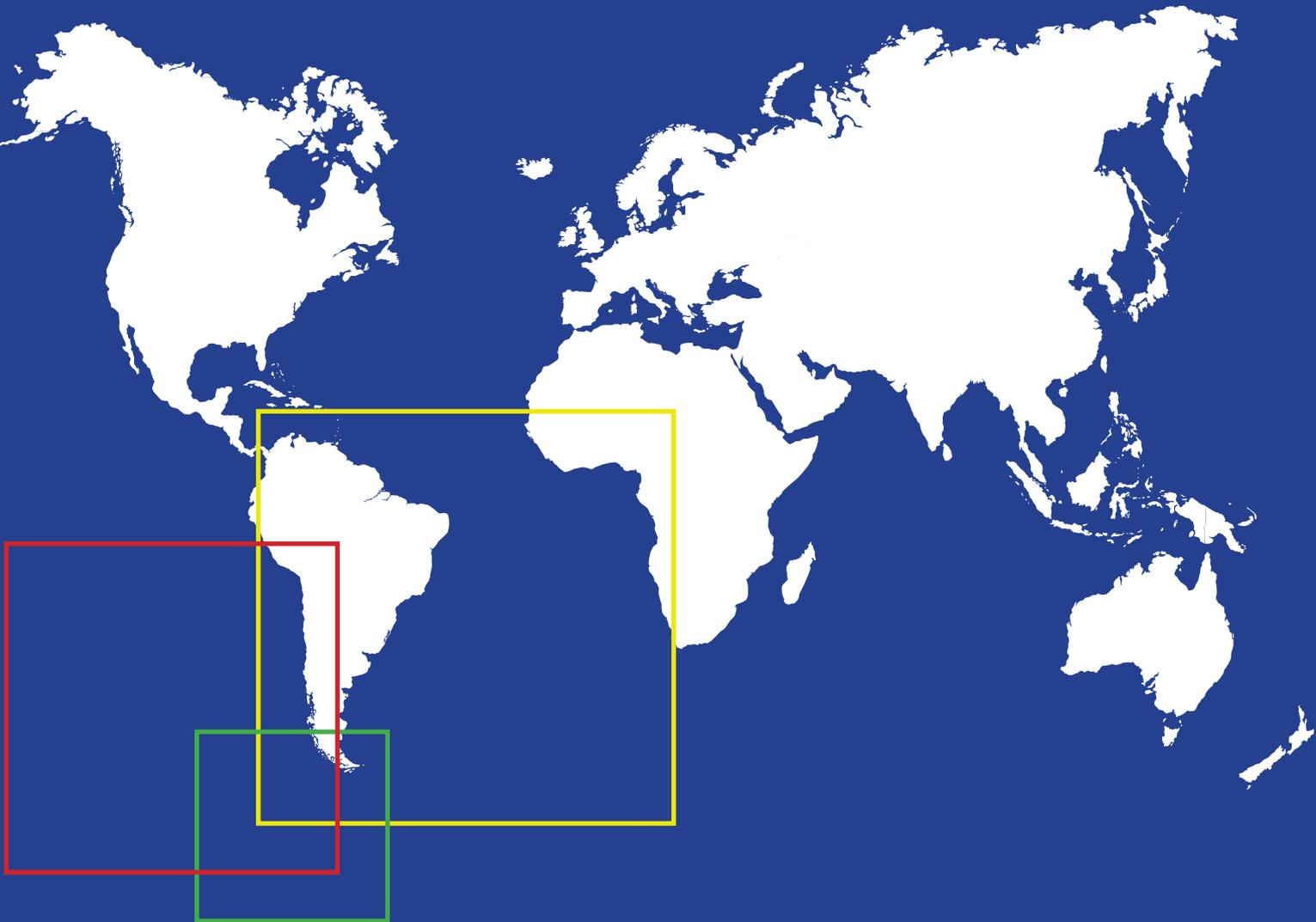




International  
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Office

# Decent Work Country Profile ARMENIA



**Decent Work  
Country Profile  
ARMENIA**

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# Preface

Decent work is central to efforts to reduce poverty and is a means for achieving equitable, inclusive and sustainable development. It denotes work that is productive and delivers a fair income, provides security in the workplace and social protection for workers and their families, and gives people the freedom to express their concerns, to organize and to participate in decisions that affect their lives.

Monitoring and assessing progress towards decent work at the country level is a long-standing concern for the International Labour Organization (ILO) and its constituents. In September 2008 the ILO convened an international Tripartite Meeting of Experts (TME) on the Measurement of Decent Work, as a result of which it adopted a framework of Decent Work Indicators that was presented to the 18th International Conference of Labour Statisticians in December 2008. The Governing Body endorsed the proposal to test the framework in a number of countries by developing Decent Work Country Profiles. Each Decent Work Country Profile compiles in one document all the available data on decent work in a particular country, including statistical and legal indicators, as well as analysis of gaps in and trends on decent work. The Profiles facilitate the evaluation of progress made towards decent work and inform national planning and policy-making.

The current document, commissioned by the ILO, is the first edition of the Decent Work Country Profile for Armenia. As such, it is a living document, intended to be regularly updated to reflect the changing economic and legal environment for the Decent Work Agenda in Armenia. This Profile covers all aspects of decent work in Armenia for which indicators are available; it therefore gives an overall assessment of Armenia's current situation in respect of decent work, and can serve as a point of reference or baseline document for the country's own Decent Work Agenda.



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Some statements made in the *Decent Work Country Profile: Armenia* may not reflect the positions of the above-named institutions and individuals. Any errors or omissions found therein are the sole responsibility of the International Labour Office.



# Summary

This *Decent Work Country Profile* sets the economic and social context for decent work in Armenia and looks at progress and challenges across ten thematic areas, ranging from employment opportunities to stability and security of work and social dialogue. The Decent Work Agenda combines employment promotion, rights at work, social protection and social dialogue. In order to capture all four dimensions of the concept of decent work, the Profile contains information on rights and legislation, presented as Legal Framework Indicators, as well as on statistical Decent Work Indicators, much of the data on which is produced by the National Statistical Service of the Republic of Armenia.

In 1992, Armenia declared its independence from the USSR and began the transition from a state-controlled to a market economy. This transition has had a strong influence on socio-economic development in Armenia, as have the devastating earthquake of 1988 and armed conflict with Azerbaijan over Nagorno-Karabakh. Since 2000, progress has been made in a number of areas relating to the Decent Work Agenda (see Chapter 1, “Economic and social context for decent work”). Economic growth has been strong, averaging around 12 per cent between 2001 and 2008. The construction and service sectors contributed most to growth, and although employment declined in the service sector it increased substantially in agriculture. Per capita annual income has more than doubled since 2001, rising to US\$5,400 in 2008, and the proportion of the population in poverty has fallen rapidly, from 55 per cent in 1999 to 27 per cent in 2009. Armenia has a highly educated population, with near-universal literacy and attendance in primary education. Almost three-quarters of children stay in school until they reach 17 and the size of the university population is steadily growing. However, from 2009 onwards the global economic crisis has had a profound impact on Armenia, causing a sharp contraction in economic growth and many job losses.

Over the past ten years Armenia has made progress in increasing employment opportunities (see Chapter 2, “Employment opportunities”). The proportion of the working-age population (16–70 years) in employment has increased from 40 per cent (2001) to 52 per cent (2010). Employment of both men and women has increased, although the increase has been greater for men. In 2010, 63 per cent of working-age men were in employment compared to 43 per cent of working-age women. Unemployment fell between 2001 and 2007, although remaining consistently higher among women than among men. During the economic crisis overall unemployment increased, reaching 19.5 per cent in 2010. Youth unemployment is a big problem, affecting 41 per cent of people aged 15 to 24 in 2009, up from 37 per cent in 2008, immediately prior to the crisis.

A particular challenge to the Decent Work Agenda in Armenia is the size of the informal economy. In 2009, the informal economy accounted for some 52 per cent of employment and encompassed 25 per cent of jobs in urban areas and 82 per cent in rural areas, including 99 per cent of jobs in agriculture. Vulnerable employment has also increased over the last ten years. In 2010, some 35 per cent of men and 48 per cent of women were in vulnerable jobs. People working in vulnerable jobs and in the informal sector are at higher risk of poverty and marginalization as they lack security of jobs and incomes and access to social security schemes. The Government has implemented a range of programmes targeting vulnerable groups in the labour market with the aim of improving their employment opportunities, ranging from providing partial wage subsidies to offering financial assistance for unemployed and disabled people to set up their own businesses and to facilitate professional mobility.

