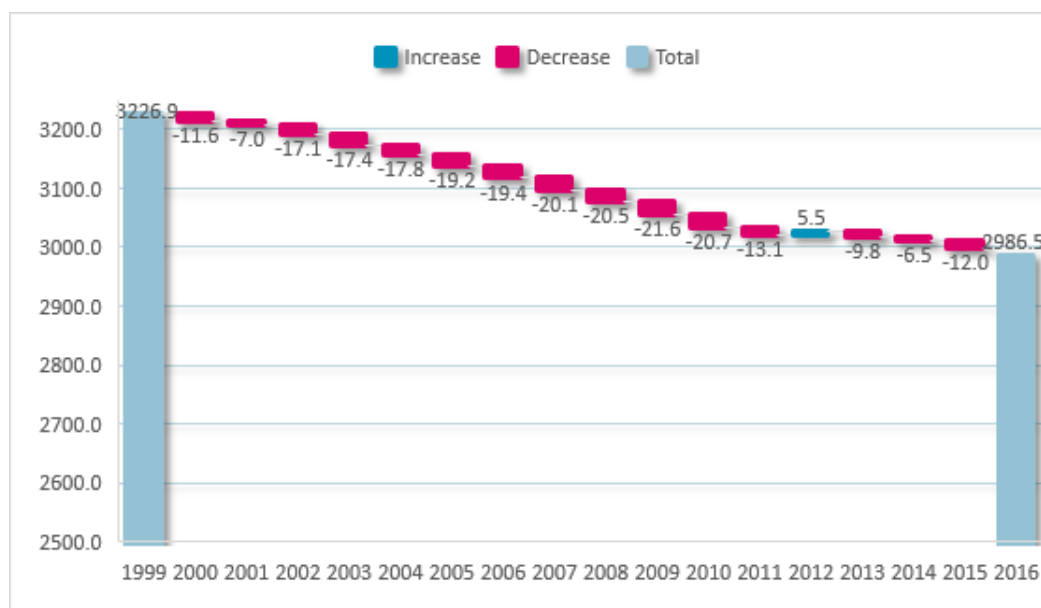
1.1.2 Demographic profile and migration

The most recent population census was conducted in 2011. According to legislation, population censuses take place every 10 years.

On January 2017 the *de jure* population in Armenia was 2 986 100 persons. This represented a decrease of approximately 12 000 people compared with January 2016 (Figure 1.1). The population decreased continuously from 2013, though at a significantly slower pace than during the period 2008–11 (NSS, 2016a).

³ https://en.wikipedia.org/wiki/Commonwealth_of_Nations

FIGURE 1.1 DE JURE POPULATION OF ARMENIA, 1999–2016 (THOUSAND PEOPLE)



Source: NSS (2016a)

The gender distribution is almost equal among the youth population: young women account for 50.3% of this group. Some 33.1% of the total youth population live in Yerevan and 59.6% live in urban areas; 21.6% of the urban population are young people, while the average share of youth in the population as a whole is 23%.

FIGURE 1.2 YOUNG POPULATION AND POPULATION EXCLUDING YOUNG PEOPLE IN ARMENIA, 2011–16 (THOUSAND PEOPLE)



Source: NSS (2016)

The size of the youth population has a substantial influence on the demographic dynamics in Armenia. Figure 1.2 shows the two opposing trends: the number of young people decreased by 13.5% during the period 2011–16, while the number of all other age groups combined increased by 3.9%. On the

one hand, the populations in the three groups – children (0–14 years), elderly people (60 years and over) and middle-aged people (30–59 years) – increased, both together and individually, in the period 2011–16. On the other hand, the number of young people decreased, contributing decisively to the downward demographic trend during the five-year period.

TABLE 1.2 YOUNG PEOPLE AS A PROPORTION OF THE TOTAL POPULATION, 2016

Age cohorts	Population (thousand)	% of total population
0–14	588.8	19.6
15–19	179.7	6.0
20–24	233.0	7.7
25–29	276.9	9.2
30–64	1 391.8	46.4
65+	328.4	11.1
Total youth (15–29)	689.6	22.9
Total rest of population	2 998.6	77.1

Note: Detailed table in Annex 2

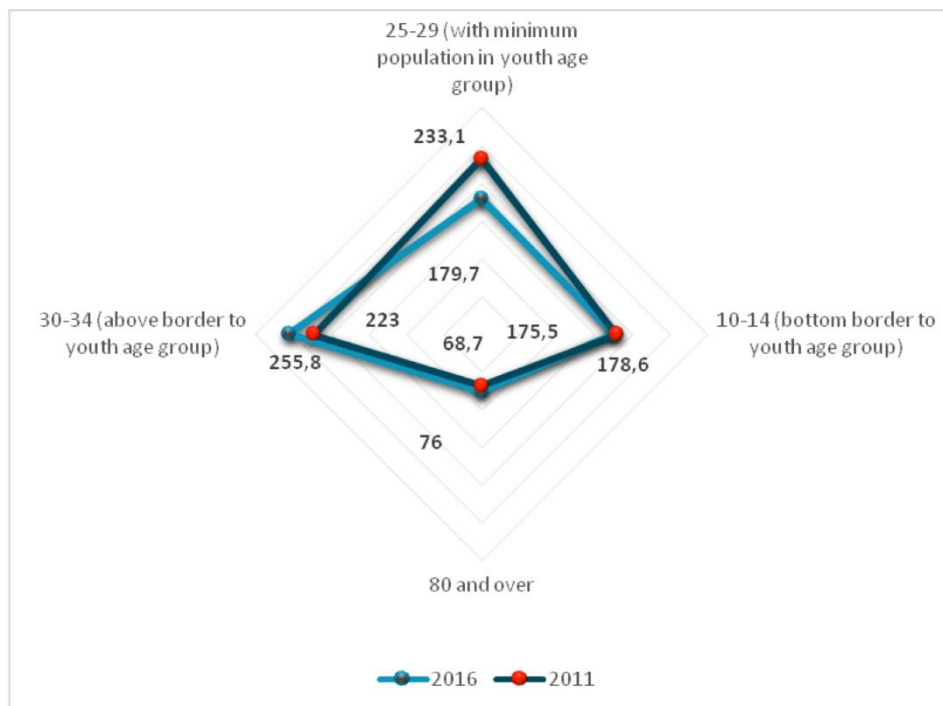
Source: NSS (2016)

There were specific flows between different age groups of the young population between the most recent population census (2011) and the situation in 2016.

- The number of people in the age groups 15–19 and 20–24 declined, while the number in the 25–29 age group increased. There was also an increase in the age group 30–34, which is close to the upper boundary of the youth age group.
- As for dynamics in 2011–16, despite the overall decrease in the 15–29 age group, the 25–29 age group increased by 5 000 people and the 30–34 age group increased by 32 800 people. Those fluctuations are mainly a consequence of migration.
- Within the cohorts shown in Table 1.2, the 5–9 and 10–14 age groups are at risk in terms of migration. For the age groups 15–19, 20–24 and 25–29, which are in the potential zone for marriage, inflow migration can be assumed because of the increase from one group to another. In the higher age groups, especially 40–54, outflow migration also occurs.
- It is noticeable that the 25–29 age group has a share of 9.2%, and the two next more representative shares are those for the 30–34 and 20–24 age groups, with 8.5% and 7.7%, respectively.
- One of the main demographic restructurings relating to youth is that the average age of women having their first child has increased significantly, from 25.3 years in 2011 to 26.4 in 2016.

Figure 1.3 shows the smaller youth age group, two groups that border the youth age group at the top and bottom, and the age group 80 years and over. The diagram shows increases in the age groups 30–34 and 80 and over, and a noticeable decrease in the 25–29 age group between 2011 and 2016.

FIGURE 1.3 COMPARISON OF THE POPULATION IN SELECTED AGE GROUPS, 2011 AND 2016 (THOUSAND PEOPLE)



Source: NSS (2016)

Official statistics published by the NSS show the number of people who received residence permits (by gender and age groups). In 2016 a total of 2 621 people (1 503 men and 1 088 women) in the age group 15–29 received such permits. In the same year, 47% of migrants who left the country to seek jobs did so temporarily and 53% left the country permanently.

Based on NSS data, the medium-term net migration linear trend for the period 2000–15 was an improving one: during this period, outmigration was decreasing. However, a negative trend started from the early 2010s as a result of a new surge of outmigration (Figure 1.4).

FIGURE 1.4 NET MIGRATION BALANCE, 2000–15 (THOUSAND PEOPLE)



Source: NSS

There are no published official migration statistics disaggregated by youth or other age groups in Armenia. Permanent migration data for 2015 received from the country's passport and visa control office shows that the most active youth age group for outflow migration is 25–29, with 1 454 male and 5 497 female migrants. It is interesting to note that young women are more active than men in terms of permanent migration.

TABLE 1.3 PERMANENT RESIDENCY MIGRATION IN ARMENIA, 2015

		Number of inflow for the permanent residence, people	Number of outflow for the permanent residence, people	Net migration
	Total	42849	36986	5863
	Men	16255	12758	3497
Age groups	0-4	1724	581	1143
	5-9	1380	969	411
	10-14	1186	628	558
	15-19	1642	638	1004
	20-24	1159	1027	132
	25-29	1521	1454	67
	30-34	1639	1573	66
	35-39	1282	1285	-3
	40-44	877	902	-25
	45-49	676	662	14
	50-54	818	780	38
	55-59	767	795	-28
	60-64	647	642	5
	65-69	384	357	27
	70-74	171	129	42
	75-79	173	146	27
	80 and over	209	190	19
	Young men (15-29 age group)	4322	3119	1203
	Women	26594	24228	2366
Age groups	0-4	1631	479	1152
	5-9	1391	979	412
	10-14	1080	543	537
	15-19	1292	981	311
	20-24	3933	3840	93
	25-29	5541	5497	44
	30-34	3691	3732	-41
	35-39	2024	2087	-63
	40-44	1045	1109	-64
	45-49	863	887	-24
	50-54	941	979	-38
	55-59	982	1013	-31
	60-64	832	843	-11
	65-69	482	431	51
	70-74	211	180	31
	75-79	297	291	6
	80 and over	358	357	1
	Young women (15-29 age group)	10766	10318	448

Note: The circles show the comparative value in the row for the female and male categories separately. The fuller the circle, the higher the respective figure in comparison to other figures in the same column.

Source: Database of passport and visa control office of the Republic of Armenia Police (2015)

As a result of male migration, women head one third of households in Armenia. This trend is rising and is especially noticeable in rural settlements. Households managed solely by women as a result of their husbands' migration are highly vulnerable.

According to the NSS, 2.3% of young household members (age 15 and above) who migrated for study and training purposes during the period 2012–15 had returned by 2015; 8.1% of these had been absent for less than 3 months, 0.7% for 4–11 months and 1.2% for more than 12 months (NSS, 2016). Some 2.8% of young household members (age 15 and above) who migrated for study and training purposes during the period 2012–15 had not returned by 2015; 10% of these had been abroad for less than 3 months, 2.9% for 4–11 months and 0.9% for more than 12 months.

1.1.3 Educational attainment

This section describes the main features and trends relating to education and training, including distribution of the population by educational attainment levels, and the full range of the main indicators on inputs and outputs of the education system. To contextualise this information, the section starts with a brief description of the VET and higher education systems in the country.

Structure of the VET and higher education systems

The Constitution stipulates the rights of Armenian citizens regarding education. In particular, Article 39 states: 'All citizens shall have the right to free higher and other vocational education in state higher and other vocational educational institutions on the basis of competition as prescribed by the law.'

VET comprises preliminary (craftsmanship) and secondary specialised education (also designated as middle vocational education).

- Craftsmanship VET leads to the qualification of 'craftsman'. In accordance with the National Qualifications Framework (NQF), revised in 2016, this qualification can be awarded at either level 3 (VET programmes without secondary general education curriculum) or level 4 (VET programmes with secondary general education curriculum). For level 3 qualifications, the required educational level for admission is basic education, and the duration is six months to one year, depending on the complexity of the qualification. For level 4, the duration of study is three years for students starting after basic education and only one year for those admitted with complete secondary general education. It is only the educational level at a student's admission that determines this difference in duration of study for NQF level 4 qualifications.
- Secondary specialised education leads to the 'specialist' qualification, allocated to level 5 of the NQF. The minimum educational level required for admission is basic education, and the duration of study is one to five years, depending on the access level and complexity of the qualification.

According to the most recent list of VET qualifications, approved by Government Decision No 1139-N of 1 October 2015, there are 286 qualifications in preliminary VET and 247 in secondary specialised education. The NSS classifies secondary specialised education as ISCED 5.

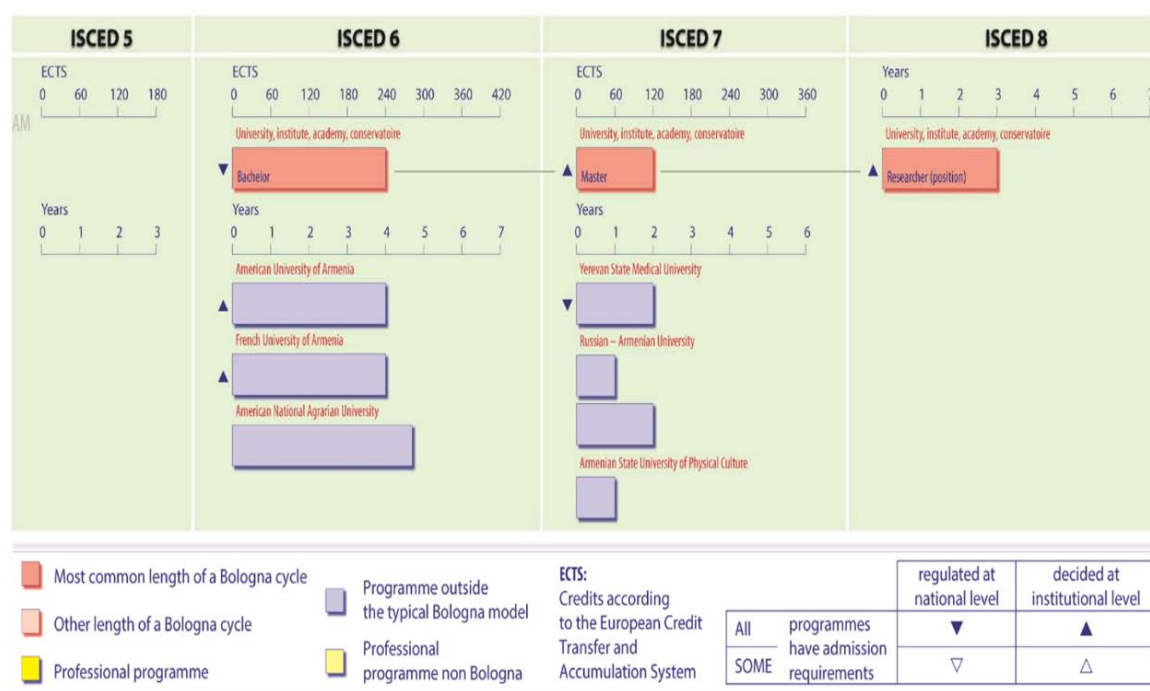
The NQF was revised and updated in 2016 with new definitions for each level. The framework has eight levels and follows the European Qualification Framework model. Each level is based on knowledge, skills and competences. The framework is generic and intended to cover all levels of education.

According to the revised NQF, the levels of VET qualification are as follows:

- Level 3 – preliminary VET without secondary general education (without Matura);
- Level 4 – preliminary VET with secondary general education (with Matura)⁴;
- Level 5 – secondary specialised⁵.

Higher education is one of the pivotal areas for the development of the economy, and it is therefore included in government priorities. Armenia has been a Bologna process member since May 2005 and has aligned its higher education degrees to the three-cycle structure, namely Bachelor's degree, Master's degree and doctorate. Figure 1.5 shows the three-cycle structure and relates it to ISCED levels 5 to 8 (EACEA, 2017).

FIGURE 1.5 ARMENIAN HIGHER EDUCATION SYSTEM



Source: EACEA (2017)

Main data and indicators on inputs and outputs of the education and training system

The youth literacy rate in 2015 was 99.73%, very similar to the rate for the total population aged 15 years and over.

Table 1.4 shows that the overall educational attainment of the young population (15–29) is relatively high as a result of the declining share of those with low levels of education (14.6% in 2016) and a growing share of those who are medium educated (general and secondary education) (54.1% in 2016). The proportion of young people with higher educational attainment (ISCED 6–8) decreased by 3.9 percentage points in the period 2013–16, but nonetheless remains significant (21.8% in 2016). The population with secondary specialised education (classified by the NSS as ISCED 5) in the age

⁴ The secondary general education (Matura) refers to the same level.

⁵ Includes Matura a priori.

groups 15–29 and 15–75 decreased continuously during the period 2010–16, falling below 9.5% among the youth population.

This decreasing trend in the share of young people with higher and secondary specialised education needs to be interpreted in the light of contextual factors, but at the same time it may signal an issue for the future of skills for employment and human capital. From a comparative perspective, it is noticeable that the population aged 15–75 has a slightly higher proportion (23.5% in 2016) of holders of higher education qualifications (ISCED 6–8), and lower shares of those with medium and lower levels.

TABLE 1.4 DISTRIBUTION OF THE POPULATION (15–29 AND 15–75) BY EDUCATIONAL ATTAINMENT LEVELS (%)

Educational attainment	15–29				15–75			
	2010	2013	2015	2016	2010	2013	2015	2016
Lower	17.0	19.3	12.5	14.6	12.3	10.8	7.7	8.7
Medium	49.9	42.7	54.2	54.1	46.0	44.3	49.1	48.7
ISCED 5	12.0	12.2	11.4	9.4	21.0	21.0	19.8	19.1
Higher (ISCED 6–8)	21.1	25.7	22.0	21.8	20.7	23.9	23.4	23.5
Total	100	100	100	100	100	100	100	100

Notes: Lower – General basic, primary and lower education; Medium – General secondary and vocational education; Secondary specialised education (ISCED 5); Higher: Tertiary, postgraduate education (ISCED 6–8).

Source: Table prepared by the NSS at the ETF's request, based on Household Integrated Living Conditions Survey 2010 and 2013, and Labour Force Survey 2015–16

The school life expectancy for ISCED 1–8 in 2015 was 12.96 years, with an advantage for girls (13.37 years). Armenia has a high transition rate from primary to secondary education (98.48%), which is in line with similar trends in further education: the gross enrolment rate in secondary school was 86.04% in 2015 and reached 51.08% in tertiary education (Table 1.5).

