

KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT – ARMENIA 2022

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EXECUTIVE SUMMARY

Armenia has taken important steps forward during the last year in the reform agenda.

The Government Programme of the Republic of Armenia 2021-2026 calls for evidence-based policy and strategic planning in all sectors. It assigns education a key role in achieving sustainable and inclusive development and welfare, in line with the wider goals of the Armenian Transformation Strategy 2050.

The Ministry of Education, Science, Culture and Sports (MoESCS) has completed the draft new State Programme for the Development of Education in the Republic of Armenia until 2030 (the 'Education Strategy'). The Government approved the Education Strategy by decree in July 2022, and the National Assembly endorsed it on 16 November 2022. The new Education Strategy widely addresses vocational education and training (VET) and points at work-based learning (WBL) as a key pillar to facilitate the transition from school to work, providing the skills required by the labour market and thus contributing to the reduction of youth unemployment. It also assigns a key role to lifelong learning (LLL) and opportunities for upskilling and reskilling, which are still at an early development stage in Armenia.

Strengthening the links between education and the labour market is also a priority set by the 2019-2023 'Work Armenia' initiative of the Office of the Deputy Prime Minister. Building on the priorities of this initiative and of the Government Programme 2021-2026, the Ministry of Labour and Social Affairs (MoLSA) is working on a new Employment Strategy. The new strategy – expected to be finalised by the end of 2022 and presented for consultations in early 2023 – will look at foresight methodologies focusing on horizon scanning of global trends and technological foresight of the labour market.

The adoption of such two key strategies on education and employment is a concrete opportunity for Armenia to create new synergies between employment and VET programmes and between the public and private sectors, in order to strengthen the link between skills formation and quality employment.

The Comprehensive and Enhanced Partnership Agreement (CEPA) between the European Union (EU) and Armenia – signed in 2017 and entered into force in 2021 – sets the framework for cooperation between the EU and Armenia. Among its pillars are a) better living standards (more jobs and business opportunities) and b) more choice in education (better quality of education, with a focus on lifelong learning). The Partnership Implementation Report, issued in May 2022 (EC, 2022) following the Partnership Committee and the Partnership Council meetings, highlights that work is on track in areas such as multi-sectoral support in the southern regions of the country, education and the digital domain.

The EU Economic and Investment Plan (EIP), approved in July 2021, will bring support to Armenia with concrete investments to help post-pandemic recovery, improve the lives of Armenian citizens and foster economic growth and job creation. In line with the CEPA, this plan foresees five flagship initiatives: supporting an innovative and competitive economy; boosting connectivity & socio-economic development: the North-South Corridor; investing in digital transformation, innovation, science and technology; building the resilience of the Southern regions; investing in a green Yerevan.

Armenia became a fully associated member of Horizon Europe – the EU's 2021-2027 research and innovation programme – on 11 February 2022.

1. KEY POLITICAL, DEMOGRAPHIC, ECONOMIC AND SOCIAL CHARACTERISTICS

Political developments

The early elections held in June 2021 marked a step towards enhanced political stability in the country, following the crisis triggered by the outcomes of the 44-day Nagorno-Karabakh conflict in 2020. Despite the challenges created by the COVID-19 pandemic, the hostilities in Nagorno-Karabakh and the impact of Russia's aggression against Ukraine, the new government – under the lead of Nikol Pashinyan from the Civil Contract party – committed to continue with the reform agenda in different areas such as: the rule of law, the judiciary, human rights, education, youth, employment, social policies and health. Hostilities over Nagorno-Karabakh erupted again in mid-September 2022, although further escalations have been prevented to date. An EU Monitoring Capacity has also been deployed to allow the EU to better support the work of the two parties' border commissions.

Demographics

Armenia is a landlocked country with an area of 29 800 km². The country has 10 administrative territorial units (Marz) plus the capital city of Yerevan, which has special status. The population – composed of a total of 98% of Armenians – has shrunk over the last 20 years, from 3 034 000 in 2002 to 2 961 000 on 1 January 2022 (Government of Armenia, 2022), though a reverse trend is recorded in the last 10 years. The fertility rate declined from 2.62 in 1990 to 1.31 in 2000, but showed some improvements from the mid-2000s, reaching 1.656 in 2020 (ARMSTAT, 2021).

The population is ageing, with a decreasing proportion of young people. The ratio of the youth population to the working-age population decreased from 26.1% in 2010 to 17.3% in 2021.

According to the World Bank, more than 22% of Armenia's population will be aged 65 years or older by 2050, creating a growing demand for social services and increasing the associated government expenditure (World Bank, 2019).

Armenia has one of the highest emigration rates in the world, with about 30% of the population living outside the country (OECD, 2017). Poverty and the lack of jobs are the main drivers of emigration, while emigrants are mainly low-skilled workers. Following the 2020 conflict with Azerbaijan, many Armenian civilians in Nagorno-Karabakh fled the region. Data from the Armenian Migration Service indicate 90 640 spontaneous arrivals (IOM, 2020). In terms of outward migration, Russia has been the most common destination country, receiving 56% of Armenia's emigrants (OECD, 2017). However, Russia's aggression against Ukraine is likely to have an impact on these flows, especially seasonal labour migration, e.g. in the construction sector (Eurasianet, 2022). In the first quarter of 2022, more than 142 000 Russian citizens – mainly entrepreneurs and their families – moved to Armenia (Osservatorio Balcani e Caucaso Transeuropa, 2022).

