ARMENIA

EDUCATION, TRAINING AND EMPLOYMENT DEVELOPMENTS 2020

KEY POLICY DEVELOPMENTS IN EDUCATION, TRAINING AND EMPLOYMENT
(SEPTEMBER 2019–AUGUST 2020)

A conflict broke out between Armenia and Azerbaijan on 27 September 2020 and fighting continued until 10 November, when the two countries reached an agreement with Russia to end weeks of violent clashes in Nagorno-Karabakh. The announcement of a total ceasefire sparked outrage among some people in Armenia.

The several weeks of conflict between Armenia and Azerbaijan had a major impact on daily life. Thousands of Armenian civilians in Nagorno-Karabakh fled the region. It is estimated that 90 000 people have been displaced from Nagorno-Karabakh.

In addition, the Covid-19 pandemic has upset all forecasts, strategies and actions, and sometimes accelerated them. The pandemic's impact on individuals, companies, institutions and governments has been unprecedented and unpredictable. The pandemic has disrupted Armenia's growth trend and its favourable economic conditions. GDP is expected to contract in 2020 by between 2.8%[1] and 4%[2]. In March 2020, the government announced an economic support package of 283 million euro (around 2% of GDP) to mitigate the impact on business and the agriculture sector and to bolster social assistance.

Regarding education, the government's objective has been to ensure continuity. The Ministry of Education, Science, Culture and Sport (MoESCS) has had to face several challenges: the technological preparedness of students (a lack of computers, smartphones and internet connection for low-income families), alternative channels to provide online lessons, public lessons on public television, content preparedness (the availability of teaching and learning materials aligned with national curricula), and pedagogical preparedness.

In 2020 the respective authorities started to develop new education and employment strategies. The MoESCS is at work on the new Education Development Strategy 2020–2030, which is in the process of being written. Regarding VET, the 2021–2025 draft action plan for the 2030 development strategy in primary (craftsmanship) and middle vocational education was presented at the end of August 2020. In parallel, the Ministry of Labour and Social Affairs (MoLSA) has drafted a new employment strategy that is currently being revised to take into account the consequences of the Covid-19 pandemic.

A new government was installed in 2019 after the Velvet Revolution. Its programme for the period 2019–2024 was adopted by the National Assembly in February 2020. The government has reiterated

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[1] World Bank forecast: https://ca.reuters.com/article/instant-article/idUSKBN23G1RS

[2] Asian Development Bank estimate: https://www.adb.org/countries/armenia/economy

its full commitment to the implementation of the EU–Armenia Comprehensive and Enhanced Partnership Agreement (CEPA), which was signed in November 2017[3]. Among other things, the agreement calls for the mobilisation of human capital.

Armenia's employment and vocational education policies were both backed by an EU budget support programme called Better Qualifications for Better Jobs. The programme, which provided 15.2 million euro for 2017 to 2019, targeted the efficiency of Armenia's labour market and the employability of its workforce, with an emphasis on agricultural employment. The assistance also included a grant to help NGOs to develop work-based learning schemes.

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[3] https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/armenia_en

1. KEY DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

Armenia is a landlocked country with an area of 29 800 km^2. The country has ten administrative territorial units (called *marz*) and the capital city of Yerevan, which has special status. The Armenian population is small and in the midst of a continuous process of shrinking and ageing. Between 2013 and 2019 the population fell from 3 026 900 to 2 965 000[4]. The share of urban population is roughly 64%.[5] 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[6]. This negative trend is exacerbated by the increasing and permanent emigration of young people, although the trend has been halted because of the Covid-19 pandemic. Estimates say that if the current trends of births, deaths and emigration continue, Armenia's population will decrease by 860 000 to only about 2.14 million by 2040[7].

Armenia has one of the highest emigration rates in the world. Poverty and lack of employment are the main drivers of emigration, while the main group of emigrants are low-skilled workers. Data from the United Nations indicate that there were an estimated 937 000 Armenian migrants in 2015, equivalent to 31.1% of the country's total population. Russia remains the most common destination country, receiving 45% of Armenia's emigrants. Armenia is also considered to be among the 15 highest recipients of remittances in the world[8]. Remittances play an important role in household economies and employment choices. The country is characterised by scarce natural resources, so the development of human capital has always been regarded as the main value of Armenia and one of the top priorities in any national development programme[9].

In 2018 Armenia became an upper middle-income country, according to the World Bank's classification. The country's economy has undergone a profound transformation since independence. Sustained growth, ambitious reforms, and inflows of capital and remittances have created a market-oriented environment. The gross domestic product (GDP) growth rate rebounded to 7.5% in 2017. Several factors contributed to the recovery, including the strength of external demand for goods and services (such as tourism) and the recovery of domestic demand owing to an increase in disposable income, remittances and investments. Following an initial spike in early 2018, Armenia's economic performance slowed during the remainder of the year, mostly as a result of weakening external conditions, decreasing public capital expenditures and slowing investment. In 2018 the economy expanded at a robust 5.2% growth rate[10]. Economic results remained strong in 2019 with a growth rate of 7.6%[11]. Before the Covid-19 pandemic, the trend for 2020 was positive.

