



## **ARMENIA**

### **Contribution to the 2015 United Nations Economic and Social Council (ECOSOC) Integration Segment**

## INFORMATION

### of the Ministry of Labour and Social Affairs of the Republic of Armenia on 2015 ECOSOC Integration Segment: Achieving sustainable development through employment creation and decent work for all

- **How has your Government used labour market policies, including wage policies, to help reduce economic and social inequalities?**

Since 2013 the Government of the Republic of Armenia has been implementing the programme on gradual increase of the minimum wage along with the economic development projects with clearly predetermined expected results in order to reduce the percentage of working poor in the RA economy and renew the main functions of the wage.

- **What kind of trade-offs has your Government encountered in the promotion of full employment and decent work for all? What can be done to enhance synergies between respect to international labour standards and to environmental safeguards, productivity, competitiveness and economic growth?**

For the objective of correspondence of the RA Labour Code provisions with the requirements of the Revised European Social Charter and ILO conventions in 2014 the RA Ministry of Labour and Social Affairs developed and introduced to the RA Government the draft law on changes and amendments to the RA Labour code. The proposed amendments are also aimed to diminish the practical basis of illegal labour and shadowed remuneration and boost the legal employment with the help of business environment development.

Since January 1, 2014 a new model of the State Employment policy in the Republic of Armenia has been introduced on the basis of which there are 13 projects for state employment regulations. Those projects have an objective to provide sustainable competitiveness of the uncompetitive persons in labour market.

- **Is youth employment a major issue in your country? What is the proportion of the youth labour force (aged between 15-24) that is unemployed in your country? Does your Government have specific programmes targeted at youth employment?**

As of January 1, 2015 the number of the unemployed youth was 7887, which made up the 10.9% of job seekers among the 16-24 aged persons.

The youth without any speciality makes up 56.5% of the unemployed youth. According to the new model of the State employment policy the uncompetitive youth in the labor market is considered to be primary beneficiaries of the State employment program policy. During 2014 11495 of job seekers have found a job among which youth makes up over 29 %:

- **How is your Government addressing the challenges of education/ skills and jobs mismatch in your country, especially in the context of the transition to a sustainable development? Does your country have successful initiatives that link education and training to the world of work?**

The State Employment Agency of the Ministry of Labor and Social Affairs of RA annually submits suggestions with the Ministry of Education and Science of RA about initial (craftsmanship), list and position of specializations which are taught in middle vocational and higher educational institutions on free basis according to assessment results of labour supply and demand in order to formulate an education system relevant to the labour market demand.

- **What kind of policy initiatives and approaches your Government have to facilitate the transition from informal to formal employment and to formalize and increase sustainability of small and micro enterprises, taking into account the economic, social and environmental dimensions of sustainable development?**

Since 2014 within the framework of the new model of the employment policy the project "Assistance to uncompetitive persons in the labor market for small entrepreneurial activities for promotion of self-employment" has been introduced. The objective of this project is to ensure sustainable employment through support to small entrepreneurial activities and provide assistance for uncompetitive persons in the labor market or promote self-employment and small business activities, as well as create additional workplaces.

The project beneficiaries are uncompetitive persons in the labour market.

## Responses to the Youth Issues of the Comprehensive Questionnaire of Labor and Employment Policies

Youth employment is key issue in our country. As a result of political and economic structural changes, due to changes in employment structure, vector of economic development and disruption of communication between training and labor market demand youth become one of the most vulnerable groups in employment sphere (according to the State Youth Policy of the Republic of Armenia approved on December 14, 1998 by the N 798 decision of the Government of the Republic of Armenia).

Until January 1, 2014 the number of officially registered unemployed in our country is 55,973 of which 13,064 or approximately 23.3% of the unemployed are young people. Youth unemployment level is higher than the level of unemployment across the country.

According to the 2014 Statistical Yearbook of Armenia of National Statistical Service of the Republic of Armenia as of January 1, 2014 the number of unemployed people aged 15-24 was 472.3 thousand people, in 2013 the number of unemployed people aged 15-24 was 57.0 thousand people. Unemployment rate by age is as follows: 15-19' 42.2%, 34.9%, 20-24.