Key economic developments

In 2018, Armenia became an upper middle-income country according to the World Bank classification.

The country's economy is characterised by market orientation, sustained growth, and inflows of capital and remittances. Russia's aggression against Ukraine has shown Armenia's close ties with Russia both economically and in terms of energy supply. In the first 6 months of 2022 the mutual trade turnover between Armenia and Russia increased by 42% (The Prime Minister of the Republic of Armenia, 2022).

Economic growth was strong, averaging 6.8% from 2017-2019. Armenia's progress dropped in 2020 to -7.4% and increased again to 5.7% in 2021 (World Bank, 2022).

In Armenia, there has been a consistent shift in employment in industry and agriculture towards services. Nevertheless, agriculture continues to play a major role and it remains essential for the

Armenian economy, accounting for 11.1% of GDP in 2021. In 2021, industry contributed to 26.9% of GDP. The services sector has been growing in recent years. Despite a slight decrease compared to 2019-2020, it contributed to 52.7% of GDP in 2021 (World Bank, 2022). Figures from the Labour Force Survey for 2021 show a sharp decrease in the share of employment in agriculture (22.1% compared to 38.6% in 2010) and increasing trends in industry and in the services sector (22% and 55.9% respectively compared to 17.4% and 44% in 2010). The economy's most dynamic growth sectors are the food industry, information and communications technology (ICT), tourism, mining products, garment and footwear manufacturing, tobacco, and production and processing of fresh fruits and vegetables. New sectors such as ICT, jewellery making (the diamond industry) and tourism are beginning to expand.

Small and medium-sized enterprises (SMEs) represent 99.8% of all companies, with a significant share in persons employed (69.7% in 2019) (Statistical Committee of the Republic of Armenia, 2019).

Approximately 35% of the labour force are estimated to work in the informal economy (ARMSTAT, 2021), which contributes to approximately 36% of Armenia's GDP. Informality also remains widespread in non-agricultural sectors, which witnessed a 15.3% informal employment rate in 2020 (ARMSTAT, 2021). There is a large gender gap among employers (86% men, 14% women) and in the overall labour market in Armenia. The divide is smaller in the ICT sector due to open work environments, young staff and opportunities for remote work – nevertheless, only 11% of leaders in the ICT sector are women (NIRAS, 2021).

Remittances play an important role in household economies and employment choices. After the peak in 2013 when remittances amounted to 19.7% of GDP, the figures dropped to 11.2 in 2019 and 10.5% in 2020 (World Bank, 2021). In 2021, only remittances from Russia amounted to USD 865 million – equivalent to nearly 5% of the country's GDP – though the figure is likely to drop dramatically (Eurasianet, 2022).

Key social issues

According to a recent assessment by UN Women (UN Women, 2021), Armenia has made some progress in tackling poverty in recent years thanks to a combination of economic growth and investment in social protection. However, uneven distribution of wealth left 23.5% of the population living below the poverty line in 2018, with large differences across the marzes, communities and rural and urban areas in terms of the proportion of poor and extremely poor (UNDP, 2020). The situation has also worsened due to the Covid-19 pandemic. While there are no major gender differences in poverty levels, children, young people and people with lower educational attainment are more exposed to poverty (UN Women, 2021).

The Education Strategy identifies the most common reasons for non-enrolment in education; these are factors such as extreme poverty, child labour, ethnicity, refugee status, and are also related to gender and regional inequalities.

2. EDUCATION AND TRAINING

2.1 Trends and challenges

Education strategy and legal framework for education

The Armenian Development Strategy (ADS) 2014-2025 identifies education as a fundamental driver for the country's sustainable development. Increasing the quality, effectiveness, relevance and access to all levels of education is a major priority.

Following wide consultations, on 28 July 2022 the Government approved by decree the new State Programme for the Development of Education in the Republic of Armenia until 2030 (the 'Education Strategy') and submitted it for adoption to the National Assembly. The Armenian Parliament endorsed the Strategy on 16 November 2022. The new Education Strategy covers the whole educational spectrum (pre-school education, primary and secondary schools, vocational education, life-long learning and higher education) and focuses on education quality, accessibility and efficiency. It adopts a holistic approach to the different levels of formal, non-formal and continuous education, and aims to address the additional challenges created by the outbreak of the COVID-19 pandemic and the conflict in Nagorno-Karabakh/Artsakh in 2020. The Strategy Action Plan covering until 2026 is currently being finalised.

In the meantime, the MoESCS has initiated a revision of the law on Higher Education and Science and of the regulatory framework of the Armenian VET system. It is expected that the draft revised VET Law will be submitted to the Government by the end of 2022.

In 2019, the National Council for VET Development (NCVD) approved the 'Concept paper and roadmap for developing WBL in Armenia 2019-2025'. This envisages the development of three different forms of WBL and their integration in the VET system: i) learners' internship programmes; ii) 'real' companies running commercial activities adjacent to the VET institutions ('Armenian system' of WBL); and iii) apprenticeship/dual training schemes. The upcoming VET Law aims to provide solid grounds for the implementation of work-based learning and dual education and to improve the legal basis for cooperation with the private sector.