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[4] Statistical Committee of RA: https://www.armstat.am/file/article/sv_12_18a_520.pdf

[5] World Bank: https://data.worldbank.org/country/armenia

[6] World Bank, Armenia, Update, 2019: https://www.worldbank.org/en/country/armenia/publication/armenia-country-partnership-framework-2019-2022

[7] https://www.azernews.az/aggression/124597.html

[8] OECD/CRRC–Armenia, *Interrelations between Public Policies, Migration and Development in Armenia*, OECD Development Pathways, 2017: https://www.oecd-ilibrary.org/docserver/9789264273603-en.pdf?expires=1536230518&id=id&accname=guest&checksum=2B73223A66DF8C7D8FA644E1FD9C1E2B

[9] See, for example, Armenia Development Strategy for 2014–2025. Government Decision No. 442-N, 27 March 2014: https://eeas.europa.eu/sites/eeas/files/armenia_development_strategy_for_2014-2025.pdf

[10] https://www.worldbank.org/en/country/armenia/overview

[11] https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=AM

The impact of the Covid-19 pandemic, however, has disrupted the growth trend and GDP is now estimated to contract in 2020 by between 2.8%[12] and 4%[13]. The government adopted anti-crisis measures aimed at mitigating the consequences of the outbreak, maintaining economic stability, and supporting vulnerable people and companies in the most affected sectors. The steps included social and economic stimulus measures (e.g. state compensation schemes, loans for training, and a moratorium on debt repayments). Specific measures focused on SMEs and micro-enterprises, while other measures were dedicated to education and training, including students of educational institutions involved in graduate and postgraduate academic programmes[14]. After the pandemic, the unemployment rate in Armenia is expected to increase by 1.3% to 19% (slightly up from the current 17.7%), according to Deputy Minister for Social Affairs Arman Udumyan speaking at a session of the National Assembly's Healthcare and Social Affairs Standing Committee on 5 May 2020[15].

There has been a consistent shift in employment from industry and agriculture towards services. However, agriculture continues to play a major role and still accounts for almost one-third of jobs in Armenia. Although the importance of the agricultural sector has been declining, it remains essential for the Armenian economy and accounted for 12% of GDP in 2019. The sector suffers from a low rate of cultivation of arable land (30% of land is not used), limited resources and low growth potential. The sector has now registered negative growth for three consecutive years, reflecting both lower inputs (sown area, livestock) and lower productivity (yields)[16]. In 2019 industry contributed 24.3% of GDP, with one-fifth of the contribution coming from the construction sector. The services sector has been growing in recent years and contributed 54.2% of GDP in 2019. The economy's most dynamic growth sectors are the food industry, ICT, tourism services, mining products, garment and footwear manufacturing, tobacco, and production and processing of fresh fruits and vegetables. New sectors, such as information and communications technology (ICT), jewellery making (the diamond industry) and tourism, are beginning to expand.

Almost all firms in Armenia are SMEs. In 2019 they represented 99.8% of all companies and accounted for two-thirds of employment and 63% of turnover in the business sector. Moreover, 93% of Armenian firms are micro-enterprises (having fewer than 10 employees; 58% of micro-enterprises are non-employers). With one-third of the population living in the capital, Yerevan accounts for half of all companies, 70% of employment and 72% of turnover in the country[17]. The economic system does not currently address job quality or management capacity, which would enable enterprises to make productivity improvements and a better use of skills. While the education sector offers strong programmes in entrepreneurship, there are limited programmes available for people working in small businesses, particularly in rural areas where the presence of own-account workers is significant. Targeted programmes could promote better productivity among these workers by offering increased opportunities to access information and training.

Over the past decade Armenia has made considerable efforts to upgrade its commercial, administrative, tax and financial legislation and improve its business environment. The country ranked

[12] World Bank: https://ca.reuters.com/article/instant-article/idUSKBN23G1RS

[13] Asian Development Bank estimate 2020: https://www.adb.org/countries/armenia/economy

[14] ETF, *Mapping COVID 19*: https://www.etf.europa.eu/sites/default/files/2020-07/etf_covid_mapping_v06_1.pdf

[15] https://www.aysor.am/en/news/2020/05/04/armenia-unemployment/

[16] World Bank Country Economic Update, Winter 2019: https://elibrary.worldbank.org/doi/abs/10.1596/31422

[17] OECD, *Compendium of Enterprise Statistics in Armenia 2018*: http://www.oecd.org/eurasia/competitiveness-programme/eastern-partners/Compendium-Entreprise-Statistics-Armenia-2018-EN.pdf

41st among 190 economies in the World Bank's 2019 Doing Business Report[18]. This represents a slight decrease from its 38th position in 2016. Armenia's overall competitiveness ranked 70th in 2017–2018[19], which was a marked improvement on its 85th position in 2014–2015[20].

Although poverty reduction has been a strong focus of the government since the 1990s, 25.7% of Armenians still live in poverty[21], with 1.8% in extreme poverty, and the levels of poverty have not returned to their 2008 low point. An alarming characteristic of poverty in Armenia is that a proportion of poor adults do have employment (the proportion of the employed population earning less than USD 1.90 purchasing power parity a day was 1.4% in 2017[22]). Even though they work and earn a low salary, they remain poor. This may be an indicator of a number of problems in the economy, such as inefficiencies in the labour market, low labour productivity, low wages, and the low economic participation rate of women.

Regional disparities persist between the capital Yerevan and rural areas. The disparities are generally due to limited economic activity and a lack of job creation beyond the agricultural sector. The poverty rate stood at 27.9% in 2017 and it is highest in urban areas outside the capital, which also register elevated levels of emigration. Over two-thirds (70%) of Armenia's poor live in secondary cities and rural areas. The lowest poverty rate is in Yerevan, where it stands at 22.4%[23].