TABLE 1.5 INDICATORS ON PROGRESS, ENROLMENT AND COMPLETION OF EDUCATION

	Total	Male	Female	Year
School life expectancy ISCED 1–8 (years)	12.96	12.58	13.37	2015
Percentage of repeaters in primary education (%)	0.70	0.62	0.79	2016
Survival to the last grade of primary education (%)	94.71	94.89	94.50	2015
Gross intake ratio into the last grade of primary education (%)	90.39	89.60	91.30	2016
Primary to secondary education transition rate (%)	98.48	98.18	98.82	2015
Gross enrolment rate in secondary education (%)	86.04	84.03	88.36	2015
Enrolment in VET as a share of total enrolment in secondary education (%)	26.16	29.74	22.46	2015
	22.78	26.56	18.95	2013
Gross enrolment ratio in tertiary education (%)	51.08	45.02	57.12	2016
	46.17	42.19	49.86	2013
Gross graduation rates (ISCED 6 and 7 – first degrees) (%)	27.96	28.78	27.18	2016
	43.67	41.87	45.33	2014

Source: UNESCO Institute for Statistics, <http://uis.unesco.org/country/AM>

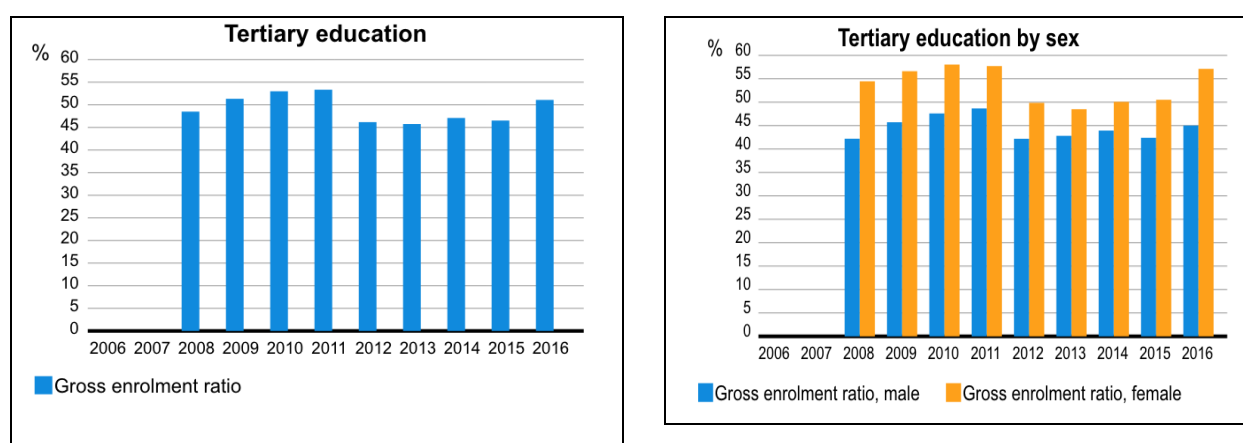
Females have higher enrolment rates for all levels of education, particularly in tertiary education.

According to the UNESCO Institute for Statistics, enrolment in VET as a share of total enrolment in secondary education rose after 2010 (when it was 15.08%) by approximately 11 percentage points to reach 26.16% in 2015 (Table 1.5), with a continuously higher advantage share of male VET students over the period.

The gross enrolment ratio in tertiary education increased after 2012 (Table 1.5, Figure 1.6). The rate for female students has risen sharply and in 2016 was much higher, at 57.12%, than the rate for male students (by 12.1 percentage points).

The gross graduation rates in tertiary education show an accentuated decrease in 2016 compared with the period 2009–15 (Table 1.5), with a lower graduation rate for female students.

FIGURE 1.6 GROSS ENROLMENT RATIOS IN TERTIARY EDUCATION, 2008–16



Source: UNESCO Institute for Statistics, <http://uis.unesco.org/country/AM>

Government expenditure on education is very low, both as a share of GDP and as a share of total government expenditure (Table 1.6). In 2016 public expenditure on education as a share of GDP (2.75%) corresponded to only 58% of the similar indicator in the EU-28 (average: 4.7%). The corollary of this fact is the high private expenditure on one side, and persistent constraints with the quality of inputs and processes in education and training on the other.

TABLE 1.6 GOVERNMENT EXPENDITURE ON EDUCATION, 2013–16 (%)

	2013	2014	2015	2016
Government expenditure on education as a percentage of GDP	2.65	2.25	2.81	2.75
Government expenditure on education as a percentage of total government expenditure	11.14	9.37	10.66	10.2

Source: UNESCO Institute for Statistics, <http://uis.unesco.org/country/AM>

The ADS 2014–2025 recognises that public expenditure in education needs to be increased to adequate levels that are comparable with those in other countries. For comparison, Eurostat data (2018) shows that in 2016, general government expenditure on education in the EU-28 amounted to 4.7% of GDP. Of this, ‘pre-primary and primary education’ accounted for 1.5% of GDP and secondary education for 1.9% of GDP. For tertiary education, an average of 0.7% of GDP was reported.

The NSS publishes detailed education data on educational institutions, teachers, student admissions, enrolment and graduations (disaggregated by fields of education, region and gender). Table 1.7 offers a general overview of the main indicators on the structures, resources and participation in the formal education system, by subsystem: general education, preliminary VET, specialised secondary education and tertiary education.

The overall decline in the number of enrolled students and graduates at all levels of education is noticeable, with variations by area of residence (urban and rural). 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 the opposite trend, with a visible decline from 144 900 pupils to 134 400 during the same period. This could be a consequence of higher outmigration from rural areas, whose economy is unable to provide adequate jobs and economic perspectives to households and the younger generation.

TABLE 1.7 OVERVIEW OF EDUCATIONAL INSTITUTIONS AND STUDENTS BY SUBSECTOR OF EDUCATION, 2012–16

Indicator	2012	2013	2014	2015	2016
General education					
Schools	1 435	1 434	1 437	1 438	1 432
Enrolment (1 000 persons)	368.7	360.4	359.6	364.4	364.9
Preliminary VET*					
Schools	43	45	44	44	43
Enrolment (1 000 persons)	6.8	7.4	7.3	6.9	6.2
Per 10 000 population	22.6	24.7	24.2	23.0	20.9
Graduates (1 000 persons)	1.8	2.2	2.2	2.9	2.4
Secondary specialised VET (NSS classified as ISCED 5)					
Schools	99	99	99	97	93
Enrolment (1 000 persons)	29.3	30.1	28.5	24.3	23.2
Per 10 000 population	96.8	99.8	94.6	80.9	77.7
Graduates (1 000 persons)	7.9	7.0	7.6	8.1	7.7
Tertiary education					
Institutions	65	63	62	60	63
Enrolment (1 000 persons)	90.1	85.9	79.6	84.6	81.7
Per 10 000 population	297.8	284.8	264.5	282.1	273.4
Graduates (1 000 persons)	24.6	21.9	19.7	12.7	19

Note: * Preliminary VET – It is important to consider the discrepancies when comparing with UNESCO data on enrolment in VET (19 563 students in 2016). UNESCO refers to 'upper-secondary VET'.

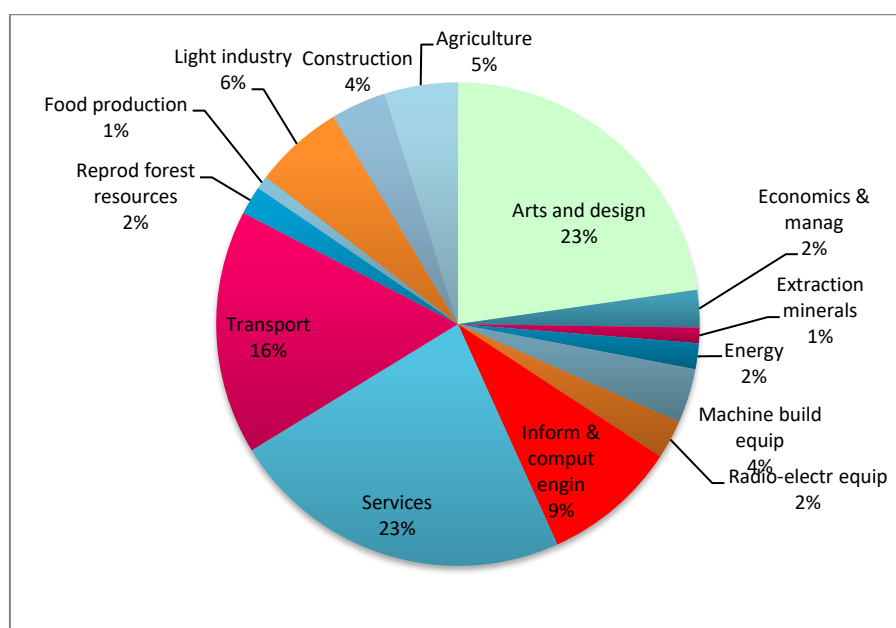
Source: NSS (2017a)

The distribution of students and graduates by fields of education can be used as a proxy for the future availability of skill sets and qualifications associated with sectors and occupations. This data could be analysed in terms of dynamics over time, and compared with data on occupational demand and job vacancies. However, such analysis is beyond the scope of the current report and the data limitations. The following three diagrams depict the distribution of enrolled students by fields of study in the three

major subsystems of formal education and training: secondary ('preliminary') VET, middle VET and tertiary education.

Figure 1.7 shows the predominance of three main fields of education in preliminary VET in terms of the number of students enrolled: (i) art and design; (ii) services; and (iii) informatics and computer engineering. The same NSS data shows substantial changes in the distribution over the period 2012–16, such as the sharp decreases in the shares of students enrolled in economics and management, agriculture, and, most noticeably, food production. Conversely, the shares in some fields have increased, in particular in arts and design, radio-electronic equipment and communication, and, to a lesser extent, light industry.

FIGURE 1.7 DISTRIBUTION OF ENROLLED PRELIMINARY VET STUDENTS BY FIELD OF EDUCATION, 2016 (%)

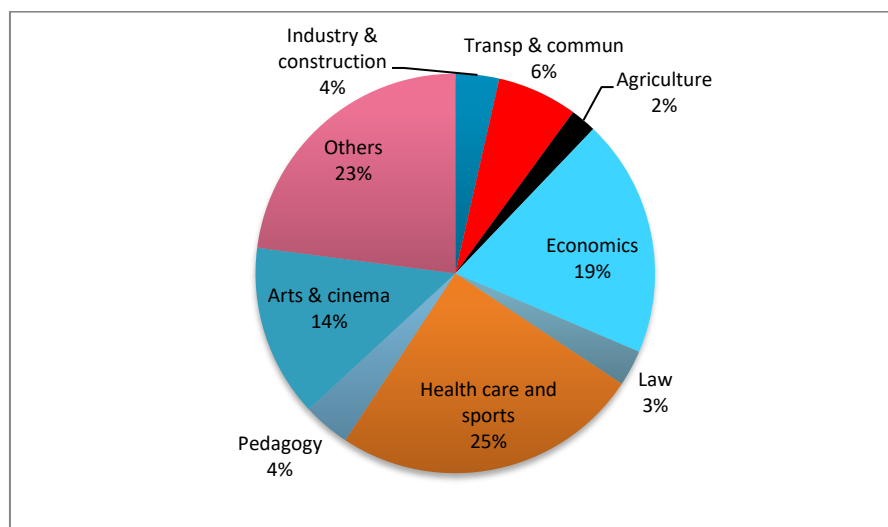


Source: Graph prepared by author, based on NSS (2017a)

For secondary specialised education (ISCED 5 in the NSS classification), the distribution of enrolled students by fields of education is shown in Figure 1.8. Four larger groups (fields of study) predominate: (i) health care and sports; (ii) economics; (iii) arts and cinema; and (iv) a miscellaneous group. Over the period 2012–16, very large decreases occurred in the share of students in industry and construction (by 60%), agriculture (by 63%) and pedagogy (by 70%). Only arts and cinema and law registered an increase.

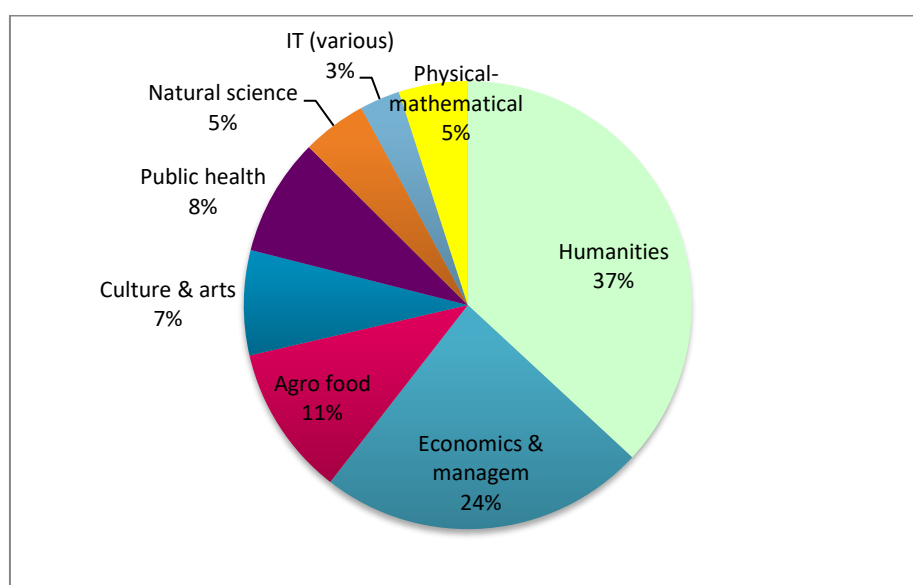
In higher education, the number of fields of study is very high; thus, Figure 1.9 shows only the most representative fields, covering 82% of all enrolled students (2016). There is a large concentration of students in two fields: humanities (37%) and economics and management (24%). Other sectors that are important for the labour market, in terms of both the country's competitiveness and society in general, seem to have a disproportionately low representation, notably public health, information technology (IT), physical-mathematical fields and natural sciences.

FIGURE 1.8 DISTRIBUTION OF ENROLLED MIDDLE VET STUDENTS BY FIELD OF EDUCATION, 2016 (%)



Source: Graph prepared by author, based on NSS (2017a)

FIGURE 1.9 DISTRIBUTION OF ENROLLED HIGHER EDUCATION STUDENTS BY FIELD OF EDUCATION, 2016 (%)



Source: Graph prepared by author, based on NSS (2017a)

1.1.4 Main characteristics of vulnerable groups

Armenian legislation gives no specific definition of vulnerability. There are several formulations or factors in the legislation that can be correlated with vulnerability, such as being 'non-competitive' in the labour market (Law on Employment) and being in 'a difficult life situation' (Law on Social Assistance).

Based on the social assistance formulation, vulnerability is defined by social groups such as people with a disability, pensioners, children without parents, and unemployed individuals. The groups who are in a difficult life situation are considered vulnerable and are eligible for family benefit based on a

formula, with fixed coefficients for each group. Depending on the social issues, other types of social programmes are provided for vulnerable groups. It is worth mentioning that before July 2017, young people were not included in the list of vulnerable groups. However, in July 2017 social protection legislation was amended⁶ and the presence of a person below the age of 18 in a family is now considered a factor for the family benefit programme, given that they are vulnerable in terms of finding a stable job and receiving income.

Based on the employment factor, according to the Law on Employment, one of the main factors for state employment support is the vulnerability associated with not being competitive in the job market. There is a list of possible cases for being 'non-competitive' in the job market, including the age of the beneficiaries and their first entry into the labour market. According to the legislation, those in the unemployed age group 16–31 are considered non-competitive or vulnerable. As a vulnerable group, young people have several privileges when entering the labour market. Disability is also a criterion for being non-competitive. Young people who belong in several categories at the same time, for example disability, have priority access to the state employment programmes.

The vulnerability of youth is not very easy to define. During the conference in Armenia on vulnerable groups in the labour market, the head of the Bavarian State Employment Agency, G. Sheinberg, stated: 'I would rather not speak about who is vulnerable in the labour market, as the person can be without legs but can have a bright mind and work in the university' (MLSA, 2011).

Based on current issues relating to youth transition to the labour market, one of the main challenges contributing to vulnerability among young people is the mismatch between skills and qualifications (education) and labour demand. Most employers are looking for practical skills and innovative knowledge and skills from their potential employees.

Young people categorised as NEETs are a sizeable group (Table 1.8) and experience multiple disadvantages in society and in terms of employment.

The situation characterised by the NEETs rate seems to affect women and urban youth most severely. The total NEETs rate increased slightly between 2015 (34.4%) and 2016 (34.6%). It is highest among women in the age groups 25–29 (60.4% in 2016) and 20–24 (52.7% in 2016), and also among urban youth aged 25–29 (46.2% in 2016). The female NEETs rate is rising and is twice as high as the male rate (total, and by age subgroups), reflecting a particular challenge for Armenian women. A NEETs rate above 60% among women of the productive age group 25–29 could suggest that family obligations, combined with low incentives to seek employment and other constraints or obstacles, have removed these women from education, informal productive activities or regular employment.

Inactivity (not learning and not being employed) among young people adversely affects their skills and employability. According to the Skills Toward Employment and Productivity (STEP) survey in Armenia (Valerio et al., 2015, p. 79), the lower skill levels of these inactive individuals limit their opportunities to find quality employment. For instance, inactive individuals were consistently less likely than other individuals to report that they use cognitive skills (reading, writing and numeracy) and job-related skills (such as computer skills). Inactive young people are also less likely to use their skills intensively. The

⁶ N841 decree of the Government of the Republic of Armenia of 13 July 2017 on additions and changes in N145 decree of 30 January 2014.

lower incidence and lower intensity of use of these skills, in combination with a difficult school-to-work transition, may limit the employment opportunities of these individuals.

TABLE 1.8 NEETS IN ARMENIA, 2015–16

	Total		Men		Women		Urban		Rural	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Total youth (1 000 persons)	218.3	196.5	71.3	64.5	147.0	132.0	134.6	122.0	83.7	74.5
15–19	24.0	23.6	9.4	10.5	14.6	13.2	14.4	12.4	9.6	11.2
20–24	87.4	78.5	30.4	25.4	57.0	53.1	49.5	46.4	37.9	32.2
25–29	106.9	94.3	31.6	28.6	75.3	65.7	70.7	63.2	36.2	31.1
Percentage of the population of the same age group (NEETs rate)										
Total youth (%)	34.4	34.6	23.5	22.7	44.6	46.5	36.1	35.7	32.1	32.9
15–19	13.1	14.2	9.8	11.3	16.6	17.7	14.0	13.4	12.0	15.1
20–24	39.5	40.9	29.3	27.8	48.4	52.7	38.8	41.2	40.4	40.5
25–29	46.7	45.1	30.0	28.5	60.8	60.4	49.6	46.2	41.8	42.8

Source: Labour Force Survey 2015–16; NSS (2017), Table 6.14, see: www.armstat.am/file/article/trud_2017_6.pdf

For 2008 to 2016, ArmStatBank, see:

http://armstatbank.am/pxweb/en/ArmStatBank/ArmStatBank_2%20Population%20and%20social%20processes_23%20Employment%20and%20unemployment/PS-eu-5-2016n.px/table/tableViewLayout2/?rxid=002cc9e9-1bc8-4ae6-aaa3-40c0e377450a

1.2 Youth labour market situation

Young people are innovative, alert and eager to learn in different contexts, both formal and informal, attracted as they are by newest sources of information through digital communication, social media and the internet. Their development as citizens and professionals deserves the highest priority in state policies and investment. In Armenia, as in other countries, youth transition from school to work is challenging, owing to economic conditions (low demand, low levels of job creation, low wages, opportunities to emigrate), to societal constraints (for women in particular, the weight of tradition and family obligations), and to information inefficiencies in relation to labour market trends and recruitment channels.

Although youth educational attainment is high, with a third of young people having higher education qualifications and 54% having medium-level qualifications (2016), the labour market outcomes remain dire, despite the positive trends over the past decade. The ILO (2016) reports a relatively high rate of youth labour underutilisation (47.5% in 2014).