Education expenditure

Public expenditure on education is low. It ranged from 3.2% as a share of GDP in 2010 to 2.7% in 2020. In 2021, education represented 8.3% of total government expenditure, confirming a decreasing trend (12.4% in 2010) (UNESCO, 2022).

Access, participation and early school leaving

Armenia has made strong progress in improving access to general education. The gross enrolment rate in general education during recent years has been relatively high, scoring around 90% on average: gross enrolment rates in primary and secondary education were respectively 91.24% and 87.25% in 2020 (UNESCO 2021).

The rate of transition from primary to lower secondary general education is also high (99.8% in 2019) and in line with similar trends in further education, where the gross enrolment rate in tertiary education reached 50.8% in 2020. Trends in net enrolment rates in secondary education (ISCED level 2-3) are slightly increasing: from 84.6% in 2019 to 87.3% in 2021 (UNESCO, 2021). The share of VET students in upper secondary education (ISCED level 3) is also increasing (from 25.9% in 2019 to 28.7 in 2021).

Dropout rates among students aged 18-24 are decreasing, with early leavers at 3% in 2021 (3.4% in 2020). Yet no formal mechanism is in place to track children who are not in school or at are at risk of dropping out (UNESCO, 2022).

PISA results

Armenia does not participate in the Programme for International Student Assessment (PISA). Results from the 'Trends in International Mathematics and Science Study' (TIMSS) conducted in Armenia in 2019 indicate a significant improvement compared to 2015 in maths and natural sciences, especially in the fourth grade. It is noteworthy that Armenia has used TIMSS methods and procedures to implement national assessments in the Armenian language, literature and history (IEA TIMSS, 2019).

Young people not in employment, education or training (NEET)

Armenia faces persistently high numbers of NEETs for the 15-24 age group (20.3% in 2021), although this has substantially decreased over recent years (from 44.5% in 2010). Young women were more seriously affected than young men, with NEET rates peaking at 24.6% (ARMSTAT, 2021). In 2019, half of VET graduates aged 15-29 were NEETs in Armenia, as was the case in neighbouring Georgia and Moldova. (ETF, Youth transition and skills mismatch in Eastern Partnership countries, 2022). Such outcomes point to a difficult school-to-work transition for young people, which is also due to the quality of VET education and of the available jobs.

2.2 Initial VET and adult learning

Strategic and legal framework for initial VET and adult learning

Before the adoption of the new Education Strategy, the education system in Armenia was regulated by three main laws: the Law on Education (1999), the Law on Higher and Postgraduate Vocational Education (2004) and the Law on Preliminary Vocational (Craftsmanship) and Middle Vocational Education (2005) plus the related Implementation Plan 2017-2023, approved in 2019. In the meantime, the MoESCS has also initiated a revision of the law on Higher Education and Science and of the regulatory framework of the Armenian VET system. It is expected that the draft revised VET Law will be submitted to the Government for approval by the end of 2022.

The formal vocational education and training system in Armenia has two levels: preliminary vocational (craftsmanship) education and middle vocational education. Graduates of craftsmanship education are awarded a Diploma of Preliminary Vocational (Craftsmanship) Education and the qualification level (type) 'Craftsman'. Graduates of middle vocational education are awarded a Diploma of Middle Vocational Education with the qualification level 'Specialist'.

VET governance and financing arrangements

VET management in Armenia is centralised under the MoESCS, which is responsible for policy design, implementation and day-to-day administration of the system. Support and advice functions are provided to the MoESCS mainly by the following entities:

- The tripartite National Council for VET Development (NCVD), established in 2008, is the consultative tripartite body, which includes an equal number of governmental, employer and trade union representatives. Its main function is to provide advice to the MoESCS on decision-making and on the development of VET programmes.
- The National Centre for Vocational Education and Training Development (NCVETD) is the main support institution for VET, and it: participates in developing VET policies and strategies, medium-term and long-term development programmes and action plans; carries out different types of research in the VET system; analyses and evaluates its performance; ensures communication between the VET system and the labour market institutions; organises the development and continuous updating of qualification (educational) standards and curricula; provides professional expertise; identifies and adapts international best practices in VET; supports the development of the NQF and compatibility with the EQF, and the introduction of the credit accumulation and transfer system in VET.

- The National Centre for Professional Education Quality Assurance (ANQA) – established in 2008 – with the mandate to implement and oversee quality assurance processes in preliminary, vocational and higher education.
- The National Centre for Educational Technologies (NCET), established in 2004, is responsible for different aspects of the introduction and use of ICT in all levels of education (general, vocational and higher), including distance learning, and for the development of the education management information system (EMIS).
- The National Training Fund (NTF), established in 2011. Its objective is to ensure links between the VET system and the Labour Market and specifically to support the involvement of employers and their organisations in different aspects of VET. The NTF's main responsibilities are focused on labour market research and identifying skills needs, as well as on organising continuing VET for different categories of jobseekers, including employed and unemployed adults.

School governing boards act as the collegial management bodies in public VET colleges and craft schools. VET institutions have a certain degree of autonomy; they approve their own budgets and curricula and define the teaching means and methods.

The main source of funding for VET is the state budget. Financial allocations are low and normally just sufficient to cover staff salaries (ETF, 2020). Donors provide more tangible investments, directly or via budget support schemes. Some VET institutions generate their own income through the provision of education and training services.