Progress in terms of adequate earnings and productive work in Armenia over the past ten years has been mixed (see Chapter 3, “Adequate earn-

ings and productive work”). Average real wages grew by some 26 per cent between 2007 and 2010. Working poverty declined from 29 per cent of the employed population in 2004 to 19 per cent in 2008, but then rose again to 24 per cent in 2009 as the global crisis took its toll. Similarly, the share of workers earning less than two-thirds of the median wage slowly declined until the crisis hit. Armenia has a national minimum wage applicable across all sectors of the economy, which through a series of increases since 2004 has risen to 32,500 Armenian drams (AMD) in 2011. Notwithstanding these increases, the statutory minimum wage falls well below what is necessary to keep workers above the poverty line and in 2010 was worth just 43 per cent of the median wage.

Average annual earnings in the public sector (AMD119,721) are similar to those in the private sector (AMD121,663). In both sectors women earn less than men and are clustered in lower-paid jobs; for example, women make up some 70 per cent of those earning less than AMD40,000 a month. Steps are being taken to address mechanisms for setting the minimum wage, and to address the concerns of the Union of Manufacturers and Entrepreneurs of Armenia and the Confederation of Trade Unions of Armenia (CTUA) in this respect. The National Framework on Educational Qualifications adopted in 2011 is envisaged as a tool in wage regulation, enabling pay scales to be set according to workers’ level of qualification.

Armenia has taken steps towards ensuring decent hours for workers (see Chapter 4, “Decent hours”). During the transition period, it was common practice for workers in both private and public sectors to work long hours of overtime without compensation. The new Labour Code, adopted in 2004, defines a standard working week of 40 hours with a two-day weekend and provides for paid leave. Regulations are in place to protect shift workers and young people aged 14–18 years, and to ensure payment for overtime. Adoption of these new standards is taking time, partly because the Labour Code is not widely understood and the State Labour Inspectorate lacks resources for enforcement. In the formal sector, the proportion working excessive numbers of hours (over 48 per week) has fallen from 28 per cent in 2001

to 19 per cent in 2010, and the average working week in the formal sector is now 36.4 hours. More men (41 per cent) than women (9.6 per cent) work excessive numbers of hours, and men have a longer average working week (41 hours) than women (31 hours). Less change appears to have taken place in the informal sector, where an estimated 35–41 per cent of people significantly more men than women work more than 48 hours a week.

While increasing numbers of women have taken up paid work in Armenia over the last decade, their share of family responsibilities has not decreased (see Chapter 5, “Combining work, family and personal life”). The economic turmoil of the transition period had an impact on the traditional Armenian social structure. Many older people lost jobs and many men fell into long-term unemployment: as a consequence, women and younger people sought work to supplement family income and their voice within the family increased accordingly. New laws on maternity and parental leave have been introduced, providing for at least 140 days of paid maternity leave and paid parental leave for carers of children up to two years old. Nonetheless, traditional gender roles persist: women often interrupt their employment after the birth of a child and/or work shorter hours in order to fulfil family responsibilities. In comparison, men tend to work full time irrespective of family responsibilities. Two broad changes have taken place in the past ten years: on the one hand, the number of women working part time owing to family commitments has decreased, reflecting the fact that fewer families can afford the loss of income. On the other hand, the number of women who are out of work and not seeking a job owing to family commitments has increased rapidly. The Government is working to assist families, increasing access to care for pre-school-age children and facilitating access to housing mortgages and social housing.

The limited data on child labour and forced labour in Armenia make it impossible to draw conclusions on progress in these areas (see Chapter 6, “Work that should be abolished”). Armenia has ratified the four fundamental ILO Conventions on these matters as well as international standards against human trafficking. The general minimum

age for employment is 16 years, although children aged 14 can work in certain circumstances with parental consent. Outside household farms and businesses, less than 5 per cent of children aged 7–18 are engaged in paid employment. However, much of the work in which children are engaged appears to fall outside the purview of national labour laws, which apply only to work carried out within a formal labour relationship. Children who are self-employed or unpaid for their work are not covered by the law and no data are collected on their activities. Regarding forced labour, the Government of Armenia has placed emphasis on tackling human trafficking. Armenia has been identified as both a source and a destination country for victims of human trafficking, with men and women, boys and girls trafficked into forced labour and prostitution. Efforts are being made to combat trafficking: institutional mechanisms have been set up and action plans implemented, and the Government has financed awareness-raising campaigns on television and in schools.

In terms of the stability and security of work, Armenia has made progress in developing the legal framework; however, implementation is lagging behind (see Chapter 7, “Stability and security of work”). While the proportion of workers engaged in temporary or seasonal employment has declined over the last decade from 34 per cent to 23 per cent of men and from 20 per cent to 15 per cent of women, job creation has not kept up with the growth of the working-age population. Between 2005 and 2009, the working-age population grew by 7 per cent, while the number of jobs shrank by 2 per cent. Jobs in the public sector are being cut and the number of people employed in the formal sector has fallen by some 15–20 per cent, suggesting an overall decline in job stability and security. Those employed in the formal sector have a social safety net provided through contributory social insurance, and the Government has been working to extend social protection. The self-employed and those employed in agriculture can now contribute to social insurance schemes.

Armenia has taken steps to improve equal opportunities and treatment in employment over the past ten years (see Chapter 8, “Equal opportunity and treatment in employment”). The Equal Remu-

neration Convention, 1951 (No. 100) and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) have both been ratified. National legislation guarantees equality before the law and prohibits discrimination on the basis of a number of factors including gender, race, nationality and age. However, the legislation provides for equal remuneration of men and women for the same, similar or equal work but not necessarily for work of equal value. There have been a number of successes: female labour market participation has increased, the proportion of women in executive positions has risen and more girls and women are in education, particularly at the tertiary level. At the same time, men continue to earn significantly more than women, although the gender pay gap has narrowed from 64 per cent in 2007 to 55 per cent in 2010. Women still tend to work in lower-paid sectors of the economy and work shorter hours in order to fulfil household responsibilities. Another challenge is the low labour market participation of older workers: just 35 per cent of people aged 55–59 and 28 per cent of those aged 60–64 are economically active, with fewer women than men working in these age groups.

In terms of the safe working environment, it is difficult to draw any conclusions on Armenia’s progress (see Chapter 9, “Safe working environment”). Occupational safety and health are key to a number of government policies including the Programme of Stable Development. National legislation also provides for the right to “adequate, safe and harmless” working conditions, and employers are required to ensure health and safety protection for employees. Efforts have been made to reform the State Labour Inspectorate, which is responsible for the implementation, control and enforcement of labour legislation and collects data on occupational injuries and diseases. Challenges to implementing safety and health protection in the workplace include a lack of government regulations on implementation, the lack of an insurance scheme to compensate for occupational injuries and disabilities, and low awareness among employees and employers on appropriate practices. In 2011, steps were taken towards adopting rules and standards on providing occupational safety and health protection for employees. According to official statistics, the incidence

of occupational injury and disease is low and has declined further over the past five years. However, studies of the informal sector suggest a much higher rate of injury and disease.

Reforming the social security system was one of the most challenging tasks faced by Armenia during the transition period (see Chapter 10, “Social security”). The social security system covers all nine branches identified in the Social Security (Minimum Standards) Convention, 1952 (No. 102), although there are challenges regarding breadth of coverage and the value of benefits. Public social security expenditures increased significantly until the onset of the economic crisis, rising from 2 per cent of GDP in 2000 to 8 per cent in 2009, before budget cuts in 2010 brought it back down to 7 per cent of GDP. Until 2008, all social protection expenditure was funded from compulsory social insurance contributions. Old-age pensions accounted for the largest proportion of this expenditure, valued at 4.3 per cent of GDP in 2008, although on average the benefits received by individuals were below the poverty level. Reforms in 2008 incorporated social insurance income into the total state budget, and pension benefits were increased by 60 per cent. Debate continues on improving the sustainability of the social security system: only 20 per cent of the working-age population actually make the technically mandatory contributions to social insurance, and there are concerns about the impact of population ageing. Planned reforms include the

introduction of a self-financing, multi-tier pension system by 2014 to increase sustainability and incentives to contribute.