The government's programme of February 2019[24] states that its activities will be targeted at building a competitive and inclusive economy oriented to high-tech, industry and high environmental standards. The main objectives of the government are to:

- enhance opportunities for economic activity
- improve the effectiveness of state governance
- develop human potential
- develop reliable infrastructure and enhance accessibility

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[18] http://www.doingbusiness.org/reports/global-reports/doing-business-2018
[19] World Economic Forum, *The Global Competitiveness Report 2018*:
http://www3.weforum.org/docs/GCR2018/05FullReport/TheGlobalCompetitivenessReport2018.pdf
[20] World Economic Forum, *The Global Competitiveness Report 2016–2017*:
http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf
[21] https://www.worldbank.org/en/country/armenia/overview
[22] http://www.adb.org/countries/armenia/poverty
[23] Data from the International Bank for Reconstruction and Development, International Finance Corporation, Multilateral Investment Guarantee Agency, and Country Partnership Framework for the Republic of Armenia for the period 2019–2023, 28 February 2019.
http://documents1.worldbank.org/curated/en/523501552357219076/pdf/armenia-cpf-fy19-fy23-february-27-final-update-3-4-19-03062019-636876792405788612.pdf

[24] Government Decision No. 65-A, 8 February 2019: https://www.gov.am/files/docs/3133.pdf

2.   EDUCATION AND TRAINING

2.1 Trends and challenges

Public expenditure on education is low. In recent years it has fluctuated as a share of GDP, ranging from 3.2% in 2010 to 2.8% in 2017 (8.7% of the state budget) and 2.3% in 2018 (9.4% of the state budget). At the same time, the VET budget increased by 5% from 2017 to 2018. Accordingly, the VET budget as a share of the total education budget increased from 14.6% to 15.3%[25].

In 2019 the education budget increased dramatically to 17.33% of the state budget[26]. However, the VET budget decreased sharply and was only 4.3% of the education budget compared with 15.3% in the previous year[27].

The national development strategy recognises the need to increase funding for education, training and upskilling and to use the potential of open education resources and digital learning. Managing the youth transition to work should be incorporated into all levels of education. Skills should be organised in the context of Armenia's National Qualifications Framework (NQF). Increased support for practical internships would also help to ease the transition to work.

Armenia's education system has the following stages: pre-school, basic and upper secondary education, preliminary and middle VET, and higher education. Armenia has made strong progress in improving access to general education. Enrolment in primary and secondary education is relatively high, with gross enrolment rates of 92.72% and 83.15%, respectively, in 2018. The rate of transition from primary to secondary education is also high (98.27% in 2017) and in line with similar trends in further education, where the gross enrolment rate in tertiary education reached 54.57% in 2018[28].

At the same time, in the 2018–2019 academic year, students in secondary VET were 32.1% of the total number of students involved in secondary education (for women, the share in VET was 30.0%). During the last five years, the share of VET students involved in secondary education has achieved a steady growth rate of nearly 4.5 percentage points[29]. An increase in general VET enrolment can also be observed, with a total of 28 442 students enrolled in public VET institutions in 2019.

Although some progress has been made at the policy level, VET continues to face critical constraints at the structural level. The constraints include very low levels of funding, which appear to be insufficient to enable the system to develop, and an overall negative perception of VET among students and their parents, who see this kind of education as a last resort for the weakest students. The overall aim of the reforms is therefore to improve the reputation of VET.

The main factors that undermine the attractiveness of VET seem to be a lack of new jobs and the low salaries and unattractive working conditions on offer, as well as the existence of a substantial shadow economy. Another factor is that for most occupations, there is no regulation in terms of education level

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[25] Law on the 2017 State Budget, Law on the 2018 State Budget, Torino Process 2018–2020 national report
[26] Law on the 2019 State budget
[27] Torino Process 2018–2020 national report
[28] http://uis.unesco.org/country/AM
[29] Torino Process 2018–2020 national report, source: Statistical Committee of RA

or even profile. As a result, many jobs for which VET is relevant are occupied by people with higher education or without any professional education.

Higher education also seems to offer students better returns than VET. The employment rate for higher education graduates is 60.5%, compared with 51.1% for VET graduates[30]. Higher education graduates tend to obtain better jobs: 72.6% hold high-skilled jobs compared with 30% of VET graduates, and they earn 27% more on average[31]. This would seem to make higher education more attractive to students. At the same time, however, a greater focus on higher education may lead to more mismatches in the labour market.

According to the National Statistical Service of Armenia there has been an overall decline in the number of enrolled students and graduates at all levels of education, particularly in rural areas[32]. This could be a consequence of increased outward migration from rural areas, where the economy is unable to provide adequate jobs or economic prospects for households and the younger generation.

Student achievement, particularly in mathematics and science, points to quality issues in general education. In 2003, 2011 and 2015, Armenia participated in the Trends in International Mathematics and Science Study, which found that Armenian students performed below the international average. Although no more recent data are available, these findings indicate that near-universal access to general education has not necessarily translated into widespread high achievement among students. In addition, there is limited availability of and access to good-quality pre-school education, which is essential for improving performance in general education.

The Covid-19 restrictive measures have included the closure of schools, vocational training institutions, universities and other educational institutions. From the outset of the pandemic, the government's objective has been to ensure the continuity of education. However, the MoESCS has faced several challenges in the use of distance learning.

A 2018 survey[33] showed that almost 50% of teachers have never used IT for distance learning or provided lessons using the distance learning mode, and nearly one in four teachers reported a lack of computers in their homes. Despite these challenges, the learning process during the pandemic has been organised using digital, online and every other possible distance approach. In the spring of 2020 the MoESCS created an integrated platform of resources for intensive distance learning, including video lessons aligned with national curricula for all grades and subjects (with more than 200 lessons available on the ministry's YouTube channel, grouped in playlists by grade, and attracting over 150 000 views).

The Covid-19 pandemic has also accelerated the implementation of online courses and training for teachers. An online course called 'Introduction to E-learning' was carried out and the MoESCS sent a circular to VET institutions to suggest registering at http://elearning.am. Between March and April 2020, 158 teachers in colleges and crafts schools registered on the platform. The initiative was carried out in cooperation with the NGO National Network for Distance Learning and received support from the German development agency GIZ. Experts have also produced a series of courses to cover the

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[30] ETE KIESE Indicators, 2019

[31] Labour Market in the Republic of Armenia, 2013–2017 Statistical Handbook, Income, Table 5.4

[32] ETF, *Mapping Youth Transitions to Work in Eastern Partnership Countries*, Armenia Country Report, 2018: https://www.etf.europa.eu/sites/default/files/2019-07/youth_transition_armenia.pdf

[33] NCET, Sociological Research on Teachers' Use of ICT in Armenian Public Schools, 2018

development and management of an e-learning strategy, the development of methodical design for teaching, e-content development and online teaching[34].