However, the legal status of public VET institutions is currently an obstacle for such activities, as well as for organising the production and sales of goods. A revision of the legal framework is currently under discussion, however, to change the legal status and allow commercial activities within the ongoing debate on WBL.

Qualifications, validation and recognition

The Armenian National Qualifications Framework (NQF) was first adopted by Government Decree in March 2011 and then updated in July 2016 with new definitions for each level. The Armenian NQF – mainly oriented towards the formal education system – has eight levels, covering general education, vocational education and training (VET) and higher education. In 2015, the Government approved the procedures for continuing vocational training and validation of non-formal and informal learning (VNFIL). The National Training Fund (NTF) was appointed by the MoESCS as the body responsible for the implementation of the VNFIL system, though the VNFIL mechanism is currently not yet operational (ETF, 2021).

The MoESCS is the lead organisation for the NQF and has developed tools and approaches relating to it. VET qualifications are defined in VET standards validated by the corresponding Sectoral Committee and then approved by the MoESCS. VET qualifications are included in the lists (classifiers) of primary and secondary VET professions (specialities). VET qualifications are delivered and awarded by VET institutions or other training providers licensed and accredited by the MoESCS. Secondary VET qualifications can be acquired at secondary vocational educational institutions (colleges) and higher education institutions. Higher education qualifications are awarded by the higher education institutions accredited by the National Centre for Professional Education Quality Assurance (ANQA) (ETF, 2021).

The current list of professions needs a substantive revision to reflect the current economic trends. A closer cooperation with employers and the rethinking of existing tools are key to have more effective mechanisms in place (Government of Armenia, 2022).

Quality and quality assurance

Monitoring and quality assurance of VET is carried out through three processes: a) licensing for the implementation of programmes; b) internal quality assurance in VET institutions; c) external quality assurance for State accreditation.

The National Centre for Professional Education Quality Assurance (ANQA) implements and oversees quality assurance processes in preliminary, vocational and higher education. Among its responsibilities are: a) the development of standards and procedures for accreditation and quality assurance of institutions and programmes (then subject to approval by the Government); b) audits and quality assessments of training institutions; c) advice on the development of standards and methodologies for students' assessment. ANQA has adopted quality criteria from the European Quality Assurance in VET (EQAVET) framework (ETF, 2019) and is a member of the ETF's Quality Assurance Forum as of 2021.

The NCVETD periodically reviews the state educational standards performance and carries out an annual evaluation of the VET reforms and their impact on selected institutions. Aspects such as education content and relevance, increased quality of career guidance and other services to students, improved facilities, teaching and learning materials and human resources development are covered. The NCVETD is also in charge of VET teacher training, including the development of content (ETF, 2019).

As regards work-based learning (WBL), a road map is currently being updated that looks at how to put in place an internal and external quality assurance system. Currently, the lack of a formal system of quality assurance of the different forms of WBL is a challenge. Possible ways to address this are being explored, such as through the capacity-building of companies and VET institutions, establishing procedures and a toolkit for WBL implementation for both VET institutions and companies and designing formal quality assurance mechanisms.

Work-based learning arrangements

In 2019, the tripartite National Council for VET Development (NCVD) approved the 'Concept paper and roadmap for developing WBL in Armenia 2019-2025'.

The concept paper and its road map are currently being reviewed with ETF's support. Key achievements to date are: a) identification of the policy framework needed to develop WBL in the VET sector in Armenia; b) identification of priority actions within the roadmap, targeting a gradual implementation of different forms of WBL; c) implementation of dual education programme pilots through donors' support. Pilots have been conducted:

- in the framework of the GIZ-funded PSD-TVET project on winemaking, tourism, and IT/precision engineering: 15 long-term dual VET programmes have been implemented in 13 VET institutions across Armenia and five short-term dual VET courses have been piloted in four VET colleges, with more than 600 students involved;
- in the framework of the 'Skills for Jobs' project (EU4Youth – SAY YES initiative carried out by World Vision Armenia) short-term curricula for four professions – cheese-making, wine-making, agro-machinery maintenance and veterinary – were developed;
- in the framework of the EU-funded project implemented by the Strategic Development Agency NGO, two agricultural professions – veterinary and milk and dairy technology – have been revised and piloted according to the WBL approach.

An interesting example of public/private cooperation is the wine-making and juice production training offered at the Vayots Dzor Regional State College: the educational standard and the curriculum have been developed jointly with the private sector and the model has been disseminated to three other Armenian colleges.

To date, 7% of VET institutions provide WBL on 8.4% of the available specialties (MoESCS, 2022).

The concept, roadmap and pilots have set a good basis for the further development of state policies on WBL. The new Education Strategy aims to introduce dual learning 'in at least two educational institutions per year, through an active involvement of the private sector and the business community which will help to train up a quality workforce in line with the demands of the labour market' (MoESCS, 2022).

Digital education and skills

Armenia has made important steps forward in the field of digitalisation. In addition to the National Digital Strategy of the Republic of Armenia 2021-2025 adopted in February 2021, the Government Programme of the Republic of Armenia 2021-2026 envisages measures to ‘increase the digital literacy of the population and the implementation of programmes targeted at the growth of volumes of application of digital tools’. The new Education Strategy 2030 refers to the ‘introduction of digital and other tools appropriate to the transformation of the effective and creative learning environment’, and the ‘modernisation of digital technologies’.