In 2016 the youth unemployment rate exceeded the unemployment rate for the population aged 15–75 by 55%; the youth employment rate was 33% lower than the rate for the population aged 15–75. However, there is some positive news: the pace of improvement of the key labour market indicators is better for the 15–29 age group than for the 15–75 population.

1.2.1 Overall macroeconomic situation (focus on labour demand)

Despite the ambitious plans of the government, the economy remains somewhat vulnerable. Nevertheless, 2017 brought good news: the most recent NSS data indicates that GDP growth in 2017 exceeded the most optimistic revised estimates of the International Monetary Fund (IMF), reaching 7.5%. GDP growth in 2017 surpassed the estimated growth rate of 6.1% projected for 2017 under the ADS 2014–2025 (Government of the Republic of Armenia, 2014, p. 59). This positive development followed a weak 2015 and 2016, when GDP growth had slowed from 3% in 2015 to 0.2% in 2016, driven by a decline in construction and agriculture (World Bank, 2018), and affected by economic downturn in Russia.

The changes in sector contributions to GDP between 2011 and 2017 indicate that the country is experiencing a rapid transformation into a services economy. The increase in the share of services in GDP is associated with the visible contraction of the shares of agriculture and of industry added value (Table 1.9).

TABLE 1.9 SELECTED ECONOMIC INDICATORS

Economic indicator		2011	2016	2017
GDP growth rate (%)		4.7	0.2	7.5
GDP per capita ^a (PPP, current international dollar)		6 567.3	8 832.8	
GDP by sector ^a (%) NACE rev. 2	Agriculture (A)	22.8	17.7	14.7
	Industry (B+C+D+E+F)	22.8	17.7	
	Industry (B+C+D+E) added value ^b			17.4
	Services (G-U)	43.3	54.8	
	Services (including FISIM) added value			57.6
	Taxes on products ^c	10.9	10.0	10.3

Notes: PPP – purchasing power parity; FISIM – financial intermediation services indirectly measured; a GDP per capita and GDP per sector – 2011 and 2016: World Development Indicators, 2017: not available at the time of writing; b Data on industry added value calculated by the NSS without Sector F (construction); c Data on taxes on products are included.

Source: NSS and ETF statistical team

According to the IMF (2017a), Armenia has made significant strides in enhancing macroeconomic stability. Growth has been satisfactory, with inflation under control and the fiscal situation broadly well managed. Adverse external developments have led to significant falls in remittances and in the price of copper, the country's main export. Following subdued growth in 2016, the economy was expected to gradually recover in 2017. However, the outlook is clouded by downside risks, and tough challenges remain: growth continues to be volatile and narrowly based, trade opportunities remain limited, and public debt has increased sharply. Following significant reforms in the energy sector and the tax code, the government is determined to tackle corruption, improve competition and promote sustainable growth.

2017 was a positive year in terms of economic activity, especially compared with 2016, when the country's economy grew by only 0.2%. In the October issue of the Regional Economic Outlook, the IMF (2017b) revised Armenia's 2017 growth projection from 2.9% to 3.5%. Higher copper prices

increased remittances from Russia (owing to Russia's economic growth) and expansionary monetary policies have been beneficial for the economy. Copper prices and remittances are expected to stabilise in 2018. Under these conditions, growth is projected to moderate to about 3.4%, representing solid growth.

The public debt level is elevated, and 90% of this is in foreign currency. There are mitigating factors: the major part of this debt is long term and has a fixed low interest rate. However, the IMF regularly assesses public debt sustainability, taking into account numerous factors. They include the growth projections, interest rates, the exchange rate and fiscal plans.

International sources point to unfavourable external conditions, lower remittance inflows and challenging fiscal consolidation as the main elements of reduced GDP growth in 2016. Notwithstanding these unfavourable conditions, Armenia is moving up in the Global Competitiveness Index, and is currently in 79th position (up 3 from 2015 and up 13 from 2011).

In the coming years, exports are expected to be the main engine of growth, with a focus on raising the competitiveness of exporting producers through improvements to the business operating and regulatory environment.

A key element of the government's strategy will be the development of small and medium-sized enterprises (SMEs). There are plans to develop and introduce a new set of state support tools in line with the new needs of SMEs, as well as to deepen collaboration with international institutions implementing support programmes in the SME sector.

There is a particular focus on the tourism industry, with plans to increase the annual number of tourist visits to at least 3 million through measures undertaken during the period 2017–22. By the end of 2018, the government will have defined new quality requirements for tourism services, including skills and training requirements.

A new entity, the Centre for Strategic Initiatives, was established in January 2017 to foster public-private partnership, attract foreign direct investment and align developmental goals between investors and line ministries. The centre includes a focus on education, which may influence future policies. In addition, an Armenian-Russian investment fund and the Armenia Investors Club, supported by the diaspora, have been established. The government is also stepping up efforts to tackle corruption, including by improving tax and customs administration.

In November 2017 Armenia signed a CEPA with the EU. This creates wide-ranging opportunities, as it implies extensive expert, financial and technical assistance to support economic stability and institutional development in the country. It will gradually allow the investment climate for foreign investors to be improved and will form the basis for a further deepening of trade and financial ties between Armenia and the EU.

Employment by economic sector

Table 1.10 presents an overview of the distribution of employment by specific sectors. Agriculture remains the main sector in terms of the number of people employed for both the age groups presented (15–29 and 15–75). However, the share of employment in agriculture has decreased substantially over the period.

TABLE 1.10. EMPLOYMENT BY SELECTED SECTOR WITH HIGHEST SHARES OF EMPLOYED (15–29 AND 15–75, THOUSAND PEOPLE)

NACE rev. 2	Sector	2010		2013		2015		2016	
		15–29	15–75	15–29	15–75	15–29	15–75	15–29	15–75
Agriculture	A	72.5	457.4	56.4	421.8	69.9	379.0	50.4	338.1
Mining and quarrying	B	2.5	9.5	1.6	9.4	3.3	9.3	1.1	8.8
Manufacturing	C	16.3	69.5	21.1	96.5	17.7	84.2	17.5	83.2
Electricity, gas, steam and air conditioner supply	D	5.5	31.7	4.1	19.6	3.0	22.6	3.5	24.2
Total	A–D	96.8	568.1	83.1	547.3	94.0	495.1	72.5	454.2

Source: NSS

The distribution of employment by economic sector (NACE rev. 2) illustrates in greater detail the dynamics of the economy and allows comparison between the youth population and the 15–75 age group (Table 1.11). The main differences in the patterns presented seem to indicate that the young employed are gradually leaving agriculture (26.4% in 2016 against 29.2% in 2010) at a similar pace as the age group 15–75 (38.6% in 2010 against 33.6% in 2016). This is a major change in the characteristics of employment and could signal a shift of employment to higher-added-value sectors.

Youth is more strongly represented than the age group 15–75 in five sectors: (i) manufacturing; (ii) wholesale and retail trade, repair; (iii) information and communication; (iv) financial and insurance activities; and (v) public administration and defence. However, the share of young people employed in the education sector is much lower than that of the group 15–75, signalling that there is a problem of low attractiveness for this sector for young entrants, especially for key professional careers such as teaching. The share of the employed population in the construction sector continues to shrink for both age groups, and this trend is more accentuated for the 15–29 population.

TABLE 1.11 DISTRIBUTION OF TOTAL EMPLOYMENT (15–29 AND 15–75) BY ECONOMIC SECTOR (%)

NACE rev. 2	Sector	2010		2013		2015		2016	
		15–29	15–75	15–29	15–75	15–29	15–75	15–29	15–75
Agriculture, forestry and fishing	A	29.2	38.6	24.7	36.2	30.8	35.3	26.4	33.6
Mining and quarrying	B	1.0	0.8	0.7	0.8	1.5	0.9	0.6	0.9
Manufacturing	C	6.5	5.9	9.2	8.3	7.8	7.9	9.1	8.3
Electricity, gas, steam and air conditioning supply	D	2.2	2.7	1.8	1.7	1.3	2.1	1.9	2.4
Water supply; sewerage, waste management and remediation activities	E	0.8	0.8	0.4	0.6	0.4	0.4	0.3	0.5

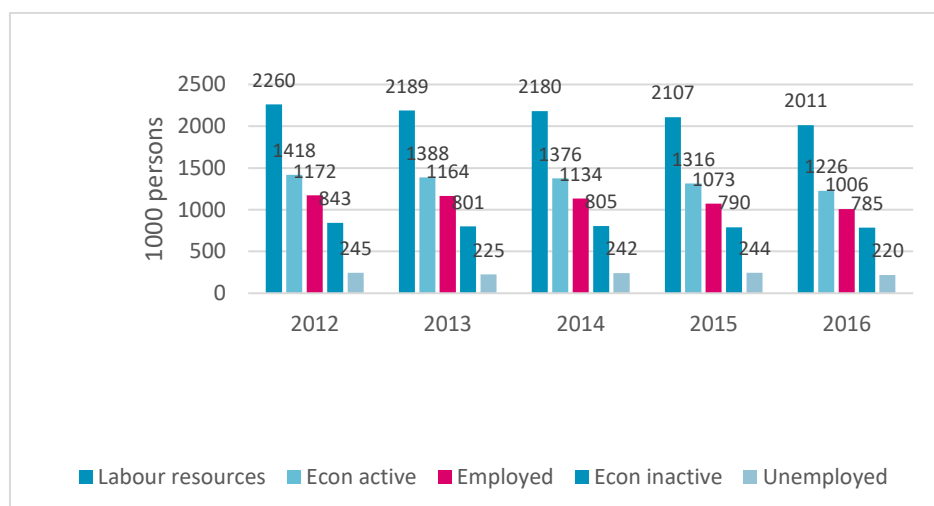
NACE rev. 2	Sector	2010		2013		2015		2016	
		15–29	15–75	15–29	15–75	15–29	15–75	15–29	15–75
Construction	F	9.0	7.2	6.5	5.7	6.1	4.7	3.3	3.7
Wholesale and retail trade; repair of motor vehicles and motorcycles	G	12.7	9.3	14.8	9.9	14.6	10.5	15.0	11.5
Transportation and storage	H	3.1	4.1	4.1	4.4	2.3	3.7	3.5	3.3
Accommodation and food service activities	I	1.2	1.6	2.3	1.7	3.0	2.1	2.6	2.3
Information and communication	J	2.8	1.9	3.8	1.8	2.7	1.8	4.2	1.9
Financial and insurance activities	K	2.7	1.1	3.4	1.4	3.5	1.5	3.1	1.3
Real estate activities	L	0.5	0.3	0.4	0.2	0.3	0.2	0.2	0.2
Professional, scientific and technical activities	M	1.7	1.6	2.4	1.3	2.0	1.4	1.2	1.3
Administrative and support service activities	N	1.2	0.7	1.2	0.9	0.5	0.6	0.8	0.6
Public administration and defence; compulsory social security	O	7.5	6.3	10.5	7.2	10.4	8.7	11.9	8.6
Education	P	7.1	9.0	6.4	9.1	6.4	10.0	7.1	10.7
Human health and social work activities	Q	4.2	4.4	3.4	4.2	3.0	4.6	3.3	4.8
Arts, entertainment and recreation	R	2.6	1.6	1.0	1.9	0.7	1.3	2.1	1.7
Other service activities	S	3.2	1.8	2.1	2.2	2.3	1.9	2.7	1.8
Activities of households as employers	T	0.4	0.2	0.1	0.3	0.2	0.3	0.4	0.5
Activities of extraterritorial organisations	U	0.1	0.1	0.7	0.3	0.2	0.2	0.3	0.1
Total	A–U	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

1.2.2 Key labour market indicators

The labour market indicators for the period 2010–16 show an improving situation for young people, although the scale of the issues relating to employment and employability will remain very significant in the years to come. As a consequence of demographic dynamics and low rates of job creation, the size of the inactive and unemployed population is high, as is the size of informal employment in low-productive activities. The following figures and tables show the most important characteristics of labour market dynamics in Armenia, with dedicated youth figures for all indicators.

Figure 1.10 depicts the profile of labour resources and displays the gradual decrease in labour resources over the period 2012–16. The sharpest decreases occurred in the economically active (by 13.5%) and employed (by 14%) populations.

FIGURE 1.10 LABOUR RESOURCES, 2012–16 (THOUSAND PEOPLE)



Source: NSS (2017b)

TABLE 1.12 LABOUR MARKET INDICATORS FOR AGE GROUPS 15–29 AND 15–75 (%)

Labour market indicator	15–29				15–75			
	2010	2013	2015	2016	2010	2013	2015	2016
Inactivity rate	55.9	52.3	49.9	53.3	38.8	36.6	37.5	39.0
Activity rate	44.1	47.7	50.1	46.7	61.2	63.4	62.5	61.0
Employment rate	29.9	34.0	35.9	33.6	49.6	53.2	50.9	50.0
Unemployment rate	32.1	28.6	28.5	27.9	19.0	16.2	18.5	18.0

Source: Household Integrated Living Conditions Survey 2010 and 2013, and Labour Force Survey 2015–16; NSS (2016b), and NSS (2017), see: www.armstat.am/file/article/trud_2017_6.pdf

The main labour market indicators for the period 2010–16 (Table 1.12) show a steady improvement for the age group 15–29, a substantial improvement as far as the employment rate (increased by 3.7 percentage points) and the unemployment rate (decreased by 4.2 percentage points) are concerned. Nonetheless, the overall labour market situation of youth is dire, since the youth unemployment rate (27.9%) surpasses the rate among the population aged 15–75 (18%) by 55%; moreover, the inactivity rate is 37% higher among the youth population, with a challenging figure of 53.3% in 2016. The combination of these two indicators indicates a high level of youth labour underutilisation in the country.

TABLE 1.13 LABOUR MARKET INDICATORS BY EDUCATIONAL ATTAINMENT* FOR AGE GROUPS 15–29 AND 15–75 (%)

Educational attainment	15–29				15–75			
	2010	2013	2015	2016	2010	2013	2015	2016
Inactivity rate								
Lower	76.9	80.6	75.8	81.6	59.2	61.0	58.2	62.2
Medium	56.8	56.2	57.6	60.5	40.1	38.3	42.3	42.2
ISCED 5	43.5	34.0	37.6	34.9	32.9	31.1	34.9	37.5
Higher (ISCED 6–8)	44.0	33.2	22.4	24.5	29.5	27.3	22.9	25.1
Total	55.9	52.3	49.9	53.3	38.8	36.6	37.5	39.0
Activity rate								
Lower	23.1	19.4	24.2	18.4	40.8	39.0	41.8	37.8
Medium	43.2	43.8	42.4	39.5	59.9	61.7	57.7	57.8
ISCED 5	56.5	66.0	62.4	65.1	67.1	68.9	65.1	62.5
Higher (ISCED 6–8)	56.0	66.8	77.6	75.5	70.5	72.7	77.1	74.9
Total	44.1	47.7	50.1	46.7	61.2	63.4	62.5	61.0
Employment rate								
Lower	17.8	13.8	19.0	13.9	35.3	33.3	35.5	32.3
Medium	28.7	30.8	30.9	28.2	48.5	52.0	47.4	47.5
ISCED 5	37.1	45.6	38.4	38.6	53.8	57.4	50.8	49.7
Higher (ISCED 6–8)	38.5	49.1	56.4	58.1	56.4	60.7	63.4	62.1
Total	29.9	34.0	35.9	33.6	49.6	53.2	50.9	50.0
Unemployment rate								
Lower	22.9	28.8	21.4	24.3	13.5	14.7	15.0	14.7
Medium	33.7	29.5	27.1	28.5	19.1	15.8	17.8	17.8
ISCED 5	34.3	30.9	38.4	40.6	19.9	16.7	22.0	20.5
Higher (ISCED 6–8)	31.2	26.6	27.4	23.1	20.0	16.6	17.8	17.1
Total	32.2	28.6	28.5	27.9	19.0	16.2	18.5	18.0

Notes: * The NSS classifies secondary specialised education as ISCED 5, a classification that can be questioned. To avoid miscalculation of labour market indicators (rates and shares) for the category 'higher', it was agreed with the NSS that the figures relating to secondary specialised education would be shown in a separate row.

Lower – General basic, primary and lower education; Medium – General secondary and vocational education; Secondary specialised education (ISCED 5); Higher: Tertiary, postgraduate education (ISCED 6–8).

Source: Household Integrated Living Conditions Survey 2010 and 2013, and Labour Force Survey 2015–16

Youth activity rates are highest among those with higher education, for whom the trend dynamically improved (by 19.6 percentage points) over the period 2012–16; in 2016 the youth activity rate of the higher educated was above the activity rate for the population aged 15–75 (75.5% against 69.4%). This trend has not yet been consolidated in subsequent years, as the Armenian economy strives to recover its previous high levels of annual growth. In contrast, the activity rates of young people with medium and low educational attainment have declined over the same period. This has occurred at a quicker pace than with the similar activity rates for the age group 15–75, and the rates were at very low levels in 2016 (18.4% for low educated and 31.5% for medium educated young people). The activity rate of young people with secondary specialised education increased by 8.6 percentage points over the reference period, although this increase in activity has translated into unemployment rather than employment, as analysed below.

Likewise, youth employment rates show very mixed trends according to the different educational attainment levels. On the one hand, there is visible growth in the employment rate only among young people with higher education; at 75.5% in 2016, this surpassed the equivalent rate for the age group 15–75 as a result of an increase of 19.6 percentage points between 2012 and 2016. On the other hand, the employment rate of young people with low levels of educational attainment sharply declined over the period 2012–16, whereas the employment rate for young people with medium educational levels has been stable, with a low level of approximately 28–30%. This could mean that young job seekers with low and medium educational attainment levels are being crowded out by the more numerous competitors with higher education who accept jobs, despite a mismatch (overqualification).

Unemployment rates improved more significantly over the period 2012–16 among those aged 15–29 than among the 15–75 age group, by 4.2 percentage points, against a modest 1 percentage point for the 15–75 population. This improvement in the 15–29 age group has been possible as a result of the positive dynamics among the medium and higher educated youth. The educational attainment level for which there is the highest unemployment rate is secondary specialised education (40.6% in 2016). Overall, the youth unemployment rates for all educational attainment levels remained very high in 2016 (between 23.1% and 40.6%). These rates are much higher than those of the population aged 15–75.

The figures on registered unemployment (Table 1.14) are significantly different from those for total unemployment, according to the labour force survey. The share of youth in the total of those officially registered as unemployed varied between 22.3% and 24.4% over the period 2012–16.

TABLE 1.14 OFFICIALLY REGISTERED UNEMPLOYED PEOPLE, 2012–16

	2012	2013	2014	2015	2016	Total
Male (thousand)	18.6	15.6	17.0	21.8	25.5	98.5
Female (thousand)	46.4	43.0	45.1	51.5	53.7	239.7
Total (thousand)	65.0	58.6	62.1	73.3	79.2	338.2
Youth 16–29 (thousand)	14.5	14.0	15.0	17.9	19.3	80.7
Youth share of total (%)	22.3	23.9	24.2	24.4	24.4	23.9

Source: NSS (2017b)

Long-term unemployment

There is a high incidence of long-term unemployment in the country. NSS data on the length of unemployment among those officially registered indicates that the long-term unemployment rate was 66.6% in 2016, with the share of those unemployed for more than three years 29.5%. As expected, these indicators are more unfavourable for women (69.7% and 32.4%, respectively). The average duration of unemployment was 26.9 months.