In addition, the National Centre for Educational Technologies (NCET), which is part of the MoESCS, carries out a training course on skills for organising distance learning. More than 4 000 teachers have applied for the course, 439 specialists in four groups were enrolled in the training course.

2.2 Education and training policy and institutional setting

In Armenia, VET concentrates primarily on initial VET (IVET). IVET is divided into two levels: preliminary (craftsmanship) and middle vocational education. Both offer vocational qualifications, which help to provide access to the labour market. Individuals can also pursue a secondary general diploma called a *Matura*.

In Armenia, as of January 2019, there were 23 preliminary vocational education institutions known as craftsmanship schools (7 of them in Yerevan) and 80 middle vocational education institutions known as colleges (26 in Yerevan). There were also 13 private colleges, with 8 in Yerevan.

The Armenia Development Strategy (ADS) 2014–2025, which is the country's main socio-economic development strategy and the basis for medium-term, sectoral and other programme documents, identifies the education sector as a fundamental resource for the country's sustainable development. Increasing the sector's quality, effectiveness, relevance and access at all levels is a major priority.

The government programme for the period 2019–2023[35] states that the development of education is an overriding objective for sustainable and inclusive growth, and it sets goals for each educational sub-sector. Reforms in the VET sector will be targeted at enhancing education programmes to enable them to better respond to the changing needs of the economy and labour market; expanding the dual education system through the active involvement of employers; and improving the quality of education and teaching at primary and middle VET institutions, taking into consideration the priorities of territorial development.

On the economic side, the action plan to implement the government programme 2019–2023[36] sets out to eliminate obstacles for SMEs, improve the business environment, assist in the technical re-equipment of private-sector enterprises, and coordinate EU assistance to Armenia. To enhance the development of human capital, the plan envisages modernising education and improving its quality.

The MoESCS is at work on the new Education Development Strategy 2020–2030. The new strategy will aim to develop a future-oriented education system that fully serves national interests, communicates the importance of education to expectations of future economic and social development, and gives every citizen the opportunity to receive high-quality education at every stage of life. The MoESCS is also at work on the Higher Education Development Strategy and the new VET Strategy.

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[34] ETF, *Mapping Covid-19: The Overview*, https://www.etf.europa.eu/en/news-and-events/news/mapping-covid-19-overview
[35] https://www.gov.am/files/docs/3562.pdf
[36] https://www.gov.am/en/news/item/9486/

Regarding VET, the 2021–2025 draft action plan for the 2030 development strategy in primary (craftsmanship) and middle vocational education was presented at the end of August 2020[37] . The three main objectives of the draft plan, which is currently under revision, are to create a universally accessible learning-centred educational environment, increase the efficiency of education and internationalise educational services. The actions envisaged to achieve these objectives include, among others, the introduction and development of distance education in the VET system; the elaboration of state educational standards for VET and its modular programmes; the development of a concept, mechanisms and roadmap to organise a work-based learning process in the field of VET, including the pilot implementation of a work-based learning process; the training of teachers for the VET system; further improvement of Armenia's National Qualifications Framework; and review of feedback mechanisms by social partners.

The education system in Armenia is regulated by three main laws: the Law on Education (1999), the Law on Higher and Postgraduate Vocational Education (2004), and the Law on Preliminary (Craftsmanship) and Middle Vocational Education (2005). These laws have been amended several times in line with developments and reforms in the education system. In addition, individual areas, such as quality assurance, the NQF, and the system for the accumulation and transfer of academic credits, are regulated by a range of sub-legislative acts. In 2016 the NQF was revised and updated with new definitions for each level. To develop the NQF further, the MoESCS envisages the development of a credit system and the revision of qualifications.

In the context of the VET optimisation process, 17 VET colleges are being refurbished and transformed into regional centres of excellence. The centres will promote the implementation of multilevel educational programmes in line with the direction of development in each region or industrial sector, or both. Quality management centres will also be established to support the network of centres of excellence and share information with VET institutions on the outcomes of the programmes in order to inform the implementation of internal quality assurance systems.

In 2017 a new teacher-training and grading system was introduced. The system is coordinated by the National Institute of Education (NIE). In the VET system, however, staff development is coordinated by the National Centre for Professional Education Quality Assurance (NCPEQA) and the National Centre for Vocational Educational and Training Development (NCVETD). Every year roughly 1 000 VET teachers receive retraining[38]. In addition, college directors and deputies, management board members, standards development experts, and other staff within the VET system receive training on a variety of topics. However, most of the training for teachers is dedicated to pedagogical issues such as methodology and very little is vocation-related. This is mainly due to limited financial resources and the difficulties of identifying companies that are willing to accept VET teachers as trainees.

The government puts a high priority on the development of a system of work-based learning (WBL). For the first time, the Preliminary and Middle Professional Education and Training Development programme for 2017–2021 recognises WBL as a tool to increase the attractiveness of VET and its relevance to the needs of the regions and the agriculture sector, including concrete actions to develop

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[37] Fourth meeting of the Stakeholder Dialogue Platform on 26 August 2020 in Aghveran
[38] Torino Process https://openspace.etf.europa.eu/sites/default/files/2019-11/TRPreport_2019_Armenia_EN.pdf

WBL in the VET sector[39]. With support from the German development agency GIZ, dual education is being piloted in four sectors (ICT, tourism, winemaking and agriculture).