Progress regarding social dialogue has been mixed (see Chapter 11, “Social dialogue and workers’ and employers’ representation”). Armenia has a history of social dialogue and trade unionization going back to the beginning of the twentieth century, and during the transition period efforts were made to revitalize and redefine social dialogue. Freedom of association, the right to organize and the right to collective bargaining are protected in the law, and the proportion of workers covered by collective agreements has increased from some 20 per cent in 2007 to 32 per cent in 2010. However, since 2000 trade union density has declined significantly from almost 90 per cent to 45 per cent in 2010, and the share of enterprises belonging to employers’ organizations has remained low at around 1 per cent. Moreover, some work is still needed to align the relevant national legislation with ratified ILO Conventions. A Republican Collective Agreement signed in 2009 by the Government, the CTUA and the Republican Union of Employers of Armenia (RUEA) sets out procedures and responsibilities for the regulation of labour relations and work towards the implementation of relevant ILO Conventions. The agreement also led to the establishment of the Tripartite Republican Council, which advises the Government on labour laws and policy.

# Introduction

The *Decent Work Country Profile: Armenia* is designed to show the main trends in the development of decent work in the Republic of Armenia (henceforth Armenia) over the decade 2000–10. The Profile assesses and defines areas of progress and indicates existing challenges, with a view to promoting policy development to overcome these challenges. In addition, it demonstrates the role that Decent Work Indicators can play in enhancing labour market performance and development in Armenia. The Decent Work Indicators are a robust tool in assessing the impact of the Decent Work Country Programme (DWCP) and their deployment is a reliable first stage in defining the goals of decent work.

Decent Work Country Profiles have already been completed for Austria, Tanzania, Brazil, Indonesia and Ukraine. This Profile builds on the experience gained in their compilation and draws on the improved methodology thereby generated for measuring and assessing decent work. In addition to its 11 thematic chapters, it includes in this Introduction a brief historical overview of the 1980s and 1990s, as events in this period had a profound impact on Armenia's society and economy. Chief among these events were the Spitak earthquake of 1988, the conflict over Nagorno-Karabakh, and the collapse of the Soviet Union and Armenian independence. A review of this period helps to contextualize the current social, economic and demographic situation in Armenia and facilitates a realistic assessment of governmental and societal efforts to overcome entrenched structural challenges to decent work.

The territory of Armenia, formerly one of the 15 republics of the USSR, covers some 30,000 square kilometres. The United Nations Population Division records a steady increase in Armenia's population to a peak of some 3.6 million in 1990, after which it declined to a low of 3.1 million in 2005. Since 2005 the population has grown slightly. Population growth was

affected by the devastating Spitak earthquake, as a result of which some 150,000 people left the country. Emigration exploded following independence, as people left in search of better opportunities for decent work. Although detailed data are lacking, official estimates put the number of migrants at between 700,000 and 1.3 million and identify the top destination countries as Russia and the United States. The Nagorno-Karabakh conflict led to mass migration of ethnic populations – of Armenians from Azerbaijan to Armenia, and of Azeris from Armenia to Azerbaijan. In 1992, Armenia's population was largely urban; some 70 per cent (2,515,200 people) lived in urban areas and 30 per cent (1,129,200 people) in rural areas. Men accounted for 48.5 per cent of the population (1,767,900 people) and women 51.5 per cent (1,877,200 people). Some 64 per cent of people were associated with blue-collar work, while 7 per cent were associated with collective agriculture.

The devastating Spitak earthquake in December 1988 affected over a third of the country and more than 700,000 people, destroying most homes in the area and many livelihoods. Light industry was particularly severely affected: many factories halted operations, causing job losses. Plans for rehabilitation and reconstruction of housing, industry and other infrastructure were interrupted with the collapse of the Soviet Union and remain incomplete. Consequently, the impact of the earthquake continues to be felt in the disaster area and is an additional source of social tension.

Mass migration of local ethnic populations resulting from the armed conflict over Nagorno-Karabakh had a marked effect on Armenia's social and economic fabric. An estimated 500,000 Armenians migrated from Azerbaijan to Armenia, and around 400,000 Azeris are estimated to have left Armenia. The adaptation of refugees and their integration into society and the local labour market were problematic. The majority of people who

left Armenia were agricultural workers from rural areas, whereas those who migrated to Armenia, most of whom settled in rural areas, had previously lived in towns and cities. Despite extensive government efforts and international support, challenges persist and remain an unresolved priority area for government action.

In the wake of the collapse of the USSR Armenia's economy fell into recession, reflecting the failure of the Soviet planned economy. Economic decline was aggravated by a transport blockade of Armenia, as a result of which goods could only be transported in and out of the country through Georgia. In 1985 more than 19 million tonnes of goods were transported by rail; in 1995 this had fallen to 7 million tonnes (NSS, 1992). The loss of rail links as a result of the blockade had a profound impact on Armenia's export economy and became one of the primary obstacles to the growth of foreign inward investment.

One of the first and largest areas of reform during the transition period was land ownership, with privatization starting in 1992, whereas mass privatization of industry began only in 1994. Land privatization was initiated primarily for political reasons, being seen as a necessary element in relinquishing economic socialism. In total, 285 collective farms, 527 state farms and 48 clusters of agricultural enterprises were privatized (NSS, 1992). This led to the creation of more than 300,000 peasant farms, the majority of which were not able to clarify their legal status. Even today, farmers are engaged primarily in subsistence agriculture, cultivating land to feed their families and relatives. The expectation that land privatization would stimulate trade in land and result in the emergence of larger farms has not been fulfilled.

The sudden collapse of the Soviet Union came as a surprise to many in Armenia. Consequently, there was no clear model for state-building and Armenia embarked on a transition to a market economy almost by default. Along with fundamental changes to the economic system, reforms were also made in the social sphere, including the creation of a new social welfare system. The transition period was marked by severe economic

decline, hyperinflation, mass unemployment, a sharp drop in living standards and rising social tension. The informal economy grew, giving rise to relatively new economic and social phenomena, including paid work in the informal sector known as "hidden employment". (See Appendix I.) At the same time, trade union membership collapsed as a result of industrial decline, the destruction of many work collectives and the abolition of collective farms, as well as the cessation of state sponsorship for trade union activity. While there are some public organizations acting in the agricultural sector, they do not yet play a significant role.

The growth of informal sector employment and the collapse of the formal economy left large numbers of employees without social guarantees; even in the formal sector many employers failed to make social insurance payments for their employees, depriving them of access to social insurance benefits (see Chapter 10, "Social security"). Furthermore, as a result of hyperinflation the value of the regular old-age pension fell to US\$7–10 per month in the 1990s, eliminating the difference between those who had retired during the Soviet period and those who retired during the time of transition and giving rise to further social tension. There are numerous studies of the impact of the transition on social security in Armenia; however, the data and interpretations presented are extremely diverse.

As demand for labour continued to fall, unemployment began to acquire long-term characteristics. However, data on the employment situation in the 300,000 small peasant farms are lacking, particularly with regard to women and children in agriculture and the protection of employees' economic and social rights. Programmes enabling unemployed people to retrain were not yet in place and there were no professional training institutions for adults: the link between education and labour supply and demand was broken.

In 1992 there were 14 higher educational establishments in Armenia, with some 66,000 students engaged in full-time classroom-based courses, evening courses and distance learning through

correspondence. As the transition progressed, private higher educational establishments began to open that offered professional education. Many of the 69 secondary vocational institutions that were in operation in 1992, providing education to some 40,600 students, closed down in the transition period. Secondary school attendance had been almost universal at 98–99 per cent in 1992, with some 55,000 teachers and 602,200 pupils in 1,419 secondary schools.

The structural impact of the Soviet era and of the events of the 1980s and 1990s continues to be felt in Armenia. As a result, the country's Decent Work Indicators do not always correspond with those of other countries at a similar level of development. Even some of the progress made since 2000 suffered as a result of the global financial crisis that began in 2008. Socio-economic problems persist and there is a need to raise living standards further and improve the quality of life.