Informal employment

Armenia, like other transition economies, has a large informal sector in the economy and in employment. Tables 1.15 and 1.16 provide an overview of informal employment for the population aged 15–29 and, for comparison, for the population aged 15–75.

Total informal employment is sizeable but decreasing, and is much more severe in rural Armenia (Tables 1.15 and 1.16).

TABLE 1.15 INFORMAL EMPLOYMENT IN THE AGE GROUP 15–29 (MAIN ACTIVITY), 2015–16 (THOUSAND JOBS)

Employment	Total		Men		Women		Urban		Rural	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Total informal employment (15–29)	227.2	191.0	133.7	121.0	93.5	70.0	123.4	106.4	103.8	84.6
Formal	122.0	113.4	67.9	69.8	54.1	43.6	93.0	85.6	29.0	27.8
Informal	105.2	77.6	65.8	51.2	39.4	26.4	30.4	20.8	74.8	56.8
Of which, producers of goods exclusively for own final use	17.1	11.8	9.0	5.9	8.1	6.0	1.9	0.5	15.2	11.4
Informal employment rate (%)	46.3	40.6	49.2	42.3	42.1	37.8	24.6	19.5	72.1	67.2

Note: Data with value less than 1.2 thousand has certain limitations in terms of reliability.

Source: Labour Force Survey 2015–16; NSS (2017), Table 6.11, see: www.armstat.am/file/article/trud_2017_6.pdf

The NSS reports that in 2016, 40.6% of youth employment was informal, and the number of informal jobs in the 15–29 age group was 77 600, which represents 17% of all informal jobs (15–75).

The rate of informal employment has decreased for the two age groups 15–29 and 15–75 on all parameters (total, by gender and by urban/rural). In 2016 the informality rate was higher for the 15–75 population (45.2%) than for the 15–29 population (40.6%). The female informal employment rate is lower than the male rate (37.8% against 42.3%). The most significant difference is between urban and rural areas: in urban Armenia the youth informal employment rate is less than 20%, whereas in rural Armenia it exceeds 67%. High informal employment in rural areas is related to the prevalence of farming activities in production units that often are not registered as enterprises. Among the population aged 15–75 there are similar patterns of lower female and much higher rural (than urban) informal unemployment rates (Tables 1.15 and 1.16).

TABLE 1.16 INFORMAL EMPLOYMENT IN THE AGE GROUP 15–75 (MAIN ACTIVITY), 2015–16 (THOUSAND JOBS)

Employment	Total		Men		Women		Urban		Rural	
	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016
Total informal employment (15–75)	1 072.6	1 006.2	562.3	528.2	510.4	478	559.3	520.9	513.4	485.3
Formal	575.5	551.3	302.8	288.3	272.7	262.9	440.7	414.4	134.7	136.9
Informal	497.2	454.9	259.5	239.8	237.7	215.0	118.5	106.5	378.7	348.4
Of which, producers of goods exclusively for own final use	121.8	104.9	41.4	39.6	80.4	65.3	15.1	11.0	106.7	93.8
Informal employment rate (%)	46.4	45.2	46.1	45.4	46.6	45.0	21.2	20.4	73.8	71.8

Source: Labour Force Survey 2015–16; NSS (2017), Table 4.3.11, see: www.armstat.am/file/article/trud_2017_4.3.pdf

In rural settlements, the level of informal employment in 2016 was 71.8%, which is much higher than the level in the country as a whole (45.2%). This is because most of the rural population are self-employed on their own farm, or work on another farm without a written contract.

The decrease in the level of informal employment is mainly due to the tightening of tax administration and the introduction of a funded pension system.

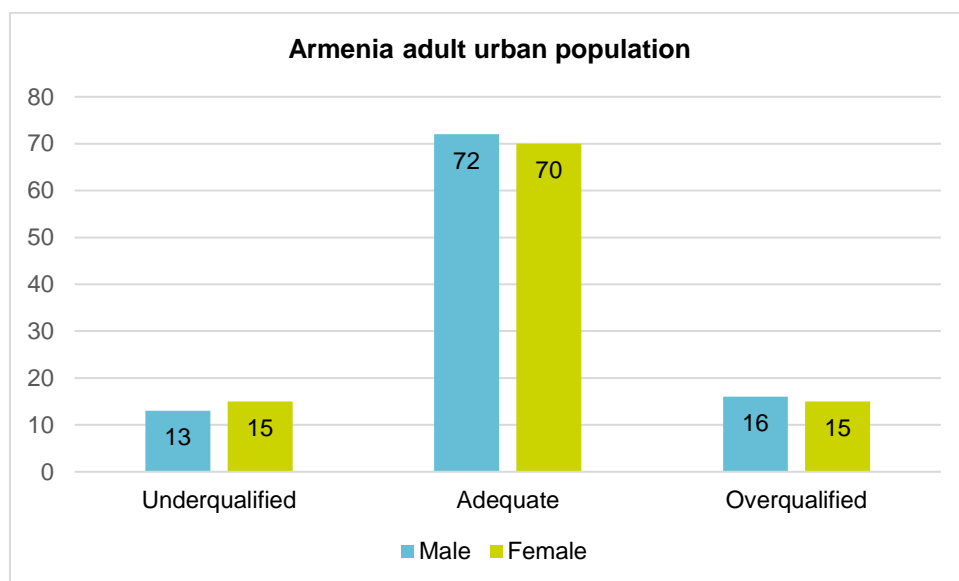
The highest numbers of informal employees are in Armavir (98 8000), Ararat (78 500) and Shirak (54 300).

1.2.3 Skills mismatch

Data from the ILO (2014, 2016) and World Bank (2014) surveys sheds light on the incidence and types of skills mismatch that prevail in the country, including in the 15–29 age group. According to both the School-to-work Transition Survey (ILO, 2014; 2016) and the STEP survey carried out by the World Bank (2014), the main types of skills mismatch in the country are overqualification and underqualification, but also gaps in respect of certain skill sets that are important for employment and society.

Over- and underqualification are measures of vertical mismatch between the level of education of the job holders and the level required by the given jobs or occupations. These types of mismatch are only a proxy for the actual mismatch in terms of skills and competences (overskilling, underskilling). Workers may be adequately matched in terms of qualification level, but simultaneously underskilled or overskilled. Underqualified workers might be skill-matched, as a result of effective in-company training and other upskilling opportunities. More accurate measurement of types of skill mismatch relies on combined research and assessment, including quantitative and qualitative studies, using subjective methods, self-assessment and observation. These require capacity and resources if they are to be implemented in a systematic fashion.

FIGURE 1.11 STEP SURVEY – VERTICAL MISMATCH BY GENDER (%)



Source: World Bank (2014), p. 81

The STEP survey carried out in 2013 (World Bank, 2014) found that most of Armenia's workers have appropriate qualifications for the jobs they hold. Overall, 71% of workers have an adequate number of years of education, while 15% of them are overqualified and 14% are underqualified. This difference in occupational mismatch is gender-neutral, and it is highest for those in the 60–64 age cohort (Figure 1.11).

The ILO (2016) survey estimated that overqualification affects 19.6% of young workers and underqualification affects 10.1%. This assessment is in line with the STEP survey findings.

The NSS published skill mismatch data (NSS, 2017) for primary (main) employment and concluded that in 2016 the share of overqualification ranged from 16.6% to 17.5% but was more accentuated in urban areas (20.7%). Women are less affected by this type of mismatch than men. While the figures on overqualification are in line with those from the ILO (2016), there is a large discrepancy between the two sources in relation to underqualification, which is estimated as much lower by the NSS (less than 1% in 2016). Part of this discrepancy could be explained by the difference in the demographics covered, as the ILO (2016) focuses on youth.

The STEP report analysed the relationship between the types of vertical mismatch and the analysed skill sets (cognitive, job-specific and socio-emotional skills). Underqualified, adequately qualified and overqualified individuals have different cognitive and job-relevant skills, while socio-emotional skills tend to be similar among individuals in all three categories. As expected, cognitive skills vary between those individuals who are overqualified and those who are underqualified or adequate for the job.

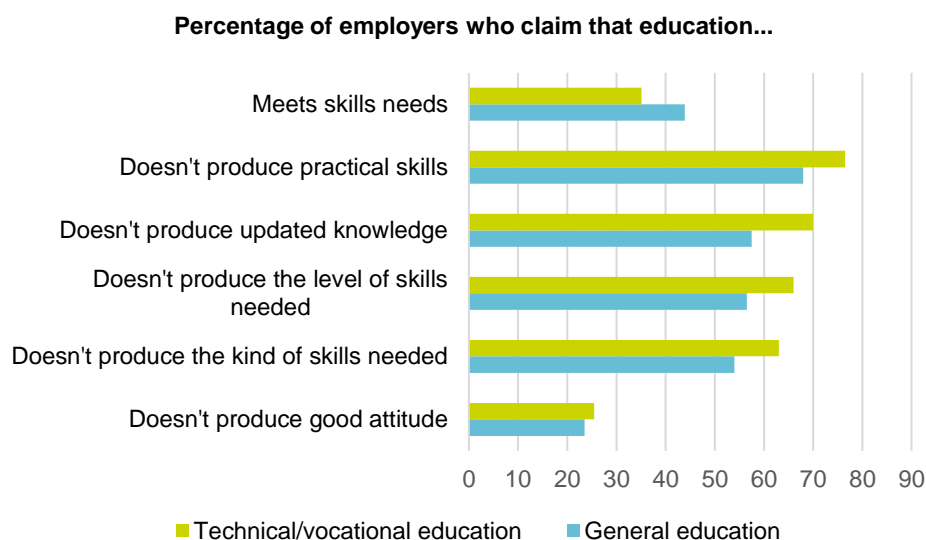
For instance, overqualified workers use reading and writing skills much more than workers who are adequately qualified or underqualified. Individuals who are overqualified also have much better numeracy skills than those who are adequately qualified or underqualified. In contrast, socio-emotional skills tend to be similar among the three types of workers (by qualification match), while some job-relevant skills are more likely to be used by overqualified workers. The difference between the three types of workers in terms of socio-emotional skills is not great. In contrast, overqualified individuals are

much more likely to report a higher use of computer skills and to be in contact with people outside work than adequately qualified or underqualified individuals.

These research findings need deeper interpretation and analysis, taking into account short-term human capital development priorities versus policies oriented to meeting future skills needs. Today's overqualification may lead to different outcomes: (i) a negative perspective: lower motivation and lower pay than among well-matched workers with similar qualifications; and (ii) a positive perspective: a contribution to improved innovation and quality in companies' organisation and production processes and an overall increase in productivity. Today's overqualified workers may be better equipped to respond to the demands of the technological and digital revolution, and to meet future skill and qualification needs. Hence, the policy response should not be simplistic: policymakers, workers and companies need to continuously gauge the issue and calibrate the response in the light of the important priorities at stake for productivity and future competitiveness, as well as for decent employment and inclusion in the context of important global drivers that demand continuous learning and skills development.

The data displayed in Figure 1.12 indicates that a clear majority of employers are sceptical about the ability of the education and training system (general education and vocational education) to meet the skills requirements of the economy. The highest level of pessimism relates to the ability of these subsectors to produce practical skills, updated knowledge, and adequate levels and types of skill. It is noticeable that more employers expressed pessimism on the ability of VET to meet the indicated parameters.

FIGURE 1.12 STEP SURVEY – EMPLOYERS' PERCEPTION OF THE ABILITY OF EDUCATION TO MEET SKILLS NEEDS (%)



Source: World Bank (2014), p. 28

Another measure of skills mismatch is the given proportion of the unemployed over the employed people by levels of education. This is a statistical measure of a macro nature, which essentially shows the direction of mismatch, notably which education levels are associated with shortage or with excess supply (Table 1.17).

TABLE 1.17 PROPORTION OF UNEMPLOYED OVER EMPLOYED POPULATION BY EDUCATION LEVEL (%)

Educational attainment	15–29				15–75			
	2010	2013	2015	2016	2010	2013	2015	2016
Lower	0.63	1.01	0.69	0.83	0.66	0.89	0.78	0.79
Medium	1.07	1.04	0.94	1.03	1.00	0.97	0.95	0.99
ISCED 5 (secondary specialised)	1.10	1.11	1.57	1.76	1.06	1.04	1.24	1.18
Higher (ISCED 6–8)	0.96	0.90	0.95	0.77	1.06	1.03	0.95	0.95

Source: Author, based on NSS data on shares in employment and unemployment by education level

From Table 1.17 it is possible to see that there is permanent and growing excess supply for the secondary specialised education category, since the proportion of unemployed over the proportion of employed people exceeds 1. Shortages are indicated by the proportions below 1, showing that the unemployed population is lower than the employed population in the given educational attainment category. This is the case for higher education, and also for the lower level of educational attainment. This indicates the likelihood of job polarisation, in which people with medium levels of skill are in lower demand or are less successful in employment than those with the highest and lowest levels of skill.

The proportion of unemployed over the to employed is relatively easy to calculate, based on existing statistical data, but the results show mainly the direction of mismatch. It is important to underscore the need to use a mix of indicators and measurements in order to understand the causes, features, incidence and trends of the various types of skills mismatch.

1.3 Characteristics of youth transition to work

Youth transition to work is challenging, despite the higher educational attainment levels of the 15–29 population. Analyses produced by the ILO (2014, 2016) and the World Bank (2014) highlight the issues and causes of ineffective transition and discuss the dimensions of youth transition to work in Armenia, exploring its scale and dynamics, as well the repercussions for skills mismatch and skills loss.

This chapter uses the ILO definition of transition to work, and is based on the two main sources mentioned: ILO School-to-work Transition Survey (ILO, 2014; 2016) and the World Bank STEP survey (World Bank, 2014).

1.3.1 Length of transition

The STEP survey carried out in 2013 (World Bank, 2014) concluded that the school-to-work transition in Armenia is relatively quick, although this conclusion requires clarification and deeper interpretation. The ILO (2014, 2016) found that the effectiveness and length of transition depends on a range of factors, and cannot be said to be quick for all young people.

The STEP survey reported that the effectiveness of transition varies widely by educational attainment level, and even those with a long school-to-work transition continue actively looking for a job rather than becoming discouraged.

For education and employment policymakers, it is important to consider that a quick school-to-work transition often leads to better employment prospects, together with better and more job-relevant skills and socio-emotional skills. The inactive population is comprised primarily of women and individuals who did not obtain a first out-of-school job following their highest educational attainment (among individuals between 25 and 40 years old), which takes a significant toll on their human capital prospects.

The ILO School-to-work Transition Survey, which was carried out in two rounds (2012 and 2014), provides rich data on youth transition. The ILO uses three main stages of transition: completed transition; in transition; and transition not yet started (see Annex 5). The conclusions of the research are presented below (ILO, 2014).

- There is a strong correlation between the levels of education and a young person's labour market transition. On average, young people with tertiary education complete the transition from school to a stable/satisfactory job in less than half the time taken by those with secondary education, with an average length of transition of 11.1 and 28.2 months, respectively. This length of transition is challenging and, to a certain extent, questions the assessment of the STEP survey (World Bank, 2014), which, based on different data sets, found that transition is relatively quick in Armenia.
- In both rounds of the survey, only a fifth of young people had completed the transition (to stable employment, to satisfactory temporary employment or to satisfactory self-employment); 40% were in transition and 40% had not yet started the transition. Among young people in transition, 12–13% were unemployed and 13–15% were inactive non-students who planned to work in the future. Among those not yet in transition, the large majority were inactive students. The situation of young women in the three transition categories was visibly worse than that of young men: in 2014 only 15.8% had completed the transition, 46.2% were in transition and 38% had not yet started. Of the women who had not yet started the transition, 4.2% were inactive students with no plans to work in the future.
- There is a relationship between the features of youth transition and the features of skills mismatch among young employed people, in the form of overqualification and underqualification (see section 1.2.3).
- Youth labour underutilisation is relatively high: in 2014 it was 47.5%, up from 42.3% in 2012. This is an important issue for productivity and for the skills development and matching of young workers and job seekers. Underutilised labour potential accounted for 10.9% of young people in irregular employment (either in self-employment or paid employment with a contract of less than 12 months), 18.9% of unemployed young people and 17.7% of inactive non-students.
- The duration of job search is often very long, adversely affecting young people's opportunities to actively use their skills. More than half (53.2%) of unemployed young had been looking for work for longer than 12 months in 2014, compared with 52.3% in 2012. Between 2012 and 2014 there was an increase of the share of young people searching for a job for longer than 12 months, and this trend was caused by a steep increase in the number of young male job seekers affected (from 48.4% to 56.1%). Among young women, this problematic situation was alleviated over the same period, although the share of long-term job seekers remained high (over 50%).

The findings of the ILO (2016) underscore that the low youth employment rates remain a strong hindrance to the country's productive transformation. In 2014 most young workers (74.1%) were in

paid employment, but almost a quarter (23.7%) remained in vulnerable employment as own-account workers (11.2%) or unpaid family workers (12.5%). At the same time, 30.6% of young people in paid employment worked without a formalised labour contract. Informal employment affected two thirds of young workers, with the informal employment rate increasing from 64.2% in 2012 to 66.4% in 2014.

1.3.2 Methods of searching for and finding the first job

Job matching is a key service provided by employment agencies. In addition to job matching, public employment services collect and analyse information on the job market and make it available to public authorities, employers' and workers' organisations, training providers, job seekers and the general public. Appropriate job matching should include such skills-related functions as the identification of skills demands, guidance and orientation on skills, profiling of skills (assessment of skills and competences), validation and certification of skills, matching of individuals' skills with jobs, and adaptation of skills (training and retraining). However, the timely dissemination of relevant information on vacancies requires improvement of the labour market information (NSS, 2017) and of the performance of the employment services and their resources.

Job seekers, including young people, use two main channels to enter the labour market. The first is through state assistance. First job seekers entering the labour market can register with their local SEA centre. Besides registering as a job seeker, applicants undergo a full needs assessment through a formal questionnaire, which is used to develop an individual plan and to define the steps and criteria for job placement. The electronic employment information system automatically generates a list of suitable vacancies for each candidate; a link between the job seeker and the employer is created, and the job seeker is referred for a job interview. From 2018 onwards, job seekers will be able to seek suitable jobs through a new online system, without the need to visit a local SEA centre.

The second main method of finding job is through private channels and online portals. This includes non-state job-placement agencies, non-state organisations, university careers centres, job-placement websites on which vacancies are published, announcements in newspapers and job fairs. The most popular job-placement websites are: <http://hr.am/> (which in quarter IV 2017 had 81 919 registered job seekers, 6 104 registered employers and 754 job openings), <https://careercenter.am/> (149 job opportunities), www.jobfinder.am/ (250 job opportunities), www.job.am/, <http://ashxatang.am/>, www.banks.am/ and www.jobex.am/. Many of these portals contain information, advice and weblinks useful for job seekers who are willing to emigrate to Canada, EU countries and other parts of the world.

Other channels include informal personal contacts and referrals, which are widely accepted by employers. According to the NSS, in 2013 the most frequently used source of information on vacancies was personal contacts (24.3%), job-posting websites (13.2%) and social networks (8.7%) (Youth Studies Institute, 2013). The NSS survey showed that 3.7% of students found jobs through university careers centres, 20.7% used informal channels and only 1.2% used the SEA (NSS, 2016).