Although WBL is a priority for both the MoESCS and the MoLSA, coordination between the two ministries is rather weak, since they approach the policy from different perspectives. A significant development undertaken by the MoESCS has been to create a national working group on WBL that involves key stakeholders, including the MoLSA, employers, donors and public VET providers. In June 2019 the working group validated a concept paper on the development of WBL in Armenia and priority actions for the period 2019–2023. The ministry plans to evaluate the effect of internships and carry out a feasibility study on improving the relationship between enterprises and VET institutions.

In addition to these emerging policy perspectives, entrepreneurial learning is recognised as strategically important in Armenia. The government is introducing modules for key competences in entrepreneurship across all levels of formal education. A module for entrepreneurship covering the skills relevant to starting a business has been developed and will be compulsory in all vocational education. By the end of 2020 the government also plans to develop and introduce state qualifications standards in education and a relevant syllabus in VET, including the teaching of entrepreneurship as a core subject. An additional feature that will take more concrete shape in the future is a stronger focus on investment in internet-based educational technology to support learning in the VET sector. This will require the application of new methods and mechanisms, capacity building for specialists and increased access to learning in order to contribute to the formation of an open educational space.

Responsibility for the management of the education system is distributed among a number of institutions, all of which are subordinate to the MoESCS. They include the National Institute of Education, the Inspectorate of Education, the National Centre for Educational Technologies, the Assessment and Testing Centre, the National Information Centre for Academic Recognition and Mobility, the NCVETD, the National Centre for Professional Education Quality Assurance and the National Training Fund.

The EU-funded programme Better Qualifications for Better Jobs, which had a budget of 15.2 million euro for the period 2017–2019, sought to improve the efficiency of Armenia's labour market and the employability of its workforce, with a particular emphasis on agricultural employment. The programme supported in-depth sector analyses with a focus on skills. The assistance also included a grant to help NGOs to develop work-based learning schemes. Because of the Covid-19 crisis, it was decided to focus the budget support on two or three priorities (relating to the context of the crisis) and to accelerate the post-2020 programming because the current budget support was coming to an end.

3.   LABOUR MARKET AND EMPLOYMENT

3.1 Trends and challenges

The Armenian labour market is characterised by a declining demand for labour. Activity and employment rates are low and trending downwards. The activity rate decreased from 63.4% in 2013 to

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[39] ETF, *Mapping Youth Transitions to Work in Eastern Partnership Countries*, Country Report, 2018: https://www.etf.europa.eu/sites/default/files/2019-07/youth_transition_armenia.pdf

58.7 % in 2018. There is a large disparity between male and female labour market participation, with the female activity rate at 47.6 % and the male rate at 71.3% in 2019. The employment rate also decreased in the same period, from 53.2% to 47.5% (58.6 % for men and 37.9 % for women in 2019).

Unemployment is high, standing at 19% in 2018. There has been a slight increase in the difference between the male and female unemployment rates, which were 18.0% and 17.5%, respectively, in 2017, but 17.8% and 20.4% in 2018. Long-term unemployment increased from 8.4% in 2013 to 9.9% in 2017.

According to the latest available data, the youth unemployment rate is much higher than the overall unemployment rate. It increased from 36.1% in 2013 to 38.4% in 2017 and was particularly high for young women (45.0% in 2017). The proportion of young people not in employment, education or training (NEET) is also high. Although the overall NEET rate fell from 37.2% in 2013 to 28.7% in 2017, it increased to 31.1% in 2018 and the female NEET rate was 33% according to ETF calculations. In order to address the NEET phenomenon, there is an urgent need for policy measures that specifically target the affected group.

The broad trends in sectoral employment remain consistent. The percentage of the labour force employed in the services sector continues to rise (up from 46.7% in 2013 to 55.5% in 2017) and the employment shares of the agricultural and industrial sectors continue to fall (down from 36.3% to 31.3% and from 17.0% to 13.1%, respectively, between 2013 and 2017). The high level of self-employment (40.3% in 2017) is mainly the result of a high proportion of people working in the agriculture sector as own-account workers. Because employment in agriculture accounts for such a large share of total employment, productivity is very low. As a result, a shift towards export-oriented services could substantially improve economic outcomes. Labour market targets include reducing the share of employment in agriculture over time and increasing the share of employment in the industrial and construction sectors.

Significant mismatch between labour supply and demand is the other peculiarity of Armenia's labour market: the structural disparity between the real needs of the labour market and the labour supply produced by the education sector leads to considerable gaps in workforce supply and demand. The regular surveys of employers conducted by the National Institute of Labour and Social Research (NILSR) reveal that roughly 27% of employers cannot find quality workforce to fill vacancies[40]. The ILO has estimated that over-qualification affects 19.6% of young workers, while under-qualification affects 10.1%[41].

On 16 March 2020 Armenia declared a 30-day nationwide state of emergency in response to the Covid-19 pandemic. The measure, which was extended several times, included the closure of businesses and restrictions on movement. According to a former deputy minister[42], the unemployment rate in Armenia will grow by 1.3% after the pandemic, rising from the current level of 17.7% to 19%, representing an additional 40 000 unemployed people in the country (most notably in the services, food and construction sectors).

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[40] Survey of Employers by Sectors of Economy, NILSR MoLSA, 2016: http://www.employment.am/
[41] ILO (2016)

[42] Declaration made during a session of the National Assembly's Healthcare and Social Affairs Standing Committee: https://www.aysor.am/en/news/2020/05/04/armenia-unemployment/1692003

The country's anti-crisis measures sought to mitigate the consequences of the Covid-19 outbreak and maintain economic stability by supporting vulnerable people and companies in the most severely affected sectors. The measures included social and economic stimulus (e.g. state compensation schemes, loans for training, and a moratorium on debt repayments). Specific measures focused on SMEs and micro-enterprises.