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# List of abbreviations

AMD	Armenian Drams
CEACR	Committee of Experts on the Application of Conventions and Recommendations
CC	Criminal Code
CIS	Commonwealth of Independent States
CPI	Consumer Price Index
CTUA	Confederation of Trade Unions of Armenia
DWCP	Decent Work Country Programme
GDP	Gross Domestic Product
GFSM 2001	Government Finance Statistics Manual 2001
ICLS	International Conference of Labour Statisticians
ICSE-93	International Classification by Status in Employment, 1993
ILCS	Integrated Living Conditions Survey
ILO	International Labour Organization
IMF	International Monetary Fund
LC	Labour Code
MDG	Millennium Development Goals
MLSA	Ministry of Labour and Social Affairs of the Republic of Armenia
NILSR	National Institute of Labour and Social Research
NGO	Non-Governmental Organization
NSS	National Statistical Service of the Republic of Armenia
OECD	Organisation for Economic Co-operation and Development
RA	Republic of Armenia
RUEA	Republican Union of Employers of Armenia
SESA	State Employment Service Agency of the Republic of Armenia
TACIS	Technical Assistance to the Commonwealth of Independent States
UNECE	United Nations Economic Commission for Europe



# 1 Economic and social context for decent work

Between 2000 and 2008 the economy of Armenia demonstrated strong growth, over 10 per cent in most years, and GDP per capita more than doubled, growing from US\$2,157 to US\$5,354 (see table 1).<sup>1</sup> Civil construction and mining were the fastest-growing industries. Growth in productivity coupled with minimal population growth facilitated a 53 per cent increase in per capita income. Implementation of the Government's 2003–08 Poverty Reduction Strategy had some beneficial results.

Population growth has been minimal since 2000, at around 1.2 per cent per year, to a total of 3.26 million in 2010 (see table 1). The low rate of population growth, despite a rising birth rate, is partly a result of the high level of out-migration. It is estimated that since independence somewhere between 700,000 and 1.3 million people have emigrated, and migration in search of work is growing. Between 102,000 and 129,000 Armenian labour migrants were registered as leaving the country each year from 2002 to 2008, and in the first half of 2010 some 60,000 seasonal migrant workers abroad were registered. The vast majority (98 per cent) of those who leave the country are aged between 21 and 50 years. Only a small proportion (5.8–6.2 per cent, or between 6,000 and 8,000 a year) are women. Seasonal international migration has become a common practice: people leave in the spring, often to work in Russia and other member countries of the Commonwealth of Independent States (CIS), returning home to Armenia in the autumn. Overall, it is estimated that from 2002 to 2008 between 14.2 and 17.9 per cent of the working-age population migrated for work, and

as a result remittances are playing an increasingly important role in maintaining social stability.

Despite the reforms of the transition period and strong economic growth, the economy continued to be characterized by large monopolies and society was highly polarized, with large divisions between rich and poor, as the benefits of growth were not dispersed. The figure for wages as a proportion of GDP continued to decline, and income inequality remained stubbornly high (see table 1).

The global financial crisis that began in 2008 had a profound negative impact on Armenia. Productivity declined sharply, unemployment increased and the income of entrepreneurs running small and medium-sized businesses declined. In 2009, GDP per capita fell back to US\$4,568. Despite the economic contraction, the Government maintained social protection measures targeting low-income groups. The onset of the global financial crisis coincided with unfavourable climatic conditions for agriculture which led to a sharp increase in food prices, further increasing hardship. In 2010, agricultural output declined by 14 per cent and in local markets prices of locally produced fruit increased sharply, exceeding the prices of imported fruits such as bananas, oranges and tangerines.

The prevalence of small household farms associated with the privatization process has hindered the intensive development of agriculture. The Government is making efforts to reform legislation to resolve the indeterminate legal status of many of these household farms. In 2010, efforts to establish agricultural cooperatives to facilitate improvements in agricultural productivity were prioritized, and plans are in place to create pilot consumer cooperatives in 55 communities. The Government is providing financial and consulting assistance to

<sup>1</sup> AMD–US\$ exchange rates (AMD to US\$1): Jan. 2000 AMD553; Jan. 2005 AMD486; Jan. 2010 AMD377; Jan. 2011 AMD363; Jan. 2012 AMD386. Armenian Central Bank historic currency data available at <http://www.cba.am/am/SitePages/Exchange-Archive.aspx?FilterDate=2012-01-14> [12 Apr. 2012].

Table 1. Economic and social context for decent work

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Average annual permanent population (millions)<sup>1</sup></b>	<b>3.22</b>	<b>3.21</b>	<b>3.21</b>	<b>3.21</b>	<b>3.21</b>	<b>3.22</b>	<b>3.22</b>	<b>3.22</b>	<b>3.23</b>	<b>3.24</b>	<b>3.26</b>
Male	1.54	1.54	1.54	1.54	1.55	1.55	1.55	1.56	1.56	1.57	1.58
Female	1.68	1.67	1.67	1.67	1.66	1.67	1.67	1.66	1.67	1.67	1.68
<b>Adult literacy rate (%)<sup>2</sup></b>	<b>...</b>	<b>99.8</b>	<b>99.1</b>	<b>99.3</b>	<b>99.2</b>	<b>99.4</b>	<b>99.4</b>	<b>99.4</b>	<b>99.4</b>	<b>99.4</b>	<b>99.6</b>
<b>Population by educational level (%)<sup>3</sup></b>											
Tertiary, postgraduate	...	17.3	14.7	14.8	17.5	14.1	14.5	16.5	17.1	18.2	18.3
Secondary specialized, pre-professional (vocational)	...	28.4	27.1	28.1	21.9	25.8	25.1	26.6	25.8	25.4	24.7
Secondary general, complete	...	38.0	41.9	41.9	44.4	45.2	44.9	41.1	42.8	43.3	44.2
Basic general	...	10.9	11.6	10.8	10.2	11.2	11.7	11.2	10.5	9.3	9.5
Primary	...	5.4	4.7	4.4	6.0	3.7	3.8	4.6	3.8	3.8	3.3
<b>Children not in school, as % of same group of population<sup>4</sup></b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>7.9</b>	<b>8.8</b>	<b>7.6</b>	<b>8.5</b>	<b>11.2</b>	<b>10.1</b>	<b>...</b>
Age 6–9	...	...	...	...	4.9	6.5	4.1	3.1	8.9	9.9	...
Age 10–12	...	...	...	...	0.4	0.3	0.1	0.7	1.1	0.3	...
Age 13–14	...	...	...	...	1.1	1.3	0.3	0.4	1.6	1.0	...
Age 15–17	...	...	...	...	26.0	26.2	22.5	24.0	25.7	22.2	...
<b>GDP per capita, constant prices, PPP (US\$)<sup>5</sup></b>	<b>2 157</b>	<b>2 368</b>	<b>2 726</b>	<b>3 109</b>	<b>3 432</b>	<b>3 903</b>	<b>4 414</b>	<b>5 012</b>	<b>5 354</b>	<b>4 568</b>	<b>...</b>
<b>Labour productivity<sup>6</sup></b>											
GDP, constant prices, per employed person (AMD000)	808	905	1 171	1 334	1 509	1 694	2 324	2 622	2 764	2 434	2 708
Growth rate as compared to the previous year (%)	7.6	10.7	29.4	13.9	13.1	12.2	13.8	12.8	5.4	-11.9	11.3
<b>Annual inflation rate, CPI (%)<sup>7</sup></b>	<b>-0.8</b>	<b>3.1</b>	<b>1.1</b>	<b>4.7</b>	<b>7.0</b>	<b>0.6</b>	<b>2.9</b>	<b>4.4</b>	<b>9.0</b>	<b>3.4</b>	<b>8.2</b>
<b>Employment by industry,<sup>8</sup> as % of total</b>											
Agriculture	...	18.6	22.0	24.3	29.8*	24.9*	24.3	34.3	36.2	38.1	37.0
Industry	...	17.5	13.4	14.4	14.8*	13.9*	14.2	11.8	11.3	10.1	10.4
Construction	...	4.0	5.3	6.3	5.8*	7.6*	9.5	8.0	9.1	7.3	7.5
Services	...	59.9	59.3	55.0	45.6*	53.6*	52.0	45.9	43.4	44.5	45.1
<b>Female share of employment by sector, as % of total in same sector<sup>9</sup></b>		<b>45.8</b>	<b>43.9</b>	<b>42.5</b>	<b>41.6</b>	<b>40.1</b>	<b>41.3</b>	<b>44.7</b>	<b>45.2</b>	<b>46.4</b>	<b>45.5</b>
Agriculture	...	40.5	38.7	39.0	46.9*	46.7*	46.1	54.3	55.6	54.2	56.1
Industry	...	29.3	32.4	35.8	25.8*	29.0*	28.5	29.5	28.0	23.7	25.4
Construction	...	2.7	1.6	2.5	2.1*	0.1*	2.6	2.3	2.6	2.1	1.3
Services	...	55.1	52.3	50.4	50.6*	45.3*	49.6	48.8	50.0	52.3	48.7
<b>Employee remuneration, as % of GDP (current prices)<sup>9</sup></b>	<b>42.7</b>	<b>41.8</b>	<b>39.5</b>	<b>40.2</b>	<b>39.5</b>	<b>39.4</b>	<b>39.0</b>	<b>38.2</b>	<b>37.2</b>	<b>...</b>	<b>...</b>
<b>Income inequality (percentile ratio P90/P10)<sup>10</sup></b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>...</b>	<b>20.8</b>	<b>17.9</b>	<b>13.9</b>	<b>15.6</b>	<b>14.1</b>	<b>14.5</b>	<b>...</b>