The survey shed light on young people's perceptions of the fairness of recruitment processes: 27% had a positive opinion and 32% expressed partial trust. However, 16% mostly did not trust recruitment processes and 32% did not trust them at all. Of this latter group, 38.6% did not trust the fairness of the system, 3.5% had heard from other people that it was unfair, and 5.6% had never received any support in getting hired (Youth Studies Institute, 2013).

The NSS publishes data on job search and job placements, and this shows a steep increase in the total number of job seekers, up 32% between 2014 (72 606 job seekers) and 2016 (95 785, as shown in Table 1.18). However, the number of placements declined in absolute numbers, from 11 495 persons in 2014 to 9 546 in 2016, curbing the ratio of placements to the total number of job seekers (from 15.8% in 2014 to 10% in 2016). The MLSA set a new target of 15% for job placements in 2018 at SEA centres throughout the country.

In 2016 first time job seekers represented 41.6% of total job seekers, but only 26.7% of all those placed in jobs. This underrepresentation of first-time job seekers among those placed in jobs indicates that young people face more substantial difficulties in entering the labour market. This can eventually discourage them from using legal channels to access formal employment.

TABLE 1.18 PLACEMENT OF JOB SEEKERS, END OF 2016

	Job seekers	Placed in jobs	Share of total number of job seekers placed (%)
Total number of job seekers	95 785	9 546	10
Of which,			
Employed persons	15 109	379	2.5
Unemployed persons	80 518	9 164	11.4
Retired persons	158	3	1.9
First-time job seekers	39 881	2 557	6.4

Source: NSS (2017b), p. 78

1.3.3 Working conditions

Article 94 of the Labour Code of the Republic of Armenia defines two main types of labour contract:

- contracts of fixed-term duration;
- contracts of definite duration.

Regarding wages, Article 178 of the Labour Code specifies that men and women must be paid the same wage for the same or equivalent jobs. Wages include all types of additional payments for work made by the employer. In 2015 the real monthly wage was AMD 165 492 and the average monthly nominal wage was AMD 171 615; in 2016 the real wage index was 104.4%.

The minimum wage from 1 January 2015 was AMD 50 000 and from 1 July 2015 it increased to AMD 55 000. The average monthly nominal wages in each region are as follows: Syunik AMD 197 836, Yerevan AMD 180 105 and Kotayk AMD 146 077. The average monthly nominal wage in the public sector in Yerevan is AMD 171 561, in Armavir AMD 141 309 and in Kotayk AMD 119 133. In the private sector the highest average monthly nominal wages are in Syunik (AMD 271 340), Gegharkunik (AMD 216 487) and Yerevan (AMD 185 975) (NSS, 2017).

The ILO (2012) reports that Armenia has taken steps towards ensuring decent hours for workers. During the transition period, it was common practice for workers in both the private and public sectors to work long hours of overtime without compensation. The new Labour Code, adopted in 2004, defines a standard working week of 40 hours with a two-day weekend and provides for paid leave. Regulations are in place to protect shift workers and young people aged 14–18 years, and to ensure

payment for overtime. Full implementation of these standards took time, partly because the Labour Code was not widely understood and the State Labour Inspectorate lacked resources for enforcement.

The same ILO analysis indicates that occupational health and safety is key to a number of government policies, including the Programme of Stable Development. National legislation also provides the right to 'adequate, safe and harmless' working conditions, and employers are required to ensure health and safety protection for employees. Efforts have been made to reform the State Labour Inspectorate, which is responsible for the implementation, control and enforcement of labour legislation and which collects data on occupational injuries and diseases. Challenges for the implementation of health and safety protection in the workplace include the lack of government regulations on implementation, the lack of an insurance scheme to compensate for occupational injuries and disabilities, and a low level of awareness among employees and employers of appropriate practices. In 2011 steps were taken towards adopting rules and standards on providing occupational health and safety protection for employees. According to official statistics, the incidence of occupational injury and disease is low and has declined further over the past five years. However, studies of the informal sector suggest a much higher rate of injury and disease.

1.3.4 Factors impacting youth transitions to work

The NSS published an interesting study on young people's perceptions of the usefulness of the education they had obtained. Only 13.9% of those aged 15–24 and 17.5% of those aged 25–29 consider their education to be very useful. Larger shares consider their education to be relatively useful (26% and 36.5%, respectively), while 29.6% and 36.3%, respectively, consider it not useful; for 29.9% and 9.3%, respectively, the question was difficult to answer. Comparing these answers from young people with the answers to the same questions from those in the economically inactive population (NSS, 2016b, 'Economically inactive population 2014–2015', see: http://armstat.am/file/article/8.trud_2016_3.pdf) on the usefulness of the education obtained, it can be concluded that young people in the country have a more pessimistic view: 18.8% of the economically inactive population consider their educational background very important, 42.8% find it relatively important, and 31.4% think it is not useful.

Among the reasons why young people critically assess the usefulness of the education received, the following two issues are strongly emphasised: (i) the misalignment of the content of education courses with the skill sets demanded on the labour market for the various occupations; and (ii) the inefficiencies in cooperation between universities and employers, caused by poor organisation and lack of systematic linkages and joint projects.

In many cases, students and graduates are not ready to enter the labour market because they lack the skills required for job seeking, writing CVs, communication with employers and managing their own careers. There are no courses for the development of such skills and capacities in universities. Many students do not know where to find employment agencies, or how to register with them. Online portals to assist and guide job seekers do exist, but students are not always aware of and informed about their rules and benefits. Universities and vocational schools need to offer training modules and courses for students and graduates to allow them to deal with the unknown and to succeed in their first contacts with the job market. Students need practical skills to help them to self-manage the transition to the labour market.

Levels of participation in VET and higher education, as well as the fields of study that are prevalent, have an impact on ineffective youth transitions to work. Section 1.1.3 of this report describes the

imbalance in the education sector, in terms of the strong prevalence of students in higher education and the overrepresentation of students enrolled in such fields of study as humanities, economics and management, and arts and design, with a correspondingly low share of students in science, technology, engineering and mathematics (STEM).

Of the total number of students studying in all subsectors (vocational and higher education institutions), a dominant share (73.5%) are enrolled in higher education, and only 20.9% in middle vocational and 5.6% in preliminary vocational institutions. The flows of these qualification levels entering the labour market do not correspond to the structure of the employed population by educational attainment, nor with the qualification requirements of the jobs on offer.

This situation could lead to future severe vertical mismatch. Given the characteristics of the economy and employment in the country, there is a crucial question of whether demand for labour can absorb this large share of graduates from higher education into well-matched jobs.

2. YOUTH POLICY FRAMEWORK

2.1 Legal framework

The [2013–2017 State Youth Strategy of the Republic of Armenia](#) (2012) builds on the State Youth Policy Concept (1998) and presents specific details of outputs, funding and implementation. The strategy is based on research studies including the [National Youth Report of Armenia](#) (2011) and the National Youth [Aspirations Research Report](#) (MSY, 2012), developed with United Nations Development Programme (UNDP) support. Previous State Youth Strategies included those for 2005–07 and 2008–12.

In June 2017 the government launched the development of a new youth strategy for the next five years. Implementation of the State Youth Strategy 2013–2017 came to an end and in June 2017 a new task force started dialogue and preparation for the new phase of the strategy.

The State Youth Strategy 2013–2017 emphasised the following priorities: youth participation in political, economic and cultural life; employment and socio-economic problems of youth; healthy lifestyles among young people; spiritual and cultural values and military-patriotic education for youth; and education and recognition of non-formal education.

The strategy pursued the following main aims:

- increasing the coherent implementation of national youth policies and improving the legal framework of the sector through the adoption of laws and regulations governing its activities;
- developing cooperation with youth organisations and government support for their activities;
- ensuring youth participation in cultural life, and supporting educational and research activities;
- identifying social and economic problems and implementing measures aimed at their solution through the development and implementation of government programmes;
- implementing programmes aimed at increasing civic awareness and patriotic education, and the social and political participation of young people;
- developing state youth policy in the regions: regional support for youth centres, state financial support for the creation of youth centres in communities, and implementation of measures aimed at the development of rural youth;
- creating conditions for the full self-expression of young people, and government support to gifted and talented youth;
- providing information for young people;
- developing international and pan-Armenian cooperation.

The following programmes are among those implemented by the Ministry of Sport and Youth Affairs (MSY):

- workshop promoting youth entrepreneurship (2014);
- ‘Let us give work to each other’ and ‘Business youth for the development of the rural community’ (via the online grant programme for youth NGOs);
- organisation of the business of guesthouses;
- ‘Available housing for youth’ project;
- TV programmes for young people;
- surveys and reports on the situation for young people;
- youth capital of the year;

- training of trainers to support non-formal learning;
- travel grants to support participation of young people in events abroad.

One of the most important institutions supporting the State Youth Strategy is the Council of Youth Policy, headed by the country's prime minister. The council consists of representatives of state agencies and public youth organisations. It aims to ensure the effective participation of young people and youth organisations in the decision-making and implementation process.

The Institute of Youth Studies was established to improve evidence-based youth policy. In addition, the Youth Workers' Institute was created and has started training youth workers. As a result of the first pilot training programme, 25 youth workers were certified in 2017.

In June 2017 the MSY hosted the first session of the task force established to develop the 2018–2022 Strategy and Action Plan for the State Youth Policy of the Republic of Armenia⁷. The session was chaired by Deputy Minister of Sport and Youth Affairs, Arsen Karamyan, who stated:

‘Over the past decade, major progress has been made in various sectors of public life in Armenia. Our lives have changed as a result of various impulses. The rhythm of life has accelerated so much that very often Armenia gives late responses to certain changes and phenomena. Now we need to organise activities taking different things as a basis, especially when we are talking about an action plan for five years.’

The deputy minister stated that the primary goal of the MSY is to improve the targeting and documentation (evidence base) of the State Youth Policy. For this purpose, the ministry has established the Institute of Youth Studies, which identifies and analyses the various problems based on documented studies, so that policies and programmes are more relevant and effective in solving these issues.

The Institute of Youth Studies has presented the monitoring results of the 2013–2017 State Youth Strategy and made recommendations that could be used in the development of the next strategy, with the emphasis on promoting participatory processes, education, employment, healthcare, a healthy lifestyle, spiritual and cultural values, informal education, youth mobility, support for young families, actions aimed at enhancing the Youth Workers' Institute, creating centres for implementing ideas, and other areas that need to be targeted in the 2018–2022 State Youth Strategy.

State programmes implemented by the MSY relating to young people are dedicated to training, awareness raising and the provision of business loans (Annex 1). Within the available programmes and tasks the MSY launched two important resources:

- www.erit.am, an online journal dedicated to youth;
- www.cragrer.am, a grant system for youth funding opportunities.

In 2016 the MSY also put forward nominations for best young doctor, young scientist, young environmental specialist, young agricultural specialist, young youth coordinator, and others.

According to the 2013 [state budget](#), youth programmes were allocated AMD 611.5 million (USD 1.5 million). In addition, in April 2013 [Youth.am](#) reported that the State Youth Strategy would distribute AMD 67 million (USD 165 579) to NGOs implementing the strategy.

⁷ www.erit.am/news/en/76824

Education policy

The main policy and strategic documents that are significant for skills development are:

- Constitution of the Republic of Armenia,
- Armenia Development Strategy 2014–2025,
- Programme of the Government of the Republic of Armenia 2017–2022,
- Medium-Term Expenditure Framework 2017–2019 (MTEF),
- National Employment Strategy 2013–2018 (NES),
- Vocational Education and Training Reform Programme 2012–2016,
- Supplementary and Continuing Education Strategy 2013–2017.

The main laws are:

- Law on Education,
- Law on Preliminary and Middle VET,
- Law on Higher and Postgraduate Education.

The Constitution sets out the rights of Armenian citizens regarding education. In particular, Article 39 states: ‘All citizens shall have the right to free higher and other vocational education in state higher and other vocational educational institutions on the basis of competition as prescribed by the law.’

Two main laws regulate higher education: the Law on Education (1999) and the Law on Higher and Postgraduate Vocational Education (2004). However, in parallel with the development of and reforms in the higher education system, both laws have been amended several times. In addition to these laws, a range of sublegislative acts regulate individual areas of higher education, including quality assurance, the NQF, the system of accumulation and transfer of academic credits, and student mobility.

Every five years the government develops a five-year education development programme that sets the objectives for education development, priority directions, current challenges and ways to overcome them.

ADS 2014–2025. The country’s main socio-economic development strategy and the basis for long- and medium-term programme development is built on four interrelated pillars: creating jobs, developing human capital, strengthening the social protection system, and modernising public administration and governance. With the overall objective of employment growth, the relevant cross-cutting priorities for the pillars are as follows (Government of the Republic of Armenia, 2014):

- expanding employment through high-productivity and decently paid jobs;
- enhancing human capital through better access to quality services, including healthcare, education, different forms of learning, culture and basic infrastructure;
- improving social protection through increased efficiency, including improved targeting of existing systems to ensure financial sustainability.

The overarching objective is to create a modernised public administration, as this would positively enhance the effectiveness of all the elements mentioned. The backbone of well-structured priorities, as listed above, is enhancing human capital and upgrading workforce skills to improve competitiveness. The ADS also recognises the need to ensure an adequate level of public funding for education.

Programme of the Government of the Republic of Armenia 2017–2022. This was adopted in June 2017, in line with the ADS. Its wider objective is security and sustainable development. Oriented towards larger-scale reforms, it aims to achieve economic development within the short- and medium-term perspectives. The programme prioritises tourism and agriculture as important sectors for economic development.

In order to improve the quality of VET provision and its relevance to labour market needs, the programme sets out the following plans:

1. updating the VET provision for the agricultural sector by revising educational standards and teaching courses with the compulsory introduction of elements of entrepreneurship;
2. creating careers centres in VET institutions for the better alignment of VET provision with labour market demands and offers, and with the development priorities of the country's regions.

VET Reform Programme 2012–16. This programme and the corresponding Action Plan for 2012–2016 (adopted in July 2012) is aligned with the State Education Development Programme. It anticipates an increase in demand for VET as a result of the extension of schooling. This implies, in turn, a future increase in the annual state budget allocation (which has decreased in recent years), bringing overall spending to an estimated 2.9% (for 2013) of GDP. The VET Reform Programme highlights the need for the country's VET system to be integrated with the European vocational education area. One of the most emphasised VET reform priorities is providing skills that are relevant to the labour market by creating effective mechanisms for cooperation and dialogue between VET institutions and businesses.

A draft of the Programme of Preliminary and Middle Professional Education and Training Development for 2017–21 (PVETD), elaborated with financial and expertise support from GIZ, was finalised following stakeholder consultation in 2017, but was not officially adopted.

Future steps in VET development are expected to cover four priorities: strengthening the partnerships between the local and regional levels; developing the range of services offered through these partnerships; consolidating the national programmes under an integrated framework; and increasing the number of participants in the system. Each of the priorities has progressed in recent years, with the institutional and management capacity of the education sector improving; for example, the governance structure for vocational education underwent significant changes between 2010 and 2014.

Reform initiatives include adapting national governance structures to ensure more coherent policy making and monitoring. In particular, since 2012 the Ministry of Education and Science (MES) has consolidated policy coordination by taking over responsibility for VET from the ministries of agriculture, energy, culture and health and by bringing vocational schools into a single structure.

Supplementary and Continuing Education Strategy 2013–17. This was adopted by the MES in December 2013.

NQF. This was revised and updated in 2016 with new definitions for each level. The framework has eight levels and follows the European Qualification Framework model. Each level is based on knowledge, skills and competences. The framework is generic and is intended to cover all levels of education. According to the new framework, the levels of VET are as follows:

- Level 3 – Preliminary VET without secondary general education (without Matura);

- Level 4 – Preliminary VET with secondary general education (with Matura)⁸;
- Level 5 – Middle VET⁹.

Among the measures for improving the attractiveness of professional pathways for young people and for meeting the demands of the economy, stakeholders have discussed the possibility of further developing level 5 qualifications in the period 2018 and beyond.

Employment policy

The main policy and legal documents are:

- Armenia Development Strategy 2014–2025,
- National Employment Strategy 2013–2018,
- Law on Employment 2014,
- Labour Code.

In 2014 the government adopted the ADS 2014–2025, in which employment and education feature as important priorities.

‘The overarching goal of the government’s long-term strategy is a permanent increase in the welfare of society. Taking into account the peculiarities of the current stage of development of the country, the increase of employment through the creation of quality and high-productivity jobs is announced as the main objective of the strategy.’ (Government of the Republic of Armenia, 2014, p. 8)

ADS 2014–2025 pursues four priorities, including employment (Priority 1) and human capital development, including education (Priority 2). It recognises the challenges of young people in the labour market and underlines the need for better-targeted and better-informed policy measures to effectively address the challenges of youth employment and unemployment:

‘When developing labour market active policies in the future, special attention will be paid to the problems of unemployment among young people. In particular, the reasons for high unemployment among young people must be studied in detail. The results of such an investigation will serve as a basis for a targeted policy measure development. Examples of such policy measures are internships ensuring transition from study to work, and education-financing special schemes that presuppose social works for the recipients of the scholarships. In general, the efficiency of implementation of labour market active policies will also be assessed by the reduction of the difference between the youth unemployment rate and the average rate of unemployment.’ (Government of the Republic of Armenia, 2014, p. 60)

The National Employment Strategy 2013–18 was adopted in November 2012. Access to the findings and conclusions of the monitoring reports on the strategy’s implementation was not available for the purposes of this report. Among other interventions, the strategy emphasises the following key aims (Republic of Armenia, 2012, p. 30):

- Career guidance should be accessible to everyone.
- All forms of education and skills acquisition programmes should be designed in accordance with labour market requirements.

⁸ The secondary general education (Matura) refers to the same level.

⁹ Includes Matura a priori.

- Skills should be organised in the context of the NQF.

In 2014 the country adopted the new Law on Employment, which introduces a shift from a passive to a more active employment policy. The employment policy is implemented through the state employment programmes, which are run by the SEA through its 51 local centres, with 364 employees (350 are civil servants).

The aim of the annual state employment regulation programme is to create the conditions for sustainable and effective employment of the population. It is aimed at reducing labour market tension, promoting stable employment and self-employment priorities for non-competitive people in the labour market, for job seekers, especially disabled people, filling the vacancies offered by employers with qualitative specialists within the frames of integrated social services provision productive and sustainable employment of uncompetitive groups in the labour market through active employment programmes.

The purpose of the state employment policy as a component of economic policy is to ensure the satisfaction of labour demand in the required quantity and quality, and the effective implementation of the proposal on the existing workforce, which should be regarded as one of the basic conditions for sustainable economic development.

With regard to social protection, the purpose of the state employment policy is to ensure internationally accepted standards and consistent enforcement of conditions of decent work, as well as the definition of non-competitiveness in the labour market, and to ensure effective involvement in the labour market of individuals in search of work, which should be considered one of the main conditions for easing social tensions in the country.

The state employment policy is developed and implemented through an annual programme, in partnership with state and territorial administration authorities, social partners, employers, NGOs and other interested organisations and individuals, including businesses. The purpose of the annual programme is:

1. implementing activities to create working conditions that ensure sustainable employment;
2. implementing activities to create and complete new jobs according to labour market demand, in response to the needs of the labour market;
3. ensuring sustainable employment for non-competitive groups according to established priorities.