The National Centre of Educational Technologies (NCET) is very active in reinforcing digital education and skills. Building on the experience with the ‘E-school Armenia’ project initiated during the COVID19 pandemic, the NCET has recently launched the ‘Mentor School’ project, with the objective of ensuring the continuity of education through online teaching in schools in rural areas of Armenia facing teacher shortages. The project was launched in 2021 by selecting 17 Mentor Schools throughout Armenia. Each Mentor School appointed at least two mentors who were trained and mentored by online teaching experts of the Distance Learning Department of NCET. The trained mentors are carrying out the training and mentorship of schoolteachers who provide online teaching to learners in rural schools with teacher shortages. In 2022, six new Mentor Schools joined the project.

Another interesting example is the Tumo Centre for Creative Technologies – <https://tumo.org/> – which provides free IT training for 12-18-year-olds and helps 19-to-26-year-olds to specialise in particular areas by providing web-based training. Students get insights into 3D modelling, robotics, photography and graphic design. TUMO has hubs in Yerevan, Dilijan, Gyumri and Stepanakert, with five TUMO boxes operating in neighbouring towns. Outside Armenia, there are centres in Paris, Beirut, Moscow, Tirana, Berlin and Lyon.

Statistics on education and training

The Statistical Committee (ARMSTAT) publishes a range of education and education-related statistics annually and throughout the year. The Education Strategy 2030 highlights that the current Education Management Information System (EMIS) does not yet provide exhaustive data. The need to develop a more comprehensive data system has been raised. As in neighbouring countries in the region, ‘graduate tracking practices in Armenia should be mainstreamed in education and training, both at upper secondary and tertiary levels as well as for continuous training programmes.’ (ETF, 2022).

A database for tracing graduates has been established for the purpose of monitoring the job placement rates of graduates benefitting from career guidance services, with input from the Career Guidance and Capacity Development Centre (CGCD) and relevant departments at the MoESCS.

3. LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges

Labour market characteristics

The labour market in Armenia has a number of peculiarities, such as low diversification in terms of sectors, a large informal sector and labour migration. Key labour market challenges remain: the significant mismatch between labour demand and supply (the share of occupationally mismatched employees has increased over time), the lack of jobs and the quality of existing jobs. The private sector is still too small to facilitate a substantial transition of workers from less productive to more productive sectors (World Bank, 2019). In addition, the labour market suffers from geographical imbalances. Economic dynamism and job creation potential are to a large extent concentrated in the capital city Yerevan (World Bank, 2020).

Activity and employment rates are low in Armenia. The activity rate decreased from 61.2% in 2010 to 54.8% in 2021 (ARMSTAT, 2021) and the trend is similar for both men and women. The reasons behind such high inactivity rates are different: for women, family care responsibilities; for men, circular and seasonal migration; and for lower-educated people, seasonal migration and discouragement are the most cited reasons for inactivity (World Bank, 2019).

Employment rate trends have fluctuated from 49.6% in 2010 to 46.4% in 2021, hitting the bottom rate of 45.4% in 2020, due to the Covid-19 pandemic. There is a large disparity between employment rates for men and women: 56.8% versus 38% in 2021 (ARMSTAT, 2021). A major reason for women's absence from the labour market is their involvement in unpaid household and care activities (NIRAS, 2021). Employment rates by level of educational attainment show the predominance of high-skilled workers with a higher (tertiary or post-graduate) education (59.6%), followed by those with a secondary education (49.6%). The youth unemployment rate remains high (30.5% in 2021) although it has decreased (from 38.9% in 2010). The risk of long-term unemployment is also high – in 2020, the majority of the unemployed (49.3%) were searching for a job for more than a year.

While employment in agriculture is steadily decreasing, industry and the services sector are expanding. The ICT sector has been growing considerably, offering new opportunities to young professionals. However, skills shortages are limiting the sector and companies' expansion (Eurasianet, February 2022). Young people are taking up digital job opportunities, including through online labour platforms, but they are often pushed to work informally (ETF 2021).

The total number of registered jobseekers in 2018-2021 varied from around 85 to 86 thousand. Only about one quarter of the total number of unemployed persons (based on the LFS) are registered in the Unified Social Services (USS). The USS and its regional centres provide services only to registered jobseekers or unemployed persons. No special mechanism is in place to motivate jobseekers or unemployed persons to register with the USS regional offices (ETF, 2022).

Statistics on the labour market and employment

The Statistical Committee of the Republic of Armenia (ARMSTAT) releases updates on the socio-economic situation twice a year, carries out the Labour Force Survey and publishes a yearbook on labour market developments in Armenia.

To address job-matching challenges, the Government has begun to set up an extensive online labour market information system (LMIS), which includes information about in-demand occupation profiles and the competencies needed to work in specific occupations. Within the scope of the 'Work Armenia' Strategy, the Edu2Work platform has been designed and is now operational in analysing labour market trends in Armenia. The platform gathers and analyses job advertisements posted on 10 online job portals in Armenia. The information presented in the platform is being updated daily and a new concept for the platform's development is in process. Moreover, at the USS a job search platform for

the Eurasian Economic Union countries has been operationalised; the 'Work without Borders' platform provides access to job vacancies and jobseekers in the member states of the Union (Armenia, Russian Federation, Belarus, Kazakhstan, Kyrgyzstan). In parallel, work is being done towards establishing an e-borsa state platform under the MoLSA.