3.2 Employment policy and institutional setting

The main aim of the Armenia Development Strategy (ADS) 2014–2025 is to increase employment through the creation of high-quality, well-paid jobs. The ADS emphasises the importance of introducing new policies to promote employment (especially through the creation of new jobs) and addressing the particularities of regional development. The government programme for the period 2019–2023 aims to enhance the integrity of state policy on sustainable employment by introducing programmes to improve the sociodemographic situation, prevent emigration, increase the labour market competitiveness of young people and people with disabilities, involve competent young professionals in the field of public administration, and fill employers' vacancies effectively.

The Ministry of Labour and Social Affairs (MoLSA), with support from the ILO, is currently at work on the new Employment Strategy 2019–2022, which will provide a comprehensive employment policy framework to support inclusive and sustainable economic growth in Armenia. The new employment strategy will address such important challenges as skills mismatch, youth transition to work, informality and entrepreneurship development. A first draft is currently being revisited because of the Covid-19 pandemic.

By September 2020 the MoLSA had prepared a draft Labour and Social Protection Sector Development Strategy and Action Plan 2020–2025.

In May 2019 Armenia and the ILO signed the Decent Work Country Programme for 2019–2023. The Work Armenia programme was approved in December 2019. The overarching aim is to improve quality of life through the development of human resources and the promotion of employment and institutional reforms that focus on career paths and professional self-realisation. The programme has three pillars: human capital development, employment promotion and institutional reform.

The MoLSA is the main governmental body that elaborates and implements policies on labour and social security. The State Employment Agency (SEA), which operates through 51 local centres, provides employment services to jobseekers, including intermediation services and career information and guidance. The SEA also organises job fairs and provides professional training for unemployed people. In 2017 the SEA launched an improved online system to match jobseekers and job vacancies. In 2018 a new programme was introduced to support young unemployed mothers to enter or re-enter the labour force through the acquisition of professional experience combined with support for childcare (for children up to three years of age). This will help to address the high NEET rate among young women. As the labour market improves, further support for capacity building in the SEA will be necessary to provide well-targeted services for jobseekers, particularly those who are long-term unemployed or informally employed. A large number of youth still do not make the transition to a job at the end of their schooling.

In 2019, 16 state employment programmes were created. The programmes, which are expected to be financed from the state budget, include internships for jobseekers to gain professional experience; vocational training for young mothers; support for small businesses; and support for the rural economy

through the promotion of seasonal employment. One of the output indicators is a target to employ at least 15% of young people who are registered with the SEA.

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

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

The current approaches to monitoring labour market developments include 'barometer' analyses conducted by the SEA, based on employer surveys and unemployment records, as well as annual research carried out by the MoLSA through interviews with employers. The National Institute of Labour and Social Research produces brief overviews of sectors and conducts analyses on specific issues of labour market and skills development. Other research centres also contribute to the analyses. In addition, there are ad hoc surveys by VET institutions, employer associations and, occasionally, international institutions. Despite the improved availability of statistical data, the skills intelligence system remains fragmented and uncoordinated, preventing the development of more systematic and sustained flows of analysis and indicators. There is scope for further improvement through the development of a more coordinated approach that involves key data providers equipped with the analytical capacity to establish a labour market information system. Improving the stream of reliable and forward-oriented labour market information, coordinated through a labour market observatory, would further help to promote employability.

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Recent ETF Country Intelligence Products:
- Mapping of Covid-19 impact on education and training
- ETF Torino Process Assessment
- NQF Inventory Country Page https://openspace.etf.europa.eu/nqf-inventories

ARMENIA: STATISTICAL ANNEX

Annex includes annual data from 2010, 2015, 2018 and 2019 or the last available year.

	Indicator		2010	2015	2018	2019
1	Total population ('000) [1]		2,877.3	2,925.6	2,951.8	2,957.7
2	Relative size of youth population (age group 15–24 and denominator age 15–64, %) [1] [2]		26.1	20.8	18.3	17.7
3	GDP growth rate (%)		2.2	3.2	5.2	7.6
4	GDP by sector (%)	Agriculture added value	M.D.	17.2	13.9	12.0
		Industry added value	M.D.	25.7	24.8	24.3
		Services added value	M.D.	48.2	52.6	54.2
5	Public expenditure on education (as % of GDP)		3.2	2.8	2.7 (2017)	M.D.
6	Public expenditure on education (as % of total public expenditure)		12.4	10.7	10.4 (2017)	M.D.
7	Adult literacy (%)		M.D.	M.D.	99.7 (2017).	M.D.
8	Educational attainment of adult population (aged 25–64 or 15+) (%)[3] [4]	Low[5]	8.2	5.1	4.2 (2017)	5.4 [2] (2018)
		Medium[6]	68.9	66.0	66.1 (2017)	66.6 [2] (2018)
		High[7]	22.9	28.8	29.7 (2017)	14.5[2] (2018)
9	Early leavers from education and training (aged 18–24) (%)	Total	M.D.	M.D.	M.D.	M.D.
		Male	M.D.	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.	M.D.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)		99.7	89.8	68.3	M.D.
11	Share of VET students in upper secondary education (ISCED level 3) (%)		15.1	26.2	28.4	M.D.
12	Tertiary education attainment (aged 30–34) (%)		21.7	30.6	32.3 (2017)	M.D.
13	Participation in training/lifelong learning (age group 25–64) by sex (%)	Total	M.D.	M.D.	M.D.	M.D.
		Male	M.D.	M.D.	M.D.	M.D.
		Female	M.D.	M.D.	M.D.	M.D.
14	Low achievement in reading,	Reading	N.A.	N.A.	N.A.	N.A.