The state employment programmes and active labour market policies are diverse, and include measures addressing different issues and challenges. Chapter 3.3 of this report provides more details on the measures in the state employment programme.

According to the Law on Employment, age is one of the criteria for non-competitiveness in the labour market. Non-competitive individuals, including young people, have priority access to state employment programmes. They also have the right to receive partial compensation of wages in the case of unemployment, support for small business activities, financial aid to travel to other regions / cities in search of a job, as well as other services and benefits. More detailed information is provided in Chapter 3.3.

2.2 Institutions and stakeholders

This section presents the main institutions (public and non-public) and stakeholders involved in developing, implementing and reviewing youth-oriented policies, measures and programmes. The key stakeholders are presented below.

- The MSY has responsibility for youth and includes a Department for Youth Policy. In accordance with a 2011 Council of Europe [review of youth policy](#), the Council of Youth Policy consisting of youth NGOs and state bodies was established. It was restructured in 2010 and is developing its work plans, working groups and codes of conduct. In addition, a Youth Affairs Specialist has now been established within local government. The Institute of Youth Studies was established to support the analysis of youth-related policies and themes.
- The MLSA develops employment policy, which includes beneficiaries from the relevant youth age group. The policy is implemented by the SEA through its 51 territorial centres, with 364 staff. The state employment policy aims to strengthen social cohesion and to develop social partnership in the field of employment by developing new jobs, filling vacancies, and improving working conditions and the remuneration system.
- The MES develops and steers strategies, policies and measures to strengthen the provision of high-quality education and training and the availability of skills among young people.
- The National Centre for Vocational Education and Training Development implements and reviews relevant strategies and policies for addressing medium-level skill and qualification needs.

Other important stakeholders include:

- The [National Youth Council of Armenia](#) (NYCA) consists of representatives of state agencies and public youth organisations. It aims to ensure the effective participation of young people and youth organisations in the decision-making and implementation process. The NYCA is an umbrella organisation for over 70 youth organisations. It acts as a platform for communication, knowledge sharing and cooperation for young people, and also a stage for free expression of thoughts and opinions. This organisation protects the interests of young people and publicises their opinions. Its campaigns have encompassed health, social, cultural and spiritual issues. The NYCA has been a full member of the [European Youth Forum](#) since 2002.
- The Council of Youth Policy, headed by the country's prime minister, is one of the most important components of the strategy.
- The Institute of Youth Studies was established to improve evidence-based youth policy.
- The Youth Workers' Institute was created to build capacity for the youth sector and has started the training and certification of youth workers.
- Education and training providers in all subsectors (general, vocational, higher, non-formal learning) are also stakeholders.

State Employment Agency (local centres) of the MLSA

The SEA provides a range of services to jobs seekers and unemployed people, and to employers.

- For job seekers, the SEA provides information and consultation; operates the process for their registration; organises the assessment of their skills and individual employment profile; and provides professional orientation and unemployed status.
- For employers, the SEA organises consultation and provides information on state employment programmes and on the labour market situation and trends; receives and disseminates

information on job vacancies; and refers job seekers to employers with the purpose of filling vacancies.

In 2017 the SEA launched an improved online system for matching job seekers to job vacancies. According to a government decision, in 2016 a new monitoring system was adopted, together with monitoring indexes that evaluate the effectiveness of state employment programmes.

2.3 Skills intelligence

Policy documents and various analyses recognise as essential objectives the need to strengthen the capacity for skills intelligence and instruments to produce real-time insights on skills and qualifications, and in-depth analysis for the review of education and training programmes at all levels and in all formats.

The NSS has been improving the stock of published data on the labour market, education, transition and, more recently, on skills mismatch. The SEA carries out annual employer skills surveys, the findings of which are useful for making decisions on training for the occupations that are in demand. The National Institute of Labour and Social Research produces short sector profiles and analyses of specific issues relating to the labour market and skills. The new EU project Better Qualifications for Better Jobs is expected to carry out in-depth sector analyses with a focus on skills. The Institute of Youth Studies has conducted research on youth employment. Other research centres contribute to this collection of studies and analyses.

However, the skills intelligence landscape remains fragmented and uncoordinated. This prevents research initiatives and relevant databases from communicating with each other to produce more systematic flows of analyses and indicators.

During the period 2014–17, Armenia actively participated in the activities of the EaP Make it Match network, which was facilitated by the ETF and was dedicated to capacity building and peer learning on methods and systems for skills anticipation and matching. The country team is aware of the need for a coordinated approach that involves key data feeders and that is equipped with the analytical capacity to operate as a type of observatory of labour market and skills.

3. MEASURES SUPPORTING YOUTH TRANSITION TO WORK

This section analyses the implementation of measures that support youth transition to work. These measures can address the issue from two sides: supply (youth), and demand (employers, firms, organisations). The analysis of programmes and measures is categorised under the following three objectives: (i) developing skills, (ii) getting career information and guidance, and (iii) entering and staying in the labour market.

3.1 Developing skills

Following a change of prime minister in 2016 and parliamentary elections in 2017, the government has updated its economic and development strategy. The new programme for economic growth for 2017–22 is very ambitious and supplements the Sustainable Development Strategy for 2014–25. The programme aims to increase GDP growth to an average of 5% per year by 2022, with exports of goods and services reaching 40–45% as a share of GDP. Economic reforms are strongly linked to the education and labour market reforms. The programme states: ‘The Armenian economy should grow through a labour force that is modern, globally competitive, highly qualified, educated, motivated and mobile.’

The government plans to review the current education system at all levels, with a particular focus on knowledge and skills for the future. Significant reforms of education and training are planned and are being implemented in the country. In April 2015 the Parliament passed amendments to the Law on Education such that secondary general, preliminary or middle vocational education is compulsory until the age of 19. This could promote the involvement of students in the VET system.

The NQF has been revised to improve the way in which qualifications from the VET system are allocated to levels 3, 4 and 5. The stakeholders and the government plan to foster and promote the development of level 5 qualifications, both to improve the attractiveness of professional pathways for young people and to increase the supply of the qualifications that are demanded by the labour market.

The VET system needs to become more sophisticated and better adapted to the needs of the economy. It is evolving into a core network of 12 regional colleges that operate in partnership with local schools to provide services under a series of national programmes. These programmes consist mainly of vocational training programmes within the school curriculum, as part of either initial vocational education school programmes or middle school programmes. There are plans to increase the range of services in the future to include work-based learning, career guidance, continuing (supplementary) vocational education and the validation of prior learning. There is also a stronger focus on subnational development, reflecting a new balance between central and regional or local management.

The Programme of Preliminary and Middle Professional Education and Training Development 2017–21 mentions – for the first time in Armenia – work-based learning as a tool to increase the attractiveness of the VET sector for employers, and to boost the relevance of VET to the needs of the regions and the agricultural sector. Therefore, as a result of the reforms implemented in the period 2017–21, the VET system is expected to expand its use of ‘educational approaches founded on work-based education allowing the employers to be involved in the educational processes, participate with VET institution in the innovative projects and improve their own technologies and production’. The

programme has also planned concrete actions for the development of work-based learning in the VET sector.

Work-based learning is at an embryonic stage and, in general, it functions inefficiently. However, the country is developing a new model to improve the operation of the sector skills councils and enhance work-based learning initiatives. This model has two main components: (i) a governing council that covers all sector skills councils; and (ii) a product and services arm, which is organised on a sector basis. Each sector will follow up on three sets of activities: research and development on skills; policy dialogue and advice relating to legislation and programmes; and a business services area relating to private companies. It is from this last area that income (and, eventual, self-funding) will be generated. As the result of cooperation between the government and the private sector, a standing working group bringing employers and government together was planned for 2017.

In 2016 Armenia became a full member of WorldSkills International. Implementation of the WorldSkills Armenia initiative is strongly supported by the MES. WorldSkills Armenia is focused not only on preparation for and participation in international competitions, but also on the incorporation of the results achieved into Armenian VET standards. Further development of the WorldSkills Armenia model and its functions will serve as a potential platform between government and the private sector. It has the potential to support the further modernisation of VET based on the WorldSkills International criteria and to improve the country's VET image, both nationally and internationally. The aim of WorldSkills Armenia is to act as an independent coordinating body with the clear goal of promoting different vocational professions and their importance for the national economy in selected sectors.

The government is introducing modules for key entrepreneurship competences across all levels of formal education. During the period 2016–17 the MES, in cooperation with the National Centre for Vocational Education and Training Development, the Small and Medium-Sized Enterprise Agency and the German development agency GIZ, produced materials to support entrepreneurship as a core topic in all vocational education programmes. The government is planning, by the end of 2019, to develop and introduce state education (qualification) standards and relevant syllabi in VET, including the teaching of entrepreneurship as a core topic. The materials will cover a range of skills relevant to starting a business, including organisation, planning, budgeting, knowledge of law and accounting.

VET covers mainly initial vocational education and training (IVET). Continuing vocational education and training (CVET) has only recently been included as a component of a systemic approach to VET, and the CVET that was previously provided referred more to the non-formal and informal training organised by companies for their staff. Some 200 providers also offer CVET, in particular in sectors that are in high demand (including information and communication technologies, foreign languages and marketing).

In higher education there is growing openness to collaboration with industry, and many universities have started to organise memoranda of cooperation with companies and organisations operating in key economic sectors. These agreements with the industry anticipate contributions and investments by the companies in innovating and enriching the content of education (modules and courses) of the partner university. After graduation, students who apply for job vacancies will have an advantage.

Distance learning is a common method of study in Armenian universities. Many students choose this way of learning because it combines theoretical and practical skills, and offers more flexible learning schedules, allowing students to study and work simultaneously.

The SEA also organises CVET programmes for a limited number of unemployed people and job seekers. In recent years such programmes have been delivered through providers that can offer

appropriate equipment and expertise, with preference always given to schools and VET colleges. For all these CVET programmes, a key issue has been the need for the validation of non-formal and informal learning, which is gradually receiving increased technical support and funding.

EU programmes

Armenia is one of the EaP countries in which there is dynamic participation in various EU programmes, notably in Erasmus+. Bilateral relations with the EU, through cooperation supporting the VET reforms, have been characterised by continuity for more than a decade.

For the past 14 years, the EU has been actively supporting the country's reforms to its education system at all levels. As of 2016 about 4 500 students at 17 pilot colleges in all regions of the country and in Yerevan had benefited from EU-supported VET reforms.

The EU's new **Better Qualifications for Better Jobs programme** of EUR 15.2 million for VET reforms aims at assisting Armenia to improve the efficiency of its labour market and the employability of its workforce, with a focus on agriculture as a priority sector. The main implementers of the programme are the MES, the MLSA, the Ministry of Agriculture, private sector organisations and social partners. The programme will pursue its aims by:

- improving the qualifications and employability of VET agricultural students in line with labour market needs;
- organising practical education and work-based learning to improve skills and match the knowledge and skills of VET graduates to labour market requirements;
- improving mechanisms to match supply with the demands of the labour market through reinforced capacity of employers to support VET institutions and the active involvement of employers at different levels of social partnership with VET;
- improving the career guidance and job search capacities of VET institutions.

In his address announcing Better Qualifications for Better Jobs, the EU's ambassador to Armenia stated:

'Our agenda is clear: we need to take action and work together in order to make sure that young people and their skills are at the heart of inclusive growth. With the right skills, young people are better prepared for active citizenship; they have a better chance of finding and keeping a good job; and they are better equipped to set up their own business – and in turn, to create jobs for others.'

The **EU-funded Dasaran.am** platform promotes innovative learning methods and makes them accessible to all school children in the country.

The **Strengthening Integrity and Combating Corruption in Higher Education in Armenia** project, co-funded by the EU and Council of Europe, aims to strengthen integrity and fight corruption at higher education institutions by fostering the effective implementation of the Government's Anti-Corruption Action Plan 2015–18.

Erasmus+, the new EU programme targeting education, training, youth and sport for the period 2014–20, provides university students and faculty with an opportunity to exchange knowledge and experience at leading European universities. By the end of July 2018, about 700 students and professors from Armenia will have received EU grants to study and teach in Europe.

Armenia actively participates in relevant EU programmes under the Erasmus+ umbrella. These will eventually contribute to the employability, mobility, flexibility and adaptability of learners and to the compatibility of study programmes with trends and systems in the EU. Erasmus+ statistics, provided for the purpose of this report by the Directorate-General for Education, Culture and Youth of the European Commission in January 2018, show a relatively high level of participation from Armenian institutions, exceeded in the EaP only by Georgia and Ukraine.

- International Credit Mobility – Under the projects selected in 2015–17, 1 300 mobilities (700 students and 600 staff members) from Armenia to Europe and 580 mobilities (180 students and 400 staff) from Europe to Armenia will be supported.
- Degree mobility (Erasmus Mundus scholarships) - In 2014–17, 25 Erasmus+ scholarships were awarded to Master's students and 2 to doctoral candidates from Armenia to follow Erasmus Mundus Joint Degree programmes.
- Capacity-building projects in higher education – In 2015–17, 16 projects were funded to support capacity building in Armenia's higher education institutions.
- Jean Monnet – In 2014–16, two actions were selected for funding in Armenia.

Education (eTwinning Plus) – eTwinning Plus involves a number of selected schools from EaP countries (Armenia, Azerbaijan, Georgia, Moldova and Ukraine – Belarus does not take part in this initiative). As of 31 December 2016, 1 900 users from the EaP region were registered on the eTwinning Plus platform and some 1 000 teachers were involved in at least one project in 2016. Some 426 schools were taking part in 1 500 ongoing projects.

Youth – Armenia is an active partner in the youth actions of Erasmus+. These include mobility projects for young people and youth workers (youth exchanges, the European Voluntary Service and mobility of youth workers) and meetings between young people and decision makers on youth issues, fostering active participation in democratic life. Some 4 000 participants from Armenia have taken part in youth activities funded under Erasmus+.

EU4Youth programme – grants for skills and employability

Armenian organisations participate as partners in four of the five grants approved under the EU4Youth programme of the EaP. In March 2018 four new EU4Youth projects were presented at an event organised by the EU Delegation in Yerevan. Their activities in Armenia will amount to investments of around EUR 1.9 million. These projects are run by consortia formed by partners from EU Member States and from five of the six EaP countries.

1. Fostering potential for greater employability: https://eeas.europa.eu/delegations/armenia/41666/eu4youth-fostering-potential-greater-employability_en
2. Better skills for better future: https://eeas.europa.eu/delegations/armenia/41664/eu4youth-better-skills-better-future_en
3. Employability and stability: https://eeas.europa.eu/delegations/armenia/41660/eu4youth-employability-and-stability_en
4. Say Yes – skills for jobs: https://eeas.europa.eu/delegations/armenia/41662/eu4youth-%E2%80%93-say-yes-skills-jobs_en

3.2 Getting career information and guidance

The State Youth Strategy gives significant attention to promoting and improving career guidance for young people. Under the strategic priority ‘Youth employment and socio-economic problems’, the strategy’s action plan includes the following measures:

- professional orientation and advice for young people, including those with limited opportunities, to promote and encourage entrepreneurship, and to support the choice of study paths for occupations that are in demand;
- development of active cooperation mechanisms between careers centres of higher education institutions and employment centres;
- creation of electronic libraries for young people involved in agriculture and small businesses for the promotion and information on the use of low-waste technologies and resources.

Career guidance has acquired a new role and place, with a network of career guidance services developed since 2013 in 22 VET colleges (12 regional state colleges and 10 other VET colleges), in cooperation with the Methodological Centre for Professional Orientation under the auspices of the MLSA. The approach incorporates a monitoring process to assess the viability of the network.

In 2016 the Methodological Centre updated its strategic implementation plan for the period 2016–20, with key areas of operation to include classroom materials, occupational information and professional support for establishing websites for career consultants and liaison and marketing. The implementation plan will be linked to Armenia’s strategic plans for employment and education.

Training of career counsellors is continuing: 37 have been trained so far, and this will be increased to 110. The Methodological Centre is being merged with the National Institute of Labour and Social Research within the MLSA.

The Methodological Centre provides assistance through methodological materials not only to young people but to anyone who needs professional orientation solutions, through a wide range of awareness campaigns. During 2016 the centre developed three methodological handbooks, provided training to 300 people and organised workshops for 100 people. In 2016 the centre supported vocational education institutions in establishing their careers centres and implemented a pilot study programme on career management.

Career guidance plays a vital role in higher education, but despite improvements, universities face various difficulties in organising the provision of effective and high-quality information and advice on careers, jobs and employability skills. All universities are required to have functioning careers centres, since one of the purposes of universities is to help students find a career path that will lead to a successful future job. It follows, then, that the careers centre is one of the most important offices within a university. Students who use careers services can explore career opportunities during and after college and learn how to become the most marketable job candidate possible. However, access to timely and reliable information on internships and job opportunities is problematic, as is the management of appropriate databases of candidates and vacancies.

Accessible job vacancy databases are vital to a student’s job search prospects. It is also important to provide career counsellors, who at least once per semester look for internships and receive guidance on which internships fit a student’s current skills. Career counsellors can help students to arrange internships and also discuss the students’ job interests. They can sometimes recommend courses that will help students to confirm or redefine their career goals.

The SEA provides professional orientation to all its clients as part of the individual profiling and development plan.

The new sector reform contract (SRC) under the EU budget support programme for 2017–20 aims to:

- improve labour market intermediation and guidance services in order to ensure better access to employment;
- improve the employability perspectives of graduate students in a pilot sector (VET agricultural institutions).

3.3 Entering and staying in the labour market

Programmes under the umbrella of the MSY

The MSY supports and implements programmes with a focus on youth employment and the promotion of youth productive activities and youth entrepreneurship, notably:

- workshop promoting youth entrepreneurship and related skills training programmes (2014);
- online grant programme for youth NGOs: ‘Let us give work to each other’ and ‘Business youth for the development of the rural community’;
- organisation of the business of guesthouses;
- support to improve the socio-economic situation of young families living in the regions through the provision of business loans.

State employment programmes (SEA)

The SEA runs the state programmes for promoting employment and employability, including the varied set of measures listed below. These state employment programmes address different needs and target groups, for example:

- young people without work experience in the field of their professional qualification (Programme 5): the goal of the programme is to enable individuals to acquire experience in accordance with their qualification background, to help them to become more competitive in the labour market, and to promote sustainable employment;
- inactive or unemployed young mothers (Programmes 12 and 13, started in 2018): the goal of the programme is employment activation.

In 2017, owing to exceptional policy reasons and budgetary constraints, only four of the listed programmes could be implemented. This has limited the number of beneficiaries to one fifth of the number in the previous year (Table 3.1). In 2018 the SEA resumed all the programmes listed (except Programmes 10 and 11):

1. Provision of vocational training
2. Support to small entrepreneurship activities
3. Partial reimbursement of salary to employers for the employment of non-competitive people in the labour market
4. Support to employment in other areas or regions (mobility)
5. Support to acquire professional experience in accordance with professional background
6. Organisation of job fairs

7. Lump-sum compensation to employers for the employment of non-competitive people in the labour market
8. Support to agriculture through the promotion of seasonal employment
9. Financial support to non-competitive people in the labour market for the purpose of contacting and visiting employers
10. Organisation of paid public works (disrupted from 2018)
11. Support to non-competitive people in the labour market for cattle breeding productive activities (disrupted from 2018)
12. Support to young mothers to acquire on-the-job professional experience in accordance with professional background (started in 2018)
13. Support to young mothers on maternity leave, until the child is three years old, to return to work (started in 2018).