One of the priorities of the "Strategy 2013-2017 of State Youth Policy of the Republic of Armenia" approved on December 27, 2012 by the N 1693 - N decision of the Government of the Republic of Armenia is "Youth employment and social-economic problems" and according to the Strategy Action Plan the following events are scheduled towards youth employment:

- professional orientation of young people, including young people with limited opportunities, activities towards promotion of small and medium entrepreneurship among them,
- professional orientation of regional youth and organizing ongoing meetings towards selecting demand occupations by them,
- development of active cooperation mechanisms HEI career centers and employment centers and a promotion of cooperation,
- study, training and contribution of new business models and concepts, as well as international trends,

- taking measures towards development skills of starting and running a business of young entrepreneurs in RA regions,
- creation of professional electronic libraries for young people involved in agriculture and small businesses for the purpose of promotion of the use of new, low-waste technology and resources in the mentioned fields,
- support for improving social-economic situation of young families living in regions through the provision of business loans

### **Implemented Programs**

- The Ministry of Sport and Youth Affairs implemented "Youth Entrepreneurship Promoting Workshop" program in 2014.
- The following programs have been implemented via on-line grant program within the state youth policy of the Ministry;
  - "Let's Give Work to Each Other"
  - "Business Youth for the Development of Rural Community"
- By the support of the Ministry of Sport and Youth Affairs of the Republic of Armenia "Organization of Business of Guesthouses" program has been implemented
- The following researches aimed at youth employment have been implemented by the Youth Researches Institute operating within the "Youth Events Holding Center" NCSO of the Ministry of Sport and Youth Affairs of the Republic of Armenia;
  1. "Study of Labor Market's Demand. Perspectives of Institutionalization of the Employer-Youth-Educational Institution Cooperation" (in association with UNDP)
  2. "Key Issues of Youth Employment in the Republic of Armenia" on the basis of which has been published analysis of survey results "The Youth Employment Issues".

**1. How has your Government used monetary, fiscal and trade policies to create employment and promote decent work for all, while ensuring social inclusion and environmental protection?**

The main aim of Armenia's government's economic development policy is securing a decent work for country's population and the increased participation of the labour force that is directed towards sustainable economic development. The continuous job creation will be in leading positions of the structural and sectoral policy objectives.

According to Armenia Development Strategy for 2014-2025 (ADS) the main objective of the strategy is increase in employment through creation of quality and well-paid jobs. Policies ensuring sustainable economic growth, which creates new quality jobs, have systemic nature, i.e. they will flow from the priority of the primary objective by promoting its achievement or at least not hampering it. Highlighting the importance of framework policies aimed at main program objective, they will be complimented by financial, credit and monetary tools geared at increase of jobs and reduction of unemployment.

In monetary policy these tool will be aimed at increasing accessibility and affordability of borrowings.

Along with framework policy aimed at increase of the country's international competitiveness, as well as improvement of business environment and investment climate, a special importance will be given to modern industrial and export with direct interventionist elements aimed at job creation.

When designing such policies sector specifics and conditions of job creation will be taken into consideration. Particularly the policy will differ based on labor-intensive and modern academic sectors. Special emphasis will be placed on regional specifics of employment which will be viewed within direct regional development intervention mechanisms.

In the base of foreign economic relations is providing favorable trade regulation for business (consequently for creation of new jobs) by creating legal framework and global integration systems for external cooperation.

In the number of government economic policy directions, towards job creation and unemployment reductions are:

- Support for simplified and available system of expansion for new types of trade, especially in e-commerce development
- Regulatory simplification for trade and services
- Design of systematic approach for areas of trade and commerce, and optimal placement of objects, combining the regional and community development needs with the imperative of maintaining and expanding of small and medium enterprises.

**2. How has your Government mitigated the trade-offs between the environmental, economic and social dimensions? What kinds of investments have generated the greatest job potential while maintaining environmental sustainability?**

The ADS covers the period of 2014-2025 and is the country's main socioeconomic development strategy and the basis for medium-term, sectoral and other program documents. Being the primary guide of the Government, ADS is based on the following four priorities:

- ✓ **Priority 1. Growth of employment;** During the first five years of ADS, employment growth will be recognized a key priority, highlighting activities aimed at creation of quality, well-paid jobs. The activities of the RA Government will be directed at the creation of possibilities for everyone to get fair income according to the working efforts exerted.
- ✓ **Priority 2. Development of human capital;** Activities aimed at development of human capital will be geared at enhancing the scope, quality and accessibility of primary services (including healthcare, education, science, culture and primary infrastructures) with a special emphasis on nature-human relationships and harmonious development as well. The activities aiming at personal development of the citizen of RA, his/her professional growth, civic education and enhanced cultural level will be always under the strong focus of the Government, fostering the willingness of each person to live in the homeland.
- ✓ **Priority 3. Improvement of social protection system.** Activities aimed at improvement of the social protection system will be geared at improvement of the effectiveness of current systems (including improvement of the targeting) and creation of the basis for financial stability in the long-term, ensuring provision of comprehensive social guarantees, essential reduction of social risks and reduction of poverty. At the same time, activities will be implemented in the medium term to gradually transit from delivery of primarily monetary social aid to vulnerable population groups to provision of needs-based complex packages of social assistance. Implementation of the program will guarantee for each member of the society the strong feeling of being protected and socially secured by the own state.
- ✓ **Priority 4. Institutional modernization of the public administration and governance.** Activities aimed at institutional modernization of the public administration system will adhere to the adopted fundamental policies and will be geared at improving the public efficiency, growth of public resources and their targeted use, improvement of service quality and accessibility, reduction of corruption, transparency of decision-making, and increased civil society participation in these processes.