	Indicator		2010	2015	2018	2019
	mathematics and science – PISA (%)	Mathematics	N.A.	N.A.	N.A.	N.A.
		Science	N.A.	N.A.	N.A.	N.A.
15	Activity rate (aged 15+) (%)[3]	Total	61.2	62.5	60.9 (2017)	58.7 [C] (2018)
		Male	72.3	72.6	70.7 (2017)	71.3 [C] (2018)
		Female	52.2	54.3	52.8 (2017)	47.6 [C] (2018)
16	Inactivity rate (aged 15+) (%)[3] [2]	Total	38.8	37.5	39.1 (2017)	41.3 (2018)
		Male	27.7	27.4	29.3 (2017)	28.7 (2018)
		Female	47.8	45.7	47.2 (2017)	52.4 (2018)
17	Employment rate (aged 15+) (%)[3]	Total	49.6	50.9	50.1 (2017)	47.5 [2] (2018)
		Male	59.9	59.8	57.9 (2017)	58.6 [2] (2018)
		Female	41.1	43.8	43.5 (2017)	37.9 [2] (2018)
18	Employment rate by educational attainment (% aged 15+) [3]	Low[9]	35.2	35.6	28.5 (2017)	26.7 [2] (2018)
		Medium[6]	49.2	48.4	48.7 (2017)	45.7 [2] (2018)
		High[7]	60.5	63.3	60.5 (2017)	49.0 [2] (2018)
19	Employment by sector (%) [3]	Agriculture	38.6	35.3	31.3 (2017)	2.1[2] (2018)
		Industry	17.4	15.9	13.1 (2017)	23.7[2] (2018)
		Services	44.0	48.8	55.5 (2017)	74.2[2] (2018)
20	Incidence of self-employment (%) [3]		43.1	42.8	40.3 (2017)	M.D.
21	Incidence of vulnerable employment (%) [3]		42.6	41.9	39.1 (2017)	M.D.
22	Unemployment rate (aged 15+) (%) [3]	Total	19.0	18.5	17.8 (2017)	19.0 [2] (2018)
		Male	17.0	17.6	18.0 (2017)	17.8 [2] (2018)
		Female	21.2	19.5	17.5 (2017)	20.4 [2] (2018)
23	Unemployment rate by educational attainment (aged 15+) (%) [3]	Low [10]	13.6	14.9	17.4 (2017)	21.3 [2] (2018)
		Medium [6]	19.5	19.1	17.8	19.9 [2]

	Indicator		2010	2015	2018	2019
					(2017)	(2018)
		High[7]	19.5	17.9	17.9 (2017)	21.0 [2] (2018)
24	Long-term unemployment rate (aged 15+) (%)		9.8	11.2	9.9 (2017)	M.D.
25	Youth unemployment rate (aged 15–24) (%)	Total	38.9	32.5	38.4 (2017)	M.D.
		Male	31.9	28.6	33.1 (2017)	M.D.
		Female	48.0	37.2	45.0 (2017)	M.D.
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%) [8]	Total	44.6	27.5	28.7 (2017)	31.1 [2] (2018)
		Male	41.8	20.0	20.7 (2017)	28.3 [2] (2018)
		Female	47.3	34.8	37.5 (2017)	33.7 [2] (2018)

Notes:
The methodology behind the Labour Force Survey has been revised since 2018. The basis of the revision are concepts from the 'Resolution concerning statistics of work, employment and labour underutilisation' adopted by the 19th International Conference of Labour Statisticians (19th ICLS) in October 2013.

[1] Mid-year estimates
[2] ETF calculations
[3] Age range 15–75
[4] Values refer to active population.
[5] Primary and lower, general basic
[6] General secondary, vocational, specialised secondary
[7] Tertiary, postgraduate
[8] Definition differs. Participation in education in the week prior to the survey is considered.
[9] Low: ISCED-97 level 1 + ISCED-97 level 2
[10] Low: ISCED-97 level 2

Legend:
N.A. = Not Applicable
M.D. = Missing Data

ANNEX: DEFINITIONS OF INDICATORS

	Indicator	Definition
1	Total population ('000)	The total population is estimated as the number of people having their usual residence in a country on 1 January of the respective year. When information on the usually resident population is not available, countries may report legal or registered residents.
2	Relative size of youth population (age group 15–24) (%)	This is the ratio of the youth population (aged 15–24) to the working-age population, usually aged 15–64 (74)/15+.
3	GDP growth rate (%)	Annual percentage growth rate of GDP at market prices based on constant local currency. Aggregates are based on constant 2010 U.S. dollars. GDP is the sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without making deductions for depreciation of fabricated assets or for depletion and degradation of natural resources.
4	GDP by sector (%)	The share of value added from Agriculture, Industry and Services. Agriculture corresponds to ISIC divisions 1–5 and includes forestry, hunting, and fishing, as well as cultivation of crops and livestock production. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 3 or 4.
5	Public expenditure on education (as % of GDP)	Public expenditure on education expressed as a percentage of GDP. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.
6	Public expenditure on education (as % of total public expenditure)	Public expenditure on education expressed as a percentage of total public expenditure. Generally, the public sector funds education either by directly bearing the current and capital expenses of educational institutions, or by supporting students and their families with scholarships and public loans as well as by transferring public subsidies for educational activities to private firms or non-profit organisations (transfer to private households and enterprises). Both types of transactions together are reported as total public expenditure on education.