TABLE 3.1 OVERVIEW OF BENEFICIARIES OF STATE EMPLOYMENT PROGRAMMES AND JOB PLACEMENTS BY SEA, 2015–17 (NUMBER OF PERSONS AND %)

Beneficiaries	2015		2016		2017	
	Total	Of which % of young people	Total	Of which % of young people	Total	Of which % of young people
State employment programmes	10 934	20.0	13 053	21.0	1 748	55.0
Job placements	7 896	24.0	7 129	26.2	7 667	28.1

Source: SEA

According to national legislation, youth is considered a non-competitive group. Thus, young people have privileges in terms of accessing services relating to employment. Some of the most youth-friendly state employment programmes are listed below.

- ‘Supporting unemployed people to gain professional work experience according to the acquired profession’: The aim of the programme is to increase the professional qualifications of young people entering the labour market for the first time, in order to enhance their employability and adaptability.
- ‘Organisation of job fairs’: This programme is widely known and popular among young people. During these events, employers and job seekers meet and there are opportunities to conclude appropriate job matching.
- ‘Providing lump-sum compensation to employers for hiring people non-competitive in the labour market’ (also covers young people): The aim of the programme is to facilitate job placement and access to stable employment. Support is provided to employers who hire non-competitive people in appropriate jobs.
- ‘Organising professional training for employed people and job seekers who are at risk of losing their jobs’ (mostly targeted at young people): This programme supports the training and retraining of those in the target groups to acquire the new skills that are in demand on the labour market, and to develop entrepreneurial competences for managing small businesses.
- In 2018 the government introduced a new programme that will support young unemployed mothers to enter the labour force, through professional training and childcare support (up to the

age of three). In addition, as a separate measure, training and consultancy services for job seekers with disabilities are also provided.

Summary data on implementation of key public employment policy programmes in 2016

The programmes below supported first work experience, targeting those entering the labour market for the first time.

1. Programme for professional training of unemployed people and those at risk of dismissal

In 2016, 1 565 applications were submitted for the programme. However, only 1 124 unemployed people (including 105 persons with disabilities) signed a contract for the programme, instead of the planned 1 600. The number of young people involved in the programme was 487. The underdevelopment of this programme is explained mainly by the tightening of the requirements of the tender procedure, as a result of which a number of previously signed contracts were cancelled owing to the debts of the participating organisations and their lack of financial turnover in the previous year. From 2008 the average number of persons enrolled in vocational instruction programmes annually was 1 446, including 180 job seekers who own agricultural land. Vocational instruction programmes were also organised with funding from international organisations, and the number of beneficiaries enrolled within the framework of the programmes was 795.

2. Programme for support for unemployed people to gain professional experience in their acquired profession

Some 473 unemployed people were involved in programme, instead of 477. Of those involved, 458 were young people and 8 were individuals with a disability.

3. Providing lump-sum compensation to employers for developing working capacities and competences of people who are non-competitive in the labour market

This programme includes two subprogrammes. The total number of beneficiaries in 2016 was 732. The first subprogramme fully supports young people's first work experience, as the employer receives compensation for hiring non-competitive individuals. During 2016, 711 people were involved in this subprogramme, 266 of whom were young people. The second subprogramme involves the workplace being adapted for individuals with a disability. In 2016, the number of beneficiaries was 21, and 5 of them were young people.

4. Partial wage compensation for employers for hiring people who are non-competitive in the labour market and the provision of financial aid for attendants of people with a disability

The number of beneficiaries in 2016 was 418, of whom 146 were young people. From 2008 the average number of persons enrolled in the programme for partial compensation of salary when hiring those who are non-competitive in the labour market was 139 per year, of whom 60 were individuals with a disability.

5. Supporting unemployed people for job placement in other localities (geographic mobility)

In 2016 the number of planned beneficiaries was 42 and the actual number was 25, of whom 10 were young people. The discrepancy between planned and actual values is explained by the stricter conditions of the programme rules and regulations.

The job fairs programme involved 15 020 job seekers and resulted in 833 job placements. Monitoring and evaluation data shows that almost 85% of the participants were young people. The government pays particular attention to the organisation of job fairs, and from 2019 a new online job-exchange platform will be fully implemented.

The project 'Productive Work for Youth in Armenia – supporting young entrepreneurs' supports youth-led enterprise creation and expansion, thus promoting the development of the local private sector. The project aims to demonstrate that young people are creditworthy and are capable of turning loans into profitable businesses. The beneficiaries are young start-up entrepreneurs aged 18–35 years with realistic business ideas, with special attention given to young families and young women. During the project, entrepreneurs receive direct assistance in creating and developing their own business through both financial and non-financial services. They also receive entrepreneurship training, counselling and coaching, and technical assistance during project implementation.

The targets of the project are as follows: 300 potential and existing young entrepreneurs, 50% of them women, receive entrepreneurship training (25 rounds of training); 80 potential and existing young entrepreneurs receive access to funding via the youth business revolving fund, and pay back their loans, and 55 of them continue to grow, thus creating additional jobs for young people (UNIDO, 2014).

Improving the effectiveness of the state employment programmes

In 2016, in accordance with a government decision, a new monitoring system was adopted, together with monitoring indexes that evaluate the effectiveness of state employment programmes. This mechanism is considered essential for ascertaining the effectiveness of the state programmes, their targeting and their resource base. Targets for job placement are defined to guide the performance of SEA offices throughout the country: the new target set for 2018 is 15%. In 2017 the SEA launched an improved online system for matching job seekers and job vacancies.

There is a strong trend towards the integration of social support services. The MLSA is developing and implementing a network of integrated service delivery centres. The focus is currently on the regions outside of Yerevan. The centres are designed to link different services, to co-locate different services in a common location and, depending on client needs, to integrate the different services into a single package of assistance for the client. These services currently include community health assistance, disability services assistance and support for veterans. A total of 25 centres had been developed by the end of 2016 and 50 were expected by the end of 2017. The approach reflects a positive commitment to improved efficiency and services through a proactive policy for social services. Over time, this will lead to local social programmes being developed through community needs assessment. By 2020 the territorial centres for integrated social services are to be transferred to local communities. In the future, the services may be extended to include career guidance and employment services.

4. MAIN CONCLUSIONS AND PERSPECTIVES

This chapter synthesises the key findings from the analysis of the main features and trends of the situation of young people in the labour market, and of the policies and institutions entrusted with the challenging task of improving young people's employability, and their inclusion in and contribution to the economy and society.

These conclusions and perspectives are structured in accordance with the three main objectives used in Chapter 3 and in Annex 1 to map the policies and measures supporting youth transition to work: developing skills; getting career information and guidance; and entering and staying in the labour market. An introductory section summarises the conclusions and perspectives relating to the youth policy framework.

Youth policy framework

Challenge

- Over recent years, Armenia has been through a phase of policy reforms in the youth sector. Prior to 2013, most of the analytical capacity that underpinned the reforms and supported policy development and implementation was external, donor-supported research, and there was little or no quantitative data available to formulate public policy. While the understanding of the need for change in the policy-formulation format is well established, the capacity to undertake this task continues to require further development. The State Youth Strategy 2013–2017 came to an end, and the lessons from its implementation can serve as important references for the ongoing development of the new youth strategy.
- Young people are not sufficiently engaged in the production of a knowledge base that focuses on the issues that are important for their future. The main – and limited – areas of government support in the youth sector include employment and housing, and there is little attention given to the engagement of young people in the policy-formulation process. It is no surprise that the two domains with the lowest score in the composite Youth Development Index (2016) for Armenia are civic participation and political participation.
- Demography will determine the future of society and its economic prosperity. The share of the youth population is decreasing at a higher pace than the other age groups, and this trend has serious repercussions in terms of the overall decline of the population.

Perspectives

- There is a need to engage and prepare young people more systematically for adequate participation in and meaningful contribution to policy making and decision making. Data and analysis produced through various international projects, including the National Survey on Social Cohesion, confirm that youth groups in Armenia do have the capacity and interest to participate in decision-making. However, this resource remains idle. The youth institutions of the MSY, the NGO sector, young researchers and youth workers have the potential to harness the civic and political participation of young people in shaping policies and monitoring their effectiveness.
- The mix of policy measures to offer young people adequate societal and economic prospects will be fundamental in reversing the current worrying trends of youth outmigration and population decline, and the consequent adverse implications of 'brain drain'.

Developing skills

Challenge

- Public expenditure on education has been very low for many years and is a critical problem for the relevance and quality of the skills development system in a lifelong learning perspective.
- The current provision of formal education and the distribution of enrolled students by subsectors of the system (preliminary VET, secondary specialised education and higher education) point to an unbalanced situation: higher education has complete dominance in terms of enrolments and graduations, and VET accounts for a minor share of learners. The continuation of this situation may exacerbate vertical mismatch and place a larger number of young entrants in situations of overqualification and labour underutilisation. VET remains a small sector, and one that is not seen as an attractive pathway for young people.
- The fields of study that largely predominate in terms of students' enrolment are humanities, economics and management, and arts and design. Science, technology, engineering and mathematics-related students and graduates are visibly much less represented in preliminary VET, middle VET and higher education. The shares of higher students in IT, engineering, public health and natural science are very low. This situation contributes to skills gaps, to horizontal mismatch and to lengthier and more difficult transitions of young people into work.

Perspectives

- The level of funding for education and training needs to be increased, as recognised by the ADS 2014–2015. State funding can be combined with other co-funding sources and incentives.
- There is a need to introduce forward-looking skills governance based on improved skills intelligence, on a partnership approach for policy planning and monitoring, and on the effective dissemination of insights and information for young people and the wider public.
- It is important to incentivise efficient mechanisms to review and renew the content of courses and qualifications in line with demands, to reorganise provision into flexible modalities and to foster the validation of skills acquired in non-formal and informal contexts. More and better investment in continuing training and upskilling is required, using the potential of open education resources and digital learning.
- To minimise mismatches and strengthen collaboration between educational institutions (universities and vocational schools) and industry, practical internships during the course of education are fundamental. Students should also be offered opportunities to learn on the job in governmental and non-governmental organisations, through internships lasting several months.
- The lack of basic job-seeking skills can be addressed at universities and vocational schools. This will require institutions to provide appropriate educational modules and practical skills to assist young people in their first interactions with the world of work.

Getting career information and guidance

Challenge

- The Methodological Centre, under the auspices of the MLSA, offers sustainable support to careers centres and careers advisers. However, among other things, the stream of reliable and forward-oriented information on skills and labour market dynamics needs to be improved.
- According to policy documents and various analyses, the further strengthening of skills intelligence and of the instruments to produce real-time insights on skills and qualifications, as

well as in-depth analysis for reviewing education and training programmes of all levels and formats, are essential objectives. The NSS has been improving the stock of published data on the labour market, education, transition and, more recently, skills mismatch. The SEA carries out annual employer skills surveys, the findings of which are useful for orienting decisions on training for occupations that are in demand. The National Institute of Labour and Social Research produces short sector profiles and analyses of specific issues relating to the labour market and skills. The new EU project Better Qualifications for Better Jobs is expected to work on in-depth sector analyses with a focus on skills. The Institute of Youth Studies has conducted research on youth employment. Other research centres contribute to this collection of studies and analyses. Nonetheless, the skills intelligence landscape remains fragmented and uncoordinated, preventing research initiatives and relevant databases from communicating with each other to produce more systematic flows of analysis and indicators.

Perspectives

- During the period 2014–17 Armenia actively participated in the activities of the EaP Make it Match network, facilitated by the ETF and dedicated to capacity building and peer learning on methods and systems of skills anticipation and matching. The country team is aware of the need for a coordinated approach that involves key data feeders and is equipped with the analytical capacity to operate as a type of observatory of labour market and skills.
- The management of youth transition to work needs to be part of education programmes and processes. It should be started in the early stages of education.
- Career guidance is essential for alleviating the mismatch of skills in the labour market and satisfying the demand for vocational education qualifications. Professional orientation can promote occupations for which there is real demand in the labour market, and not only those considered prestigious or fashionable.
- Improved job banks at university careers centres are essential for helping students to learn about labour market trends and vacancies.

Entering and staying in the labour market

Challenge

- The low youth employment rates remain a strong hindrance to the country's productive transformation.
- The wide range of employment policy measures are designed for the whole population and do not include specific youth initiatives or programmes that offer more specific targeting of the needs, challenges and prospects faced by young people. Compared with the share of young people officially registered as unemployed, young people are overrepresented in state employment programmes, but these account for only a fifth of the total young registered unemployed.

Perspectives

- Given the country's score in the employment domain of the YDI in 2016, it is necessary to develop and implement more state employment programmes specifically dedicated to young people.
- Employment and labour market policies can further improve the targeting of specific youth issues to achieve a better transition to work and to a productive life, and can support successful access to decent and high-productive jobs. New programmes targeting young women (mothers) are examples of measures designed to address youth groups that are severely disadvantaged in the labour market.

- The coverage of employment programmes should not be overlooked or underfunded. Adequate and stable resources are a fundamental requirement for the sustainability and effectiveness of employment programmes and for widening the coverage to larger shares of young unemployed and inactive individuals.
- Employment and education programmes and policies need to cooperate more closely to promote and offer more and better first practical professional experiences for young people. Young people with a disability should have an opportunity to try various jobs to gain experience, which will help in their job search and placement.
- The SEA needs to improve its engagement with employers and job seekers in order to increase the efficiency of employment programmes. To support the job-seeking efforts of the population, it is important to better publicise vacancy announcements and to make them accessible through the most popular job portals and sites.
- There is no comprehensive legal base for voluntary work in Armenia. It is critically important to adopt new legislation on voluntary work to make it possible for employers to formalise the process of volunteers' involvement.
- The role of employers and social partners is critical for the country's job-creation efforts. University–industry cooperation should be organised effectively in a wide range of modalities, some more formal than others. Partnerships, contracts, research projects and patent licensing are some of the possible formats for collaboration.
- Actions to match the demand for and supply of jobs can be increased and diversified, building on good practice such as the job fairs. In this context, targeting young people using attractive communication methods and messages is fundamental, and the role of youth and civic organisations cannot be overestimated.
- Guaranteeing fair wages and decent work conditions, including social protection for young people, is fundamental. Rights conferred by legislation need to be enforced and verified, and young people are often vulnerable in terms of access to decent work.
- Armenia has yet to transform its challenging brain drain into brain flow and brain gain. Investing in skilled and qualified young people and in employment is a critical driver for the future of the country.

ANNEXES

Annex 1. Measures supporting youth transitions (implemented over the past three years)

	Title of programme/ measure	Target group(s)	Implementing institutions	Level (national/ regional/local/ sectoral)	Funding (source, estimate size)	Number of beneficiaries (per year if a regular activity)	Main activities/ services
Objective 1. Developing skills (lifelong)							
1.	Professional orientation and small and medium entrepreneurship promotion events (2013–2017) ¹⁰	Youth and young people with a disability	MSY in collaboration with MLSA	National	State budget	Not indicated	Organise and implement awareness campaigns on small and medium entrepreneurship and training on professional orientation
2.	Creation of professional electronic library for young people involved in agriculture and small businesses for promoting use of the new, low-waste and resource-saving technologies in these areas	Youth	MSY	Regional	State budget. local	Not indicated	Collect information, develop training modules
3.	Training on new international innovative entrepreneurship model concepts (2014–2017)	Youth	MSY in collaboration with state authorities	National	State budget	Not indicated	Develop training programme and materials to train young people interested in international entrepreneurship trends

¹⁰ www.minsportyouth.am/en/category/yntacik-tsragrer.html (items 1 to 8 in this table)

	Title of programme/ measure	Target group(s)	Implementing institutions	Level (national/ regional/local/ sectoral)	Funding (source, estimate size)	Number of beneficiaries (per year if a regular activity)	Main activities/ services
4.	Measures aimed at developing the skills of young entrepreneurs starting and running a business in the regions of Armenia	Youth	MSY	Regional	Other sources	Not indicated	Develop training modules, organise meeting with entrepreneurs
5.	Supporting non-competitive people in the labour market to organise small entrepreneurial activities	Unemployed people, including youth	MLSA	National	AMD 216 375	191	Lump-sum compensation, rent compensation
6.	Vocational training and scholarship for unemployed people and those at risk of dismissal	Unemployed people, including youth	MLSA	National	AMD 668 453.7	3 800	Monthly scholarship
7.	Training (including practical) for non-competitive young mothers with no profession (new, started in 2018)	Unemployed, non-competitive, non-experienced young mothers	MLSA	National	Not indicated	Not indicated	Six-month professional training programme for key professions, including hairdresser, chef, makeup artist, flower designer

Objective 2. Getting career information and guidance

8.	Promotion and development of new procedures for collaboration between university careers centres and employment agencies (2013–17)	Youth	MSY	National	State budget	Not indicated	Develop new procedures and define new collaboration basis for supporting youth transition
----	--	-------	-----	----------	--------------	---------------	---

	Title of programme/ measure	Target group(s)	Implementing institutions	Level (national/ regional/local/ sectoral)	Funding (source, estimate size)	Number of beneficiaries (per year if a regular activity)	Main activities/ services
9.	Professional orientation of regional youth, organisation of meetings on selection of professions (2014–17)	Youth	MSY in collaboration with MLSA, Ministry of Defence, regional administrations	Regional	State budget	Not indicated	Organise regional visits and training on professions demanded by young people

Objective 3. Entering and staying in the labour market


















10.	Supporting unemployed people to gain professional work experience according to their acquired profession	Unemployed people, including youth	MLSA	National	AMD 579 008.8	2 027	1. Salary equal to minimum wage for unemployed 2. 20% of monthly salary supplement for educational specialists (no more than the minimum wage) 3. Income tax and social payment compensation for unemployed people
11.	Organisation of paid public works	Unemployed people, including youth	MLSA	Regional	AMD 146 955	97	Salary for beneficiaries
12.	Providing business loans to improve the socio-economic situation of young families in the regions	Youth, families	MSY	Regional	Other sources	Not indicated	Evaluation and monitoring of situation, providing necessary business loans
13.	Support for young families in the regions by providing business loans to improve the socio-economic situation	Youth, families	MSY	Regional	Other sources	Not indicated	Evaluation and monitoring of situation, providing necessary business loans

	Title of programme/ measure	Target group(s)	Implementing institutions	Level (national/ regional/local/ sectoral)	Funding (source, estimate size)	Number of beneficiaries (per year if a regular activity)	Main activities/ services
14.	Supporting unemployed people with job placement in other localities ¹¹	Unemployed people, including youth	MLSA	Regional	AMD 187 953	132	Monthly fee for utilities and housing fees to the value of the minimum wage, for two months
15.	Wage compensation and financial assistance for attendants of people with a disability	Disabled people, including youth	MLSA	National	AMD 647 446	1 012	1. 50% of wages (no more than the minimum wage) for six months 2. 50% of the minimum wage for monthly assistance for beneficiaries with a disability who need an attendant, for six months
16.	Supporting non-competitive people in the labour market to organise small livestock activities	Unemployed people, including youth	MLSA	Regional	AMD 79 763.7	66	Purchase of animal feed, monthly salary for veterinary services
17.	Providing lump-sum compensation to employers for hiring people who are non-competitive in the labour market	Unemployed non-competitive people, including youth	MLSA	National	AMD 1 237 500	5 883	Lump-sum compensation
18.	Financial assistance for visits to employer	Unemployed people, including youth	MLSA	National	AMD 194 698	5 072	Compensation to beneficiaries