<sup>1</sup> Source of data: NSS, *Demographic Handbook of Armenia and Statistical Yearbook of Armenia*: see <http://www.armstat.am/en/?nid=80&id=1307>; <http://www.armstat.am/en/?nid=45> [24 Apr. 2012].

<sup>2</sup> Source of data: for 2001, Census of RA and ILCS 2002, carried out by NSS (see Appendix I). Data for 2002–03 not weighted by population. Computed as percentage of population aged 16 and over.

<sup>3</sup> Sources of data: Labour Force Survey (2001–06) and ILCS (from 2007). Computed for total population aged 16 and over.

<sup>4</sup> Source of data: ILCS carried out by NSS.

<sup>5</sup> PPP = purchasing power parity. Source of data: UNECE Statistical Division Database, compiled from national and international (CIS, EUROSTAT, IMF, OECD) official sources.

<sup>6</sup> Source of data: NSS. Figure for 2010 is a preliminary estimate.

<sup>7</sup> CPI = consumer price index. Sources of data: NSS, *Prices and price indexes in the Republic of Armenia and Statistical Yearbook of Armenia*.

<sup>8</sup> Sources of data: Labour Force Survey (2001–06) and ILCS (from 2007), carried out by NSS (see Appendix I).

<sup>9</sup> Source of data: NSS, *Statistical Yearbook of Armenia*.

<sup>10</sup> Source of data: ILCS.

... = data not available.

Here and below, some indicators presented in tables were calculated specifically for this Country Profile, with no corresponding official data published by the NSS.

\* The impact of seasonality on certain types of activity must be taken into consideration when comparing data from 2004 and 2005 with data from other years. The data were collected in Aug. 2004 and Nov.–Dec. 2005.

### Scope of labour law

Individual and collective labour relations in Armenia are regulated by the Labour Code of 2004 (LC) pursuant to article 1.1 LC. The peculiarities for regulating the individual spheres of labour relations may be determined by other laws (art. 1.2 LC). Article 17 LC defines employees as persons who perform certain work for the benefit of an employer by virtue of specialty, qualification or position. Citizens aged 14 to 16, who have not reached the legal age of majority, who are working under a labour contract with the consent of at least one parent, adopter or guardian are considered as working citizens. Employers are defined as participants in labour relations who use the labour of citizens on the basis of a labour contract and/or procedure defined by law (art. 18 LC). Article 7 of the LC specifies that the Code is also applicable to persons holding political, discretionary or civil positions as well as civil servants and members of other state (special) services defined by the law and of local self governance bodies, as well as employees of the Central Bank of Armenia, unless otherwise defined by the corresponding law. The LC does not refer to the exclusion of certain categories of workers from the application of the LC.

### Types of employment contract

Article 83 LC defines the employment contract as an agreement between an employee and an employer, according to which the employee undertakes to perform work in a certain profession or according to a certain level of qualification, or to perform specific duties in accordance with the work regulations established at the workplace. The employment contract must be in written form (art. 85 LC) and must contain certain details (art. 84 LC). Probationary periods are regulated by arts 91–93 LC. The length of a probationary period should not exceed three months, though under specific circumstances, set out in law, it may be extended up to a maximum of six months. During the probationary period, all provisions of labour legislation apply to the worker concerned. Both parties to the contract of employment are entitled to terminate the contract during the probationary period by giving three days' written notice. The LC recognizes employment contracts concluded either for an indefinite period of time or for a fixed term (art. 94 LC). Fixed-term contracts may be concluded in cases where the labour relationship cannot be defined for an indeterminate period, taking into account the conditions or the nature of the work to be done, unless otherwise envisaged by the LC (art. 95 LC). Articles 97–101 LC specify other types of employment contracts, namely for home, seasonal and temporary work.

support these agricultural reforms. At the time of writing, cooperatives were running in seven communities. Enlarging small farms and resolving their legal status will promote realization of the social rights and guarantees of hired agricultural workers and subsistence farmers, who are largely uncovered by social insurance schemes.

Literacy in Armenia is almost universal, at 99.6 per cent, demonstrating one of the peculiarities of poverty in this country. Highly qualified specialists are counted among the long-term unemployed and are unable to earn a living in fields corresponding to their education. In 2010, qualified specialists made up 25.4 per cent of the unemployed (see table 2 below).

Primary and secondary education are free; completion of basic education takes nine years and is mandatory. Secondary public education has undergone a series of reforms since independence, the most recent of which was a highly contested transition from a ten-year to a 12-year system which took

place between 2005 and 2006. The prolongation of education by two years adds stress to limited state finances as well as creating challenges for socially vulnerable groups of the population. The early withdrawal from school – particularly from upper secondary school – of children in low-income families has already become an issue. Around a quarter of children aged 15 to 17 do not attend school, many of them leaving after completing the tenth grade to work on household farms. This disengagement from the education system is limiting these young people's opportunities to receive higher professional education later in life.

The number of people graduating from basic and secondary vocational education has decreased over the past decade, reflecting a persistent lack of interest in this type of education. The number of students graduating from primary and basic general education has also decreased, while the proportion of those having graduated at secondary general level fluctuated over the period, which can

## Legal Framework Indicator 1. Labour administration

**Law, policy, and institutions:** The Republic of Armenia Ministry of Labour and Social Affairs is a national body of executive authority, which elaborates and implements the policies of the Republic of Armenia Government in the labour and social security sectors. It has regional bodies and agencies which are responsible for providing direct services to the population. The structural subdivisions of the Ministry of Labour and Social Affairs include various departments and divisions, and the administrative secretariat. In addition, separate subdivisions with greater autonomy operate under the Ministry of Labour and Social Affairs: the State Employment Service Agency (SESA), the State Medical Social Examination Agency, and the State Social Insurance Service. The National Institute of Labour and Social Studies and the National Statistical Service (NSS) of the Republic of Armenia also form part of the labour administration system. The State Labour Inspectorate, which has executive competencies, operates within the structure of the Ministry of Labour and Social Affairs. Republican and Local Agreement Committees, set up by the SESA, develop coordinated decisions with regard to employment programmes. The Republican Agreement Committee meets once or twice a year, the Local Agreement Committees more often. Annual state programmes on regulation of employment and the conclusions of the Republican Agreement Committee are submitted to the Government for budget approval.

The staff of the labour administration consists of: 13 employees within the Department of Labour and Employment; 149 employees within the State Labour Inspectorate; 405 employees within the SESA; 42 employees within the National Institute of Labour and Social Studies of the Republic of Armenia; and six employees within the Central of Youth Vocational Guidance. These employees are civil servants and therefore covered by the Law on Civil Service in the Republic of Armenia. In accordance with this legislation, each civil servant has to undertake skills improvement training at least once every three years to remain qualified. The remuneration of civil servants is regulated by Law No. HO 409-N of 3 July 2002 on the remuneration of civil servants.

Armenia does not have a specialized labour court system and labour disputes are dealt with in the ordinary civil judiciary system. Financial resources are allocated to the labour administration system through the state budget.