	Indicator	Definition
7	Adult literacy (%)	Adult literacy is the percentage of the population aged 15 years and over who can both read and write a short simple statement on his/her everyday life, and understand it. Generally, 'literacy' also encompasses 'numeracy' – the ability to make simple arithmetic calculations.
8	Educational attainment of adult population (25–64 or aged 15+) (%)	Educational attainment refers to the highest educational level achieved by individuals expressed as a percentage of all persons in that age group. This is usually measured in terms of the highest educational programme successfully completed, which is typically certified by a recognised qualification. Recognised intermediate qualifications are classified at a lower level than the programme itself.
9	Early leavers from education and training (age group 18–24) (%)	Early leavers from education and training are defined as the percentage of the population aged 18–24 with at most lower secondary education who were not in further education or training during the four weeks preceding the (LFS) survey. Lower secondary education refers to ISCED 1997 levels 0–2 and 3C short (i.e. programmes lasting under two years) for data up to 2013 and to ISCED 2011 levels 0–2 for data from 2014 onwards.
10	Gross enrolment rates in upper secondary education (ISCED level 3) (%)	Number of students enrolled in a given level of education, regardless of age, expressed as a percentage of the official school-age population corresponding to the same level of education.
11	Share of VET students in upper secondary education (ISCED level 3) (%)	Total number of students enrolled in vocational programmes at a given level of education (in this case, upper secondary), expressed as a percentage of the total number of students enrolled in all programmes (vocational and general) at that level.
12	Tertiary education attainment (aged 30–34) (%)	Tertiary attainment is calculated as the percentage of the population aged 30–34 who have successfully completed tertiary studies (e.g. university, higher technical institution). Educational attainment refers to ISCED 1997 level 5–6 up to 2013 and ISCED 2011 level 5–8 from 2014 onwards.
13	Participation in training/lifelong learning (age group 25–64) (%)	Participants in lifelong learning refers to persons aged 25–64 who stated that they received education or training in the four weeks preceding the survey (numerator). The denominator is the total population of the same age group, excluding those who did not answer the question on participation in education and training. The information collected relates to all education or training, whether or not it is relevant to the respondent's current or possible future job. If a different reference period is used, this should be indicated.
14	Low achievement in reading, maths and science – PISA (%)	Low achievers are the 15-year-olds who are failing to reach level 2 on the PISA scale for reading, mathematics and science.
15	Activity rate (aged 15+) (%)	The activity rate is calculated by dividing the active population by the population of the same age group. The active population (also called 'labour force') is defined as the sum of employed and unemployed people. The inactive population consists of all people who are classified as neither employed nor unemployed.

	Indicator	Definition
16	Inactivity rate (aged 15+) (%)	The inactivity/out of the labour force rate is calculated by dividing the inactive population by the population of the same age group. The inactive population consists of all people who are classified as neither employed nor unemployed.
17	Employment rate (aged 15+) (%)	The employment rate is calculated by dividing the number of employed people by the population of the same age group. Employed people are all people who worked at least one hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated.
18	Employment rate by educational attainment (% aged 15+)	The employment rate is calculated by dividing the number of employed persons by the population of the same age group. Employed persons are all persons who worked at least one hour for pay or profit during the reference period or were temporarily absent from such work. If a different age group is used, this should be indicated. Educational levels refer to the highest educational level successfully completed. Three levels are considered: Low (ISCED level 0–2), Medium (ISCED level 3–4) and High (ISCED 1997 level 5–6, and ISCED 2011 level 5–8).
19	Employment by sector (%)	This indicator provides information on the relative importance of different economic activities with regard to employment. Data are presented by broad branches of economic activity (i.e. Agriculture/Industry/Services) based on the International Standard Industrial Classification of All Economic Activities (ISIC). In Europe, the NACE classification is consistent with ISIC.
20	Incidence of self-employment (%)	The incidence of self-employment is expressed by the self-employed (i.e. employers + own-account workers + contributing family workers) as a proportion of the total employed.
21	Incidence of vulnerable employment (%)	The incidence of vulnerable employment is expressed by the own-account workers and contributing family workers as a proportion of the total employed.
22	Unemployment rate (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15–64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work, i.e. had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months).
23	Unemployment rate by educational attainment (aged 15+) (%)	The unemployment rate represents unemployed people as a percentage of the labour force. The labour force is the total number of people who are employed or unemployed. Unemployed people comprise those aged 15–64 or 15+ who were without work during the reference week; are currently available for work (were available for paid employment or self-employment before the end of the two weeks following the reference week); are actively seeking work (had taken specific steps in the four-week period ending with the reference week

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	Indicator	Definition
		to seek paid employment or self-employment, or had found a job to start later (within a period of, at most, three months)). Educational levels refer to the highest educational level successfully completed. Three levels are considered: low (ISCED level 0–2), medium (ISCED level 3–4) and high (ISCED 1997 level 5–6, and ISCED 2011 level 5–8).
24	Long-term unemployment rate (aged 15+) (%)	The long-term unemployment rate is the share of people in the total active population who have been unemployed for 12 months or more, expressed as a percentage. The duration of unemployment is defined as the duration of a search for a job or as the period of time since the last job was held (if this period is shorter than the duration of the search for a job).
25	Youth unemployment rate (aged 15–24) (%)	The youth unemployment ratio is calculated by dividing the number of unemployed people aged 15–24 by the total population of the same age group.
26	Proportion of people aged 15–24 not in employment, education or training (NEETs) (%)	The indicator provides information on young people aged 15–24 who meet the following two conditions: first, they are not employed (i.e. unemployed or inactive according to the ILO definition); and second, they have not received any education or training in the four weeks preceding the survey. Data are expressed as a percentage of the total population of the same age group and gender, excluding the respondents who have not answered the question on participation in education and training.

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LIST OF ACRONYMS

GDP   Gross domestic product

ICT   Information and communications technology

ILO   International Labour Organization

ISIC   International Standard Industrial Classification

MoESCS   Ministry of Education, Science, Culture and Sport

MoLSA   Ministry of Labour and Social Affairs

NCVETD   National Centre for Vocational Educational and Training Development

NEET   Not in employment, education or training

NQF   National Qualifications Framework

SEA   State Employment Agency

STEP   Skills towards Employment and Productivity

TIMSS   Trends in International Mathematics and Science Study

VET   Vocational education and training

WBL   Work-based learning

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