3.2 Employment policy and institutional settings

Strategy and legal framework in the employment policy field

The MoLSA is the main government institution responsible for employment policy in Armenia. Until April 2021, regulatory functions in the sphere of employment were delegated to the State Employment Agency (SEA). As of April 2021, according to the amendments to the Law on Social Assistance (March 2020), the Unified Social Services (USS) were established, unifying all four bodies of social protection in Armenia: social security service, medical and social examination, state employment offices, regional social assistance agencies and community social assistance departments (ETF, 2022).

The MoLSA has launched the development of a comprehensive strategic framework in the form of a five-year labour and social protection strategy for Armenia. As part of this strategy, a number of sector strategies will be developed, among which is the Employment Strategy. The aim of the Employment strategy is to comprehensively address interlinked issues in labour and employment through human capital development. The 'Work Armenia' strategy and the Government programme 2021-2026 provide the legal basis for this strategy. According to the latter, the key priorities in human capital development for the upcoming 5 years are a) strengthening the link between education and the labour market and b) alleviating extreme poverty. The new Employment Strategy and action plan are expected to be finalised by the end of 2022 in order to launch public consultations in the first few months of 2023.

Initiatives to boost employment

The services provided and the Active Labour Market Policies (ALMPs) currently implemented in Armenia can be classified as follows:

- Labour market services: jobseekers in Armenia are registered at the regional USS offices in the centralised 'GORTS' (JOB) information system. After registration, jobseekers can benefit from counselling, needs assessments, provision of information on professions sought on the labour market, development of an individual programme and identification of the ALMPs that best fit their profile, and enrolment in programmes.
- ALMPs:
 - Training: vocational training programmes designed to train or retrain jobseekers can be provided by the selected educational institution, as well as at the workplace (981 beneficiaries in 2021, of whom 772 women and 382 in the 16-29 age group);
 - Employment incentives in the form of supporting the unemployed in obtaining work experience, or lump-sum or partial compensation to employers hiring a 'non-competitive in the labour market' person (745 beneficiaries in 2021, of whom 615 were women and 453 in the 16-29 age group);
 - Supported employment and rehabilitation to promote the integration/reintegration of jobseekers into the labour market. This entails monetary support to unemployed persons willing to move to another location to accept a suitable job or to actively meet employers for a job interview, or interrupt their childcare leave (3 years under current legislation) (597 beneficiaries in 2021, mainly in the 16-29 age group);
 - Direct job creation for creating additional jobs (albeit temporary) of benefit to the community which employ non-competitive, long-term unemployed or rural unemployed persons, in order to

help the agricultural industry and farming. Assistance to farmers in promoting seasonal work is one of the largest ALMPs by number of beneficiaries enrolled (28% of the total number of beneficiaries in the period 2018-2021);

- Start-up incentives to promote entrepreneurship by supporting unemployed persons who start their own business or become self-employed (475 beneficiaries in 2021, of whom 202 were women and 273 in the 16-29 age group).

In 2021, out of the 101 000 registered jobseekers placed into work, only 20% were placed through the mediation of the Public Employment Service (PES) (USS, 2022).

In addition to labour market services and ALMPs, a career development support system is in place in Armenia. The state bodies responsible are the MoLSA and the MoESCS. The Career Guidance and Capacity Development Centre (CGCD) under the MoLSA provides career support services, develops policy and methodology in the field of vocational guidance and career education models, develops technologies and capacity building for service providers, and monitors the establishment of cross-sectoral networks. The MoESCS provides the operational and institutional basis for the introduction of career guidance services in education and training. In terms of beneficiaries, only 21.4% of Armenian schools currently provide career education in grades 8 to 11, whereas students at all 96 VET institutions in the country have access to career guidance and career education services. People not in formal education, NEETs, adults and people who are not competitive in the labour market can receive career guidance services in the 49 regional centres of the Unified Social Service, which operate in the capital city and in all the regions. The career development system could be enhanced: by integrating career guidance services into the USS system; by professionalising career guidance practitioners through the development of a relevant qualification; and by ensuring access to quality information to all groups of users (ETF, 2022).

Initiatives to increase the capacity of the public employment services

Labour market public expenditure for active programmes in 2021 accounted for 0.02% of GDP, and has been slightly decreasing over the last 10 years (RA Ministry of Finance, 2022).

The workload of PES employees is high: 268 employees in a total of 49 regional centres provide services to 864 000 registered jobseekers in the 10 regions of Armenia and Yerevan city, with a workload of 322 jobseekers per employee (ETF, 2022).

The PES faces a number of challenges, such as: the high workload of PES staff, the lack of institutional capacity for effective service provision (including counselling, provision of information and guidance, support in job placement), the low efficiency of job matching services, incomplete and fragmented labour market information, budget constraints and a consequently limited outreach to potential beneficiaries.

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STATISTICAL ANNEX – ARMENIA

The Annex includes annual data from 2015, 2019, 2020 and 2021 or the last available year.