From the legal point of view the mitigation of trade-offs between the environmental, economic and social dimensions is regulated by the "Law of the Republic of Armenia on legal acts", as well as by the annual program of the Government of RA. The draft decision-making body of the government organizes the regulatory impact assessment of project's environmental, social, health and economic benefits, including small and medium enterprises, competition, corruption, and fiscal aspects.

Investments should be directed to those sectors of economy which can ensure both inclusive and environmentally sound growth. From this point of view investments in alternative energy, low-emission, climate-smart transport, agriculture, IT and high-tech and services sector have potential to generate environment-friendly jobs.

**3. What kind of policy initiatives and approaches your Government have to facilitate the transition from informal to formal employment and to formalize and increase sustainability of small and micro enterprises, taking into account the economic, social and environmental dimensions of sustainable development?**

Main policies for direct support to increase sustainability of small and micro enterprises will include:

- Continue and expand loan state guarantee practices for acting and start-up SMEs that have potential in export, import substitution or knowledge production, giving priority to businesses acting in Regions.
- Support to development of beginner businesses including measures directed at capacity building and skills development, business planning, and ensuring access to finance for beginners.
- Provide access to finance, through elimination of obstacles and application of adequate management tools in situations with inadequate or illiquid collateral and high risks.
- Educational and counseling support, especially if acting market mechanisms fail providing them or involve big transaction costs. Specific state programs will be aimed at capacity development of companies rendering business services.
- Direct support to acting and beginner SMEs to ensure access to markets and to provide information related assistance.
- Ensuring access to state procurement system for SMEs. Procurement procedures which create unjustified obstacles for relevant sector SMEs will be revised.

**4. What kind of institutional framework arrangements are in place in your country for the successful integration of the economic, social and environmental dimensions of sustainable development to facilitate decent work?**

Armenia Development Strategy for 2014-2025 (ADS) is the country's main long-term socioeconomic development strategy and the basis for medium-term, sectoral and other program documents. It was developed in the result of the Sustainable Development Program (hereafter SDP) revision due to the needs of modernization, expansion and change of the targeted issues, purposes and policies. The ADS reflects the main strategic priorities and directions with consequent target indicators and the ways of achieving them. RA National Council on Sustainable Development was set up under a governmental decree issued on July 25, 2002 to provide for the design of sustainable development-oriented programs, as well as to foster and stimulate public participation in decision-making processes in the sphere of sustainable development. The Council has been more actively operating since 2009. The Council coordinates sustainable development issues deriving from both international developments and national strategic development.

**5. How do the civil society, trade unions and the private sector engage in promoting an integrated approach to employment creation and decent work for all?**

The National Council on Sustainable Development is headed by the Prime Minister of the Republic of Armenia and is made up of the stakeholder ministers, the heads of the three National Assembly standing commissions, the RA NAS President, members of the Armenian Union of Industrialists and Entrepreneurs (Employers), farmers and civil society representatives.

The ADS development was initiated by the SDP Steering Committee inclusive the participation of the civil society and donor community representatives. The SDP Civil Society Cooperation Network (hereinafter CSN) was developed as an equal partner with the aim of assuring efficient involvement of the civil society in the SDP formulation, monitoring and evaluation processes. The representatives SDP CSN have been delegated to SDP Steering Committee and the Working Group. The SDP CSN has 8 sectoral groups in correspondence of the spheres targeted in the SDP. The main tasks of these CSN sectoral groups involve provision of the in-group consolidated decisions on various issues through harmonization of different stakeholders' interests.

**6. What can the ECOSOC system do to help countries boost economic growth in a sustainable way that creates employment decent work for all?**

The resource guidance of international cooperation in Different formats gives an opportunity to countries to get closer to the implementation of Millennium Goals and to the concept of sustainable development. Nevertheless, the development support does not always provide the expected results. The international cooperation efforts directed towards the sustainable development process will be more effective, particularly if differentiated approach is applied to each country, taking into account their development models, the opportunities and limitations, and, what is the most important, when those are consistent

with the countries long-term development vision. Global efforts should also be able to overcome the geopolitical limitations. In this sense, the international platforms (including ECOSOC) need reforms, as the new developments and challenges require more flexible and targeted approaches than the fixed schemes of decades ago.