**Evidence of implementation effectiveness:** The CEACR had several queries on the application of the Labour Administration Convention, 1978 (No. 150) following the Government's first report. It noted with interest the information that the labour administration system covers all workers and not only "employees".

**Ratification of ILO Conventions:** The Labour Administration Convention, 1978 (No. 150) was ratified by Armenia on 18 May 2005.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

CEACR, 2010, direct request on the application of Convention No. 150: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2010&type=R&conv=C150&lang=EN>.

Government of the Republic of Armenia: <http://www.gov.am/en/structure/16/>.

be explained by the fact that this educational level is characteristic of elderly people, the number of whom has fallen over time. A relatively high proportion of children aged between 6 and 9 years do not attend school: this figure increased in 2007 when the starting age for compulsory schooling was lowered from 7 to 6 years. Since 2000, participation in university and postgraduate education has grown at an annual rate of 5.5 per cent, with numbers boosted by an increase in enrolment of foreign students. At the same time, the number of state-sponsored scholarships was reduced.

Armenia has made wide-ranging reforms to its legislation and policy, spurred on by, among other things, its accession to the EU in 2002, and is now a market-oriented economy. Armenia has ratified several international treaties (including the European

Social Charter) and ILO Conventions, and has taken steps to harmonize its national legislation with these ratified instruments. Much of the legislation governing the world of work has been introduced in the last ten years, including the Labour Code (2004), the Law on Employers' Organizations (2007), the Law on Trade Unions (2000), the Law on Labour Inspection (adopted 2005, last amended 2010) and the Law on Employment of the Population and Social Protection in Case of Unemployment (2005). Nevertheless, institutional capacity building is required to implement and improve this legislation. Reforms have been undertaken to improve governance and competition and to support social development, and new legislation to reform social security is under review. Further enhancements in the efficiency of policy in the social and labour market spheres will be necessary to promote inclusive growth.

# 2 Employment opportunities

Many of the characteristics of Armenia's labour market are typical of transition countries. One of the most salient is a chronic quantitative and qualitative discrepancy between the demand for and supply of labour which results in high unemployment, especially among younger people. In the absence of an effective system of professional orientation, skills mismatching is a serious problem. Many choose professions which are already oversubscribed, while professional qualifications may not meet employer demands.

Official labour market statistics are produced by the NSS, the Ministry of Labour and Social Affairs and the SESA. In addition, numerous labour market studies have been conducted by a variety of organizations in Armenia.

The 2010 National Report of the NSS (NSS, 2010d) analysed employment trends in both the formal and informal sectors, basing its calculations on the number of available jobs rather than the number of workers. Of the economically active population in 2009, 1.15 million (81.3 per cent) were in jobs; at the same time, the total number of jobs available was calculated at 1.19 million, the discrepancy being explained by the fact that a person can hold more than one job.

According to the NSS (2010a), total labour resources (average annual indicator) in 2009 were 2.33 million people. Of these, 2.15 million (92.3 per cent) were able-bodied people of working age; 1.17 million were economically active, either working (1.09 million) or looking for work; 1.07 million were not participating in the labour market, of whom some 178,000 were in full-time education.

Labour force participation is low at 59.2 per cent (2009), down by 2.8 percentage points on 2008. Participation is higher in urban areas (70.8 per cent)

than in rural areas (53.2 per cent). Those with the lowest rates of employment are young people, older workers and the disabled, with women more vulnerable to unemployment than men in all categories. Overall, labour force participation of men (69 per cent) is significantly higher than that of women (51 per cent). In 2009–10, 71.1 per cent of the population were aged 15–64: although women (1.2 million) slightly outnumbered men (1.1 million) in this age range, 56.7 per cent of men aged 15–75 were in jobs compared to 40.9 per cent of women.

Youth participation in the labour market is very low, with just 33.4 per cent of young people aged 15–24 in work or looking for a job. Young women are particularly vulnerable to exclusion from work, with a participation rate of just 9.4 per cent, compared to 36.6 per cent among young men. The low level of employment in this age group is partly due to the fact that many young people are still in full-time education, while certain stipulations in the Labour Code limit the extent to which people under 18 years can work. At the same time, young people's relative lack of work experience can put them at a disadvantage in applying for jobs.

In 2009 there were 257,000 people aged 55–64 in Armenia, making up 7.9 per cent of the total population (7.4 per cent of women and 8.5 per cent of men). In this cohort, men (133,000) slightly outnumber women (124,000). Employment in this age group is very low, at just 32.7 per cent, although again, significantly more men (41.9 per cent) than women (22.9 per cent) work.

Data on labour market participation of people with disabilities are lacking. While there are numerous studies on the situation of people with disabilities in the labour market, they do not all use the same indicators, making comparison difficult.

Table 2. Employment opportunities

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Employment-to-population ratio (%)<sup>1</sup></b>	...	<b>40.1</b>	<b>41.5</b>	<b>45.1</b>	<b>42.9</b>	<b>42.6</b>	<b>44.7</b>	<b>50.8</b>	<b>52.0</b>	<b>50.0</b>	<b>51.7</b>
Male	...	49.9	54.2	60.4	56.3	57.8	60.6	62.1	63.3	58.8	62.6
Female	...	32.6	31.9	33.6	32.8	30.6	32.6	41.5	42.7	42.7	42.9
<b>Unemployment rate (%)</b>	...	<b>38.5</b>	<b>35.5</b>	<b>31.4</b>	<b>33.0</b>	<b>31.4</b>	<b>27.7</b>	<b>29.2</b>	<b>16.7*</b>	<b>18.8</b>	<b>19.5</b>
Male	...	36.9	31.6	25.0	28.5	26.3	22.2	22.5	14.6*	17.6	17.4
Female	...	40.3	39.8	38.5	38.0	37.9	34.4	36.1	19.1*	20.1	21.8
<b>Youth<sup>2</sup> not in education and not in employment (%)</b>	...	<b>36.3</b>	<b>35.6</b>	<b>34.7</b>	<b>43.3</b>	<b>33.3</b>	<b>36.5</b>	<b>36.5</b>	<b>35.1*</b>	<b>47.8</b>	<b>36.5</b>
Male	...	29.4	28.0	26.1	33.1	26.6	26.6	26.0	25.5*	39.1	24.4
Female	...	43.0	42.7	42.4	54.2	40.2	45.7	47.1	45.0*	55.4	48.4
<b>Informal employment, as % of total<sup>3</sup></b>	...	<b>40.5</b>	<b>47.5</b>	<b>49.2</b>	<b>53.2</b>	<b>47.7</b>	<b>47.0</b>	<b>55.8</b>	<b>49.5</b>	<b>51.1</b>	<b>49.2</b>
Male	...	46.8	54.0	55.0	56.5	51.8	52.0	56.2	47.4	50.1	45.8
Female	...	32.9	39.3	41.4	48.9	41.5	40.1	55.4	52.0	52.3	53.3
<b>Youth<sup>2</sup> unemployment rate (%)</b>	...	<b>65.6</b>	<b>66.7</b>	<b>60.0</b>	<b>59.6</b>	<b>54.6</b>	<b>55.8</b>	<b>57.6</b>	<b>36.7*</b>	<b>40.6</b>	<b>39.1</b>
Male	...	60.0	59.6	54.2	54.1	51.4	49.6	47.2	32.2*	35.8	32.2
Female	...	72.2	73.9	65.8	67.2	59.2	63.4	69.4	43.5*	46.6	48.2
<b>Unemployment by level of education (%)</b>											
<i>Tertiary, post-graduate</i>	...	15.5	13.1	12.4	17.4	12.7	15.5	17.0	21.4*	21.7	23.4
Male	...	14.7	12.4	12.3	15.0	8.5	15.9	16.7	19.0*	19.7	20.2
Female	...	16.3	13.7	12.4	19.3	16.4	15.2	17.2	23.6*	23.8	26.2
<i>Secondary specialized, incomplete tertiary, vocational</i>	...	28.5	31.2	31.7	28.6	29.7	28.0	29.1	30.7*	31.3	28.6
Male	...	21.5	24.2	25.6	24.2	24.2	19.9	22.4	22.4*	24.9	21.1
Female	...	35.6	37.4	36.0	32.4	34.4	34.3	33.3	37.9*	37.8	35.2
<i>Complete general secondary</i>	...	46.7	45.4	45.3	47.5	47.2	46.6	44.8	41.3*	40.9	42.4
Male	...	51.5	49.3	47.7	51.3	53.9	49.9	47.4	48.4*	46.4	49.3
Female	...	41.7	42.0	43.6	44.4	41.3	44.1	43.1	35.1*	35.2	36.2
<i>General basic</i>	...	8.0	8.2	8.2	5.7	9.9	8.3	8.3	6.4*	5.8	5.5
Male	...	10.3	11.8	11.7	8.3	12.7	12.4	12.0	10.0*	8.7	8.9
Female	...	5.7	5.1	5.6	3.5	7.4	5.1	5.9	3.2*	2.9	2.3
<i>Primary</i>	...	1.4	2.0	2.5	0.8	0.6	1.5	0.9	0.2*	0.3	0.3
Male	...	2.0	2.3	2.7	1.2	0.6	1.9	1.5	0.3*	0.3	0.5
Female	...	0.7	1.8	2.4	0.4	0.5	1.3	0.5	0.1*	0.3	0.1
<b>Employed population by employment status, as % of total<sup>4</sup></b>											
<i>Employee</i>	...	68.8	63.3	60.0	56.8	64.3	63.2	60.2	59.5	58.2	58.3
Male	...	62.5	56.3	54.1	53.0	63.1	61.2	64.0	64.4	61.7	63.7
Female	...	76.4	72.1	67.8	61.7	66.1	66.0	55.4	53.6	54.0	51.9
<i>Employer</i>	...	0.7	0.6	0.7	1.8	0.6	0.6	0.5	0.4	0.6	0.5
Male	...	1.2	0.8	1.1	3.0	0.6	1.0	0.9	0.7	1.0	0.9
Female	...	0.2	0.3	0.3	0.3	0.6	0.1	0.1	0.1	0.1	0.1
<i>Own-account worker, contributing family worker<sup>5</sup></i>	...	30.5	36.1	39.3	41.4**	35.1	36.2	39.3	40.1	41.2	41.2