	Indicator		2015	2019	2020	2021
1	Total population (,000) ⁽¹⁾		2 925 600	2 957 700	2 963 200	2 968 100
2	Relative size of youth population (age group 15-24 and denominator age 15-64. %) ^{(1) C}		20.8	17.7	17.4	17.3
3	GDP growth rate (%)		3.2	7.6	-7.4	5.7
4	Gross value added by sector (%)	Agriculture	17.2	11.5	11.2	11.1
		Industry	25.7	25.0	27.1	26.9
		Services	48.2	54.0	53.2	52.7
5	Public expenditure on education (as % of GDP)		2.8	2.6	2.7	M.D.
6	Public expenditure on education (as % of total public expenditure)		10.7	10.0	8.8	8.3
7	Adult Literacy (%) ^C		M.D.	M.D.	99.8	M.D.
8	Educational attainment of total population (aged 15+) (%)	Low ⁽²⁾	M.D.	9.5	9.9	9.5
		Medium ⁽³⁾	M.D.	65.5	64.7	64.3
		High ⁽⁴⁾	M.D.	25.1	25.4	26.2
9	Early leavers from education and training (aged 18-24) (%)	Total	M.D.	3.4	3.4	3.0
		Male	M.D.	4.7	4.9	4.8
		Female	M.D.	1.9	1.8	1.2
10	NET enrolment rates in secondary education (ISCED level 2-3) (%)		M.D.	84.6	85.7	87.3
11	Share of VET students in upper secondary education (ISCED level 3) (%)		26.2	25.9	25.9	28.7
12	Low achievement in reading, mathematics and science – PISA (%)	Reading	N.A.	N.A.	N.A.	N.A.
		Mathematics	N.A.	N.A.	N.A.	N.A.
		Science	N.A.	N.A.	N.A.	N.A.
13	Activity rate (aged 15+) (%)	Total	62.5	58.8	55.4	54.8
		Male	72.6	70.9	66.3	67.3
		Female	54.3	48.2	46.3	44.8

	Indicator		2015	2019	2020	2021
14	Inactivity rate (aged 15+) (%)	Total	37.5	41.2	44.6	45.2
		Male	27.4	29.1	33.7	32.7
		Female	45.7	51.8	53.7	55.2
15	Employment rate (aged 15+) (%)	Total	50.9	48.4	45.4	46.4
		Male	59.8	59.1	53.8	56.8
		Female	43.8	39.0	38.4	38.0
16	Employment rate by educational attainment (aged 15+) (%)	Low ⁽²⁾	35.6	25.2	17.1	16.1
		Medium ⁽³⁾	48.4	46.7	44.1	45.5
		High ⁽⁴⁾	63.3	63.0	59.5	59.6
		VET ⁽⁵⁾	51.8	49.9	46.8	49.6
17	Employment by sector (%)	Agriculture ⁽⁶⁾	35.3	23.4	22.1	22.1
		Industry ⁽⁷⁾	15.9	23.8	20.9	22.0
		Services ⁽⁸⁾	48.8	52.8	57.0	55.9
18	Incidence of self-employment (%)	42.8	35.0	32.5	33.2	
19	Incidence of vulnerable employment (%)	41.9	33.6	31.1	31.8	
20	Unemployment rate (aged 15+) (%)	Total	18.5	17.7	18.1	15.4
		Male	17.6	16.6	19.0	15.6
		Female	19.5	19.2	17.1	15.2
21	Unemployment rate by educational attainment (aged 15+) (%)	Low ⁽²⁾	14.9	19.9	24.2	11.8
		Medium ⁽³⁾	19.1	18.7	18.9	16.3
		High ⁽⁴⁾	17.9	15.2	15.8	13.9
		VET ⁽⁵⁾	21.5	19.0	18.9	15.7
22	Unemployment rate (aged 15-24) (%)	Total	32.5	32.2	32.3	30.5
		Male	28.6	29.3	31.6	28.0
		Female	37.2	35.6	33.3	33.6
23	Proportion of people aged 15-24 not in employment, education or training (NEETs) (%) ⁽⁹⁾	Total	27.5	23.9	23.0	20.3
		Male	20.0	17.4	17.5	16.2
		Female	34.8	30.7	28.8	24.6

	Indicator		2015	2019	2020	2021
24	Participation in training/lifelong learning (% aged 25-64)	Total	M.D.	8.2	6.8	8.6
		Male	M.D.	8.3	6.4	8.5
		Female	M.D.	8.1	7.0	8.7
25	Human Development Index		0.768	0.776	M.D.	M.D.

Last update: 07/10/2022

Sources:

Indicators 1. 2. 3. 4. 5. 6. 7: The World Bank. World Development Indicators database

Indicators 7. 10. 11: UNESCO. Institute for Statistics

Indicators 8. 9. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24: Armstat. Labour Force Survey

Indicator 25: UNDP

Notes:

- (1) Estimation.
- (2) Low – Primary and lower. General basic
- (3) Medium – General secondary. Vocational. Secondary specialized
- (4) High – Tertiary. post-graduate
- (5) VET – Vocational. secondary specialised
- (6) Agriculture(A)
- (7) Industry (B-F)
- (8) Services (G-U)
- (9) 2010: Definition differs

Legend:

C = ETF calculations

N.A. = Not applicable

M.D. = Missing data

KEY DONOR PROJECTS IN EDUCATION. TRAINING AND EMPLOYMENT

EU-funded

- The aim of the EU-funded Sector Reform Performance Contract (budget support) on 'Better Qualifications for Better Jobs' 2017-2020 (EUR 15 million) was to improve the efficiency of the labour market and the employability of the workforce, with a particular emphasis on agricultural VET training. The programme was revised to allow the unspent funds to be redirected to COVID-19 mitigation measures in the field of education. The last tranche payment was released at the end of 2021.
- The Local Empowerment of Actors for Development (LEAD) programme with a budget of EUR 14.6 million was launched in March 2021 and will run for 4 years. It aims to create more than 250 jobs, support 160 rural businesses and fund 150 migrant businesses, as well as to train at least 500 beneficiaries on business management and operations. The action is implemented in partnership with the United Nations Development Programme (UNDP), the Food and Agriculture Organization of the United Nations (FAO), the Austrian Development Agency (ADA) and the International Centre for Migration Policy Development (ICMPD).
- Within the assistance package of over EUR 96 million adopted in 2020 as part of TeamEurope to mitigate the socio-economic effects of the COVID-19 pandemic in Armenia, budget support and grants have also been approved to provide access to online education, support to SMEs and development of new digital approaches.
- Upcoming:
 - a new budget support is being formulated on secondary education;
 - a Team Europe initiative, 'Resilient Syunik', is due to start as a joint undertaking of the EU, interested Member States and the European Investment Bank (EIB). It will focus on the socio-economic development of Syunik, including the promotion of private-sector development.

Other donors / international organisations

- The GIZ is implementing the Private Sector Development Programme (PSD TVET) 2017-2023 with the objective to improve the conditions for sustainable economic development and to support inclusive growth, particularly in rural regions. In cooperation with the MoESCS, 12 long-term dual VET courses have been launched in 10 VET institutions for selected specialisations in the winemaking, tourism, and IT/precision engineering sectors. In addition, the programme has helped to pilot three short-term dual VET courses at four VET colleges, catering to the needs of private sector companies and focused on introducing new professions. The EU is co-funding the programme with a contribution of EUR 20.7 million.
- The joint UNDP-UNICEF 'Strengthening Stability and Resilience of the Bordering Communities in Vayots Dzor, Gegharkunik and Syunik Regions' project (Phase 3) deploys efforts towards improving the quality of the TVET system and contributes to the development of a competitive and more employable labour force across the Vayots Dzor, Gegharkunik and Syunik regions.
- The USAID 'Armenia Workforce Development Activity' project was launched at the end of 2021 and will last until September 2026, with a budget of USD 7.5 million. The project is implemented by the Enterprise Incubator Foundation, Armenian National Agrarian University, Fund of Armenian Relief and CIVITTA Armenia. The goal is to improve the soft and technical skills of young people and women and increase their links to occupations in three target sectors: information and communications technology and the high-tech industry (ICT/HT); agriculture and food processing

(agri-food); and hospitality, restaurants and cafes (HoReCA), by reducing the barriers to entering the labour market.

- The Swiss Development Cooperation (SDC) and a range of other funding partners, including the German Federal Ministry of Economic Cooperation and Development (BMZ), the Austrian Development Agency (ADA), the Armenian Izmirlian Foundation and HEKS/EPER, are financing the 'Modernising Vocational Education and Training in Agriculture in Armenia' (MAVETA) project. The aim is to contribute to higher productivity in agriculture, increased income and enhanced (self)-employment in agricultural and related fields through improving the knowledge and skills of male and female farmers, and it was launched in December 2021. The first phase will last until August 2025 with a total budget of CHF 8.3 million. The project is implemented by the Strategic Development Agency (SDA) NGO in partnership with the organisation Swiss Church Aid (HEKS/EPER), the School of Agricultural, Forest and Food Sciences of the Bern University of Applied Sciences (HAFL) and the German Corporation for International Cooperation (GIZ).

ABBREVIATIONS

ADS	Armenian Development Strategy
ALMP	Active Labour Market Policies
ANQA	National Centre for Professional Education Quality Assurance
ARMSTAT	Statistical Committee of the Republic of Armenia
CEPA	Comprehensive and Enhanced Partnership Agreement
CGCD	Career Guidance and Capacity Development Centre
EIP	Economic Investment Plan
EMIS	Education Management Information System
EQAVET	European Quality Assurance in Vocational Education and Training
ETF	European Training Foundation
EU	European Union
GDP	Gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
ICT	Information and communication technology
ISCED	International Standard Classification of Education
LLL	Lifelong learning
LMIS	Labour Market Information System
MoESCS	Ministry of Education, Science, Culture and Sport
MoLSA	Ministry of Labour and Social Affairs
NCET	National Centre for Educational Technologies
NCVD	National Council for VET Development
NCVETD	National Centre for Vocational Education and Training Development
NEET	(Young People) neither in employment or in education or training
NGO	Non-governmental organisation
NQF	National Qualifications Framework
NTF	National Training Fund
PES	Public Employment Service
PISA	Programme for International Student Assessment
PSD	Private sector development
SEA	State Employment Agency
SME	Small and medium-sized enterprises
TVET	Technical vocational education and training
USS	Unified Social Services
VNFIL	Validation of non-formal and informal learning
WBL	Work-based learning

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