¹¹ www.mlsa.am/?page_id=1185 (items 14 to 20 in this table)

Title of programme/ measure		Target group(s)	Implementing institutions	Level (national/ regional/local/ sectoral)	Funding (source, estimate size)	Number of beneficiaries (per year if a regular activity)	Main activities/ services
19.	Organisation of job fairs	Unemployed people, including youth	MLSA	National	ADM 23 800	4 820	Organisation of job fairs
20.	Supporting agriculture by promoting seasonal employment	Unemployed people, including youth	MLSA	Regional	AMD 2 588 809.6	7 591	Compensation for hired person, support to buy agricultural technology

Annex 2. Youth in total population, 2016

Age cohorts		Population (thousand)	% in total population
Cohort 0-4		208.5	6.95%
Cohort 5-9		204.8	6.83%
Cohort 10-14		175.5	5.85%
Cohort 15-19		179.7	5.99%
Cohort 20-24		233	7.77%
Cohort 25-29		276.9	9.23%
Cohort 30-34		255.8	8.53%
Cohort 35-39		207.8	6.93%
Cohort 40-44		177.2	5.91%
Cohort 45-49		170.3	5.68%
Cohort 50-54		207.6	6.92%
Cohort 55-59		215	7.17%
Cohort 60-64		158.1	5.27%
Cohort 65-69		107.5	3.59%
Cohort 70-74		56.7	1.89%
Cohort 75-79		88.2	2.94%
Cohort 80 and over		76	2.53%
Total youth		689.6	23.0%
Total		2998.6	100%

Source: NSS, 2016

Annex 3. Employment by sector (thousand people)

NACE rev. 2	Sector	2010		2013		2015		2016	
		15–29	15–75	15–29	15–75	15–29	15–75	15–29	15–75
Agriculture, forestry and fishing	A	72.5	457.4	56.4	421.8	69.9	379.0	50.4	338.1
Mining and quarrying	B	2.5	9.5	1.6	9.4	3.3	9.3	1.1	8.8
Manufacturing	C	16.3	69.5	21.1	96.5	17.7	84.2	17.5	83.2
Electricity, gas, steam and air conditioning supply	D	5.5	31.7	4.1	19.6	3.0	22.6	3.5	24.2
Water supply; sewerage, waste management and remediation activities	E	2.0	10.0	1.0	6.4	0.8	4.6	0.6	5.2
Construction	F	22.3	85.8	14.7	66.1	13.9	49.9	6.3	37.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	G	31.7	109.8	33.7	115.5	33.1	112.8	28.7	115.7
Transportation and storage	H	7.8	48.4	9.4	51.2	5.3	39.9	6.6	32.8
Accommodation and food service activities	I	3.1	18.6	5.2	20.0	6.8	22.7	4.9	23.4
Information and communication	J	6.9	22.2	8.7	21.4	6.2	19.1	8.0	19.2
Financial and insurance activities	K	6.7	12.5	7.7	16.3	8.0	15.7	5.9	13.3
Real estate activities	L	1.4	3.3	0.8	2.4	0.6	2.1	0.4	1.7
Professional, scientific and technical activities	M	4.2	18.8	5.4	15.0	4.5	14.7	2.4	12.9
Administrative and support service activities	N	3.0	8.8	2.7	10.2	1.2	6.7	1.6	6.4
Public administration and defence; compulsory social security	O	18.6	75.2	24.0	83.3	23.7	93.4	22.7	86.5
Education	P	17.7	107.2	14.6	105.5	14.6	107.1	13.6	107.7
Human health and social work activities	Q	10.4	52.5	7.7	49.1	6.8	49.4	6.4	48.3
Arts, entertainment and recreation	R	6.5	18.9	2.4	21.9	1.6	13.7	4.1	16.9
Other service activities	S	8.0	20.9	4.9	25.4	5.1	20.2	5.2	18.6

NACE rev. 2	Sector	2010		2013		2015		2016	
		15–29	15–75	15–29	15–75	15–29	15–75	15–29	15–75
Activities of households as employers	T	0.9	2.8	0.3	3.4	0.6	3.6	0.7	4.5
Activities of extraterritorial organisations	U	0.3	1.3	1.5	3.4	0.5	2.1	0.6	1.5
Total	A–U	248.3	1 185.2	227.8	1 163.8	227.2	1 072.6	191.0	1 006.2

Annex 4. Shares of the inactive, active, employed and unemployed population by educational attainment (%)

Educational attainment	15–29				15–75			
	2010	2013	2015	2016	2010	2013	2015	2016
Share of inactive population by educational attainment								
Lower	23.3	29.8	19.0	22.4	18.8	18.0	11.9	13.8
Medium	50.7	45.9	62.6	61.4	47.6	46.3	55.4	52.8
ISCED 5	9.3	8.0	8.6	6.2	17.8	17.9	18.4	18.4
Higher (ISCED 6–8)	16.6	16.3	9.9	10.0	15.8	17.8	14.3	15.1
Total	100	100	100	100	100	100	100	100
Share of active population by educational attainment								
Lower	8.9	7.9	6.0	5.8	8.2	6.6	5.1	5.4
Medium	49.0	39.2	45.8	45.8	45.0	43.1	45.3	46.2
ISCED 5	15.3	16.9	14.2	13.1	23.0	22.9	20.6	19.6
Higher (ISCED 6–8)	26.8	36.1	34.0	35.3	23.8	27.4	28.9	28.8
Total	100	100	100	100	100	100	100	100
Share of employed population by educational attainment								
Lower	10.1	7.8	6.6	6.0	8.8	6.8	5.3	5.6
Medium	47.8	38.7	46.7	45.4	44.9	43.3	45.7	46.3
ISCED 5	14.9	16.4	12.2	10.8	22.8	22.7	19.8	19.0
Higher (ISCED 6–8)	27.2	37.1	34.6	37.7	23.6	27.3	29.2	29.1
Total	100	100	100	100	100	100	100	100
Share of unemployed population by educational attainment								
Lower	6.3	7.9	4.5	5.0	5.8	6.0	4.1	4.4
Medium	51.3	40.4	43.7	46.8	45.1	42.1	43.5	45.7
ISCED 5	16.4	18.2	19.1	19.1	24.1	23.7	24.5	22.4
Higher (ISCED 6–8)	26.0	33.4	32.7	29.1	25.1	28.2	27.8	27.5
Total	100	100	100	100	100	100	100	100
Share of population by educational attainment								
Lower	17.0	19.3	12.5	14.6	12.3	10.8	7.7	8.7
Medium	49.9	42.7	54.2	54.1	46.0	44.3	49.1	48.7
ISCED 5	12.0	12.2	11.4	9.4	21.0	21.0	19.8	19.1
Higher (ISCED 6–8)	21.1	25.7	22.0	21.8	20.7	23.9	23.4	23.5
Total	100	100	100	100	100	100	100	100

Notes: Lower – General basic, primary and lower education; Medium – General secondary and vocational education; Secondary specialised education (ISCED 5); Higher: Tertiary, postgraduate education (ISCED 6–8).
Source: Household Integrated Living Conditions Survey 2010 and 2013, and Labour Force Survey 2015–16

Annex 5. Youth population by stage and subcategory of transition, 2012 and 2014 (%)

Stage of transition	Total		Male		Female	
	2012	2014	2012	2014	2012	2014
Total transited	20.8	20.8↗	26.6	27.1↗	16.1	15.8↘
Transited to stable employment	17.3	16.2↘	21.4	20.0↘	14.1	13.1↘
Transited to satisfactory temporary employment	0.9	1.5↗	1.8	1.8↗	0.2	1.3↗
Transited to satisfactory self-employment	2.6	3.1↗	3.5	5.2↗	1.9	1.5↘
In transition	39.6	45.1↗	32.2	43.9↗	45.5	46.2↗
Unemployed (broad definition)	12.0	13.4↗	10.4	13.9↗	13.3	12.9↘
In unsatisfactory temporary employment	2.0	2.6↗	2.5	3.7↗	1.7	1.8↗
In unsatisfactory self-employment	4.5	4.5↗	6.8	6.9↗	2.7	2.6↘
Active students	8.2	9.5↗	8.8	12.1↗	7.7	7.5↘
Inactive non-students aiming to work in the future	12.9	15.1↗	3.8	7.3↗	20.2	21.4↗
Transition not yet started	39.6	34.0↘	41.1	29.1↘	38.4	38.0↘
Inactive students	37.1	31.4↘	39.4	28.5↘	35.3	33.8↘
Inactive non-students with no plans to work in the future	2.5	2.6↗	1.7	0.5↘	3.1	4.2↗
Total	100	100	100	100	100	100

Source: ILO (2016), p. 5

ACRONYMS

ADS	Armenia Development Strategy
AMD	Armenian dram (currency)
CEPA	Comprehensive and Enhanced Partnership Agreement
CVET	Continuing vocational education and training
EaP	Eastern Partnership
ETF	European Training Foundation
EU	European Union
GDP	Gross domestic product
ILO	International Labour Organisation
IMF	International Monetary Fund
IT	Information technology
MES	Ministry of Education and Science
MLSA	Ministry of Labour and Social Affairs
MSY	Ministry of Sport and Youth Affairs
NACE	Nomenclature des activités économiques dans la Communauté européenne (Statistical classification of economic activities in the European Community)
NEET	Not in education, employment or training
NGO	Non-governmental organisation
NSS	National Statistical Service
SEA	State Employment Agency
SMEs	Small and medium-sized enterprises
VET	Vocational education and training
YDI	Youth Development Index

BIBLIOGRAPHY

Council of Europe, *Youth Policy in Armenia: An international perspective*, 2009.

Council of Europe and European Commission, *Reviews on Youth Policies and Youth Work in the Countries of South East Europe, Eastern Europe and Caucasus: Armenia*, 2011. Last accessed May 2019 at: www.youthpolicy.org/national/Armenia_2011_Youth_Policy_Review.pdf

Council of the European Union, *Joint Declaration of the Eastern Partnership Summit*, Brussels, 24 November 2017. Last accessed May 2019 at: www.consilium.europa.eu/media/31758/final-statement-st14821en17.pdf

EACEA (Education, Audiovisual and Culture Executive Agency), *Overview of the Higher Education System: Armenia*, 2017. Last accessed May 2019 at: https://eacea.ec.europa.eu/sites/eacea-site/files/countryfiches_armenia_2017.pdf

ETF (European Training Foundation), 'Validation of Non-Formal and Informal Learning in Armenia, Georgia and Ukraine', ETF, Turin, 2014.

ETF (European Training Foundation), *Armenia: Education, training and employment developments*, ETF, Turin, 2017. Last accessed May 2019 at: www.etf.europa.eu/web.nsf/pages/Armenia_education_training_and_employment_2016

ETF (European Training Foundation), *Torino process 2016–17: Armenia – Executive Summary*, ETF, Turin, 2017. Last accessed May 2019 at: www.etf.europa.eu/web.nsf/pages/TRP_2016-17_Armenia

EU Delegation to Armenia, *EU launches new projects under the EU4Youth Grant Scheme in Armenia*, [online], Press release, Yerevan, 20 March 2018. Last accessed May 2019 at: https://eeas.europa.eu/delegations/armenia/41675/eu-launches-new-projects-under-eu4youth-grant-scheme-armenia_en

European Commission, *Youth Employment: Commission proposes package of measures*, [online], News, 5 December 2012. Last accessed May 2019 at: <http://ec.europa.eu/social/main.jsp?langId=en&catId=1036&newsId=1731&furtherNews=yes>

European Commission, *Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Review of the European Neighbourhood Policy*, JOIN(2015) 50 final, Brussels, 18 November 2015. Last accessed May 2019 at: http://eeas.europa.eu/archives/docs/enp/documents/2015/151118_joint-communication_review-of-the-enp_en.pdf

European Commission, *Joint Staff Working Document: Eastern Partnership – 20 Deliverables for 2020 focusing on key priorities and tangible results*, SWD(2017) 300 final, Brussels, 9 June 2017. Last accessed May 2019 at: https://eeas.europa.eu/sites/eeas/files/swd_2017_300_f1_joint_staff_working_paper_en_v5_p1_940530.pdf

Eurostat, *Being Young in Europe Today – Demographic trends*, [online], 2017. Last accessed May 2019 at: http://ec.europa.eu/eurostat/statistics-explained/index.php/Being_young_in_Europe_today_-_demographic_trends

Eurostat, *Government Expenditure on Education*, [online], 2018. Last accessed May 2019 at: http://ec.europa.eu/eurostat/statistics-explained/index.php/Government_expenditure_on_education

Global Youth Development Index and Report 2016, Commonwealth Secretariat, London, 2016, pp. 5 and 126–127. Last accessed May 2019 at: <http://youthdevelopmentindex.org/>

Government of the Republic of Armenia, 'Non-Formal Education Concept', Yerevan, 2006.

Government of the Republic of Armenia, 'Lifelong Education Concept', Yerevan, 2009.

Government of the Republic of Armenia, *State Youth Strategy of the RA 2013–2017*, Government Decision No 1693, Yerevan, 27 December 2012. Last accessed May 2019 at: www.msy.am/files/post/2013-2017tvakanneri.Razmavarutyun.pdf

Government of the Republic of Armenia, *Armenia Development Strategy for 2014–2025*, Yerevan, 2014. Last accessed May 2019 at: https://eeas.europa.eu/sites/eeas/files/armenia_development_strategy_for_2014-2025.pdf

Government of the Republic of Armenia, *State Youth Policy Concept of the RA*, Government Decision No 54, Yerevan, 25 December 2014, p. 2. Last accessed May 2019 at: www.msy.am/files/post/1463658067-hayecakarg.pdf

Handel, M.J., Valerio, A. and Sánchez Puerta, M.L., 'Accounting for Mismatch in Low- and Middle-Income Countries: Measurement, magnitudes, and explanations', *Directions in Development*, World Bank, Washington, DC, 2016. Last accessed May 2019 at: <https://openknowledge.worldbank.org/handle/10986/24906>

ILO (International Labour Organisation), *Decent Work Country Profile: Armenia*, International Labour Office, Geneva, 2012. Last accessed May 2019 at: www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-moscow/documents/publication/wcms_307255.pdf

ILO (International Labour Organisation), Serrière, N., *Labour Market Transitions of Young Women and Men in Armenia*, Work4Youth Publication Series, No 21, International Labour Office, Geneva, 2014. Last accessed May 2019 at: www.ilo.org/employment/areas/youth-employment/work-for-youth/publications/national-reports/WCMS_314022/lang--en/index.htm

ILO (International Labour Organisation), *SWTS [School-to-Work Transition Survey] Country Brief: Armenia*, International Labour Office, Geneva, December 2016. Last accessed May 2019 at: www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_537747.pdf

IMF (International Monetary Fund), *Republic of Armenia: 2017 Article IV Consultation and Fifth and Final Review Under the Extended Arrangement-Press Release; Staff Report; and Statement by the Executive Director for Republic of Armenia*, 2017a. Last accessed May 2019 at: www.imf.org/en/Publications/CR/Issues/2017/07/19/Republic-of-Armenia-2017-Article-IV-Consultation-and-Fifth-and-Final-Review-Under-the-45107

IMF (International Monetary Fund), *Regional Economic Outlook: Middle East and Central Asia*, October 2017b. Last accessed May 2019 at: www.imf.org/en/Publications/REO/MECA/Issues/2017/10/17/mreo1017

Ministry of Education and Science, 'Development and State of the Art of Adult Learning and Education (ALE) National Report of the Republic of Armenia', Yerevan, 2008.

MLSA (Ministry of Labour and Social Affairs), 'Best Practice: Integration of vulnerable groups in the labour market', Yerevan, 2011.

MLSA (Ministry of Labour and Social Affairs), *Employment Strategy 2013–2018 of the Republic of Armenia*, Yerevan, 2012. Last accessed May 2019 at: www.skillsforemployment.org/KSP/en/Countries/ARM/index.htm

MSY and UNDP (Ministry of Sport and Youth Affairs and United Nations Development Programme), *National Youth Aspirations Research Report*, Yerevan, 2012. Last accessed May 2019 at: www.youthpolicy.org/wp-content/uploads/library/2012_Armenia_youth_aspirations_Eng.pdf

National Institute of Labour and Social Research, 'Education and Labour Market Linkages', 2016.

NSS (National Statistical Service), *The Demographic Handbook of Armenia 2016*, Yerevan, 2016a.

NSS (National Statistical Service), *Labour Market in the Republic of Armenia 2011–2015: Statistical handbook*, Yerevan, 2016b.

NSS (National Statistical Service), *Labour Market in the Republic of Armenia: Statistical handbook*, Yerevan, 2017. Last accessed May 2019 at: www.armstat.am/en/?nid=82&id=1994

NSS (National Statistical Service), 'Education and Culture', *Statistical Yearbook of Armenia 2017*, Yerevan, 2017a. Last accessed May 2019 at: www.armstat.am/file/doc/99504493.pdf

NSS (National Statistical Service), 'Employment', *Statistical Yearbook of Armenia 2017*, Yerevan, 2017b. Last accessed May 2019 at: www.armstat.am/file/doc/99504348.pdf

NSS (National Statistical Service), 'Population', *Statistical Yearbook of Armenia 2017*, Yerevan, 2017c. Last accessed May 2019 at: www.armstat.am/file/doc/99504343.pdf

Open Society Foundations, 'Linkage Between Universities and Labour Market in Armenia: Necessities of precondition on cooperative integrated model', 2011.

UNDP (United Nations Development Programme), *Armenia – Contribution to the 2015 United Nations Economic and Social Council (ECOSOC) Integration Segment*, 2015. Last accessed May 2019 at: www.un.org/en/ecosoc/integration/2015/pdf/armenia.pdf

UNIDO (United Nations Industrial Development Organisation), *Productive Work for Youth in Armenia: Supporting young entrepreneurs*, 2014. Last accessed May 2019 at: www.un.org/en/development/desa/policy/Armenia%20Youth%20Entrepreneurship_eng.pdf

Valerio, A., Herrera Sosa, K.M., Monroy Taborda, S. and Chen, D., *Armenia – Skills Toward Employment and Productivity (STEP) Survey Findings (Urban Areas)*, World Bank, Washington, DC, 2015. Last accessed May 2019 at: <http://documents.worldbank.org/curated/en/774051473400159803/Armenia-Skills-toward-Employment-and-Productivity-STEP-survey-findings-urban-areas>

World Bank, *Armenia Country Snapshot*, 2018. Last accessed May 2019 at: www.worldbank.org/en/country/armenia/overview

Youth Studies Institute, *The Issues of Youth Employment in the RA: Review of the findings of the sociological research*, Yerevan, 2013. Last accessed May 2019 at: www.ystudies.am/wp-content/uploads/2014/12/The_issues_of_youth_employment_in_the_RA_english.pdf

Youthpolicy.org, *Factsheet: Armenia*, [online], 2014. Last accessed May 2019 at:
www.youthpolicy.org/pdfs/factsheets/armenia.pdf

www.etf.europa.eu