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Male	...	36.3	42.9	44.8	44.0**	36.3	37.8	35.1	34.9	37.3	35.4
Female	...	23.4	27.6	31.9	38.0**	33.3	33.9	44.5	46.3	45.9	48.0
<b>Share of wage employment in the non-agricultural sector, as % of total employment</b>	...	<b>82.9</b>	<b>79.6</b>	<b>77.5</b>	<b>79.5</b>	<b>84.3</b>	<b>81.5</b>	<b>88.7</b>	<b>90.5</b>	<b>91.4</b>	<b>89.6</b>
Male	...	76.4	72.2	70.9	71.8	78.9	75.9	86.1	88.3	89.0	87.1
Female	...	90.3	88.4	86.0	90.3	93.2	90.0	92.5	93.9	94.8	93.3

<sup>1</sup> Employed population as % of working-age (16–70) population.

<sup>2</sup> Youth = aged 16–24.

<sup>3</sup> Computation based on the “Guidelines concerning a statistical definition of informal employment” adopted by the 17th International Conference of Labour Statisticians (ICLS), taking into account some peculiarities of the national labour market. For comparability, data for 2001–06 were recalculated.

<sup>4</sup> Concerns only the primary (main) activity of the employed population.

<sup>5</sup> Methodology applied in 2004 and between 2008 and 2010 corresponds more closely to the International Classification by Status in Employment, 1993 (ICSE-93): in order to make data comparable, the groups of own-account workers and contributing family workers are combined. By the same token, the share of own-account and contributing family workers corresponds to the MDG indicator 1.7, “Proportion of own-account and contributing family workers in total employment”, which is also a Decent Work Indicator.

... = data not available.

\* Figures are not comparable with those for preceding years due to methodological changes. The ILO standard definition of unemployment is used from 2008; that is, an unemployed person is someone who simultaneously met the following three conditions during the four weeks preceding the survey (including the reference week): (a) was “without work”, i.e. was not in paid employment or self-employment; (b) was “currently available for work”, i.e. was available for paid employment or self-employment during the following two weeks; (c) was actively seeking for a job by all means, i.e. through a state and/or a private employment service, through acquaintances, relatives and advertisements, or in any other way. The unemployed in 2001–07 also included those who had failed to search for a job during the four weeks preceding the survey for various reasons, but were ready to start working immediately.

\*\* The growth in this indicator is due to the significant share of agricultural activity in the survey period (August).

Sources of data: Labour Force Survey (2001–06); ILCS (2007), carried out by NSS (see Appendix I); NSS, 2007, 2010a.

Indicators are computed on the basis of the labour force concepts recommended by the ILO.

The level of unemployment is currently assessed using two different methodologies. The first is the official calculation made by the SESA on the basis of numbers of people officially registered as unemployed. The second is the calculation made by the NSS using selective sampling of households, in line with ILO standard methodology. There is a significant difference between official and real levels of unemployment, partly because not all people without jobs and looking for work register with the SESA and partly because owners of land with agricultural value are considered to be employed.

Unemployment fell steadily between 2000 and 2006 before rising slightly (particularly for women) in 2007. From 2008, the ILO standard methodology was adopted, so that data for this and subsequent years are not comparable with those for previous years. As the global financial crisis hit, unemployment increased in 2009 and again in 2010. Unemployment rose more rapidly among men, although more women (21.8 per cent in 2010) were unemployed than men (17.4 per cent in 2010) (see table 2). The unemployment

rate for young people, historically very high, rose from 36.7 per cent in 2008 to 40.6 per cent in 2009. Among those aged 25–34, unemployment levels are similar to the national average, rising from 17.9 per cent in 2008 to 22.1 per cent in 2009. According to the SESA, some 93,200 people were seeking work at the beginning of 2011; of these, almost two-thirds had prior work experience and 84.6 per cent were unemployed. The number of registered jobseekers with disabilities was 1,170, of whom 664 were women. The majority of registered jobseekers with disabilities were aged over 30 years: 41.9 per cent were aged between 31 and 50 years, and 47.5 per cent were aged over 50 years, while 5.9 per cent were aged 25–30 years and 4.7 per cent were aged 16–24 years.

In 2010, 49.2 per cent of employment (amounting to 621,700 jobs) was in the informal sector. Informal employment is especially prevalent in rural areas, where it accounts for 82.1 per cent of work, compared to just 24.5 per cent in urban areas. The agricultural sector has the highest level of infor-

## Legal Framework Indicator 2. Government commitment to full employment

**Law, policy and institutions:** The Law on Employment of the Population and Social Protection in Case of Unemployment (adopted 24 October 2005, last amended 2011), states that employment is regulated by the Constitution, the Labour Code, the Civil Code and other legislative acts, as well as international treaties to which Armenia is party.

In 2007 The Ministry of Labour and Social Affairs, CTUA, RUEA and the ILO signed the Decent Work Country Programme for 2007–11.

The goal of the State's employment policy is to create conditions for full and productive employment. In order to make coordinated decisions in developing and implementing national and regional programmes of employment, the SESA forms Republican and Local Agreement Committees. Equal numbers of representatives from trade unions, employers' associations and the Government (including the public employment service) are included in the Republican Agreement Committee.

The state regulation of employment is performed by an "authorized body", namely the Ministry of Labour and Social Affairs, in accordance with the annual employment programme.\* The annual employment programme consists of national and regional work plans. The "authorized body" develops annual state programmes for regulating unemployment and submits them to the Government together with the conclusions of the Republican Agreement Committee. They are then included into the consolidated state budget and submitted to the National Assembly (art. 12 of the Law on Employment of the Population and Social Protection in Case of Unemployment).

**Evidence of implementation effectiveness:** The CEACR understands that opportunities for analysis of employment and unemployment are limited by a lack of data.† The CEACR noted that new programmes of social assistance were being adopted targeting vulnerable groups in the labour market through means such as partial wage subsidies, compensation for expenses in cases of professional mobility, and financial assistance to unemployed people and people with disabilities wishing to start their own businesses. The CEACR also noted that while tripartite Local Agreement Committees are set up in accordance with article 16 of the Law on Employment of the Population and Social Protection in Case of Unemployment to examine questions relating to the promotion of employment, according to the Government's report these committees do not appear to play a sufficiently active and direct role in the elaboration of employment policy.

**Ratification of ILO Conventions:** The Employment Policy Convention, 1964 (No. 122) was ratified by Armenia on 29 July 1994.

\* The Ministry of Labour and Social Affairs delegates some of its responsibilities, in this case, development of state employment programmes, to the SESA. According to the law, the SESA should develop and realize the state employment programmes by committees of agreement.

† Government of Armenia, *Poverty Reduction Strategy Paper Progress Report, First Term, 2004–05* (unpublished, in Armenian).

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

CEACR, 2009, observation on the application of Convention No. 122: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displayAllComments.cfm?conv=C122&ctry=0030&hdroff=1&lang=EN>.

mal employment at 98.6 per cent as there is little legal regulation covering agricultural activities.

Informal employment accounted for 20 per cent of jobs at 740,400 non-agricultural workplaces assessed (NSS, 2010a). Informal employment was found to be most prevalent in civil construction (34.2 per cent of all employment in the sector), wholesale and retail trade (26.9 per cent) and the food-processing industry (11.8 per cent). Around 72.6 per cent of informal jobs exist in informal sectors of the economy; however, informal labour relationships are also established in formal organizations as well as in household farms. Among organizations operating in the formal economy, 8.6 per cent of workplaces had no

formally hired workers. Regarding the geographical spread of informal labour outside agriculture, Yerevan has the largest share at 38.82 per cent, followed by Ararat (12.08 per cent), Shirak (9.13 per cent), Armavir (9.13 per cent), Syunik (8.81 per cent) and Kotayk (4.86 per cent).

In 2008 some AMD3.7 billion was assigned from the state budget for the implementation of unemployment policy. Financial support for the implementation of annual employment programmes grew steadily between 2006 and 2010, with a 30 per cent jump in budget allocation in 2008, a 53 per cent increase in 2009 and more modest growth of 8.7 per cent in 2010.

### Legal Framework Indicator 3. Unemployment insurance

**Law, policy and institutions:** The Law on Employment of the Population and Social Protection in Case of Unemployment (adopted 24 October 2005, last amended 2011) defines an unemployed person as someone who is looking for job, is able-bodied, does not receive pension benefits (excluding a pension following the death of a breadwinner), is registered with the SESA, is committed to taking a suitable job and has been formally designated unemployed. Unemployment programmes are administered by the State Social Security Service and the SESA.

**Qualifying conditions:** In order to qualify for benefits, the claimant must be unemployed as a result of enterprise reorganization, staff reduction or the cancellation of a collective agreement. The claimant must have been employed and making the mandatory social contributions for at least 12 months before unemployment began, or have been employed and making social contributions for at least 12 months between two periods of unemployment, or be seeking to rejoin the labour force after a lengthy period of unemployment, or be seeking a first job. The claimant must be registered at an employment office and be able and willing to work. Persons who do not have 12 months of employment covered by social contributions can still benefit from vocational training with scholarship funding, wage subsidies for the disabled, or support for funeral expenses.

**Benefits (level and duration):** The unemployment benefit payment is assigned for a minimum duration of six months. This is extended for those who have made at least one year of social contributions by one month for every three years of unemployment. For each term of unemployed status the maximum duration for payment of benefits is 12 months. The unemployment benefit level is defined by the Government. For 2011, it is AMD18,000 (about US\$49) per month. This rule is the same across all categories of the labour force.

**Financing:** Unemployment benefits are financed through government contributions and mandatory social contributions (social tax). The social tax covers benefits payable for unemployment, sickness, maternity and occupational injury, and old-age, disability and survivor pensions. The mandatory contribution for workers is 3 per cent of net monthly earnings. For self-employed people it is 15 per cent of annual income if that income is between AMD60,000 and AMD1,200,000. If annual income is greater than AMD1,200,000, the annual contribution is AMD180,000 plus 5 per cent of income over AMD1,200,000. Employers make the following contributions: for employees who earn under AMD20,000 a month, a monthly contribution of 7,000 drams; for employees earning between AMD20,000 and AMD100,000 a month, a monthly contribution of AMD7,000 plus 15 per cent of income over AMD20,000; and for employees earning over AMD100,000 a month, a monthly contribution of AMD19,000 plus 5 per cent of income over AMD100,000.

**Evidence of implementation effectiveness:** No information provided by ILO supervisory bodies.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168) have not been ratified by Armenia.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

International Social Security Association, Country Profile Armenia: [http://www.issa.int/Observatory/Country-Profiles/Regions/Asia-and-the-Pacific/Armenia/Scheme-Description/\(id\)/100337](http://www.issa.int/Observatory/Country-Profiles/Regions/Asia-and-the-Pacific/Armenia/Scheme-Description/(id)/100337).



# 3 Adequate earnings and productive work

Wages are a key aspect of decent work and the major component of household income. Wages policy can ensure a just share of the fruits of progress and a minimum living income to all those employed. As a result of the global economic crisis, global growth in real average wages was reduced by half in 2008 and rose only slightly in 2009, declining from 2.8 per cent in 2007 to 1.5 per cent in 2008 and 1.6 per cent in 2009 (ILO, 2010b).

In Armenia the main instrument for wage regulation is the minimum wage, which is defined in a number of legal instruments (see Legal Framework Indicator 4, “Statutory minimum wage”). The minimum wage underwent a series of hikes between 2004 and 2008 while the economy was in a phase of strong growth: the 2008 increase of 25 per cent brought it to AMD25,000 a month. During the global financial crisis, the approach was more cautious: after a 20 per cent increase in 2009 to AMD30,000, in 2010 the minimum wage was frozen; then, in 2011, reflecting a thawing of the economy, it was again increased to AMD32,500.

Despite these increases, in 2010 the minimum wage was worth just 43 per cent of the median wage. Furthermore, the value of the minimum wage remains below the poverty line. In 2010 the value of the minimum monthly consumer basket was calculated at AMD52,228.5, in line with Ministry of Health guidelines – well above the minimum wage. The minimum wage sets a very low price for labour which is below a minimum living income and cannot sustain an effective level of working productivity.

While data on wages are collected in Armenia, there is little disaggregation by gender or age,

limiting the ability to make concrete situational analyses, for example concerning the situation of young people. There are also few studies covering these issues. Overall, wage evolution of specific groups appears to follow the broader trends.

Under the Labour Code, employment contracts regulate the main conditions of work, namely wages, work functions, working hours, rest hours, and additional social and employment benefits. Working relations between the employer and the employee are regulated by written employment contracts, or, with the mutual agreement of the parties, by an individual legal act drawn up by the employer as a statement of the fact of hiring the employee. Children aged 14 to 16 can be party to work contracts valid for a maximum of two months.

Average monthly wages increased by a factor of almost five in the first decade of the century, from AMD22,889 in 2000 to AMD94,872 in 2010.<sup>1</sup> Overall, average salaries are higher in the private sector than the public sector, although more people, particularly women, are clustered towards the lower end of the pay scale in the private sector. The average monthly salary of state officials was AMD99,254 in 2009, or AMD119,721 including bonuses. The maximum salary was AMD495,000 (AMD707,990 with bonuses), the minimum AMD40,000.<sup>2</sup> Women are clustered at the lower end of the pay scale in the state system. Some

<sup>1</sup> NSS, *Statistics Today*. See <http://www.armstat.am/en/> [23 Apr. 2012].

<sup>2</sup> It must be noted that the take-home salary would be different from the figure given in the study cited here, which did not adjust for tax deduction. Taking taxes into account, salaries in the state system range from a maximum of AMD580,392 to a minimum of AMD39,000, with an average of AMD106,108 (*Demographic Handbook of Armenia*: see <http://www.armstat.am/en/?nid=80&id=1307>).

### Legal Framework Indicator 4. Statutory minimum wage

**Law, policy and institutions:** The minimum wage is governed by the Labour Code of 2004, last amended in 2011,\* the Law on Wages and the Law on Minimum Monthly Salary. The level of the minimum wage is set by the National Assembly according to the Law on Minimum Monthly Salary, last amended on 22 December 2010, with effect from 1 January 2011. The minimum wage is the same for all hired employees, although article 179.1 LC provides that different rates may be established for certain branches of economic activity, regions or categories of workers. The minimum wage is set by reference to the general poverty line, which is calculated on the basis of the cash value of a basic basket of essential consumer goods, and takes into account the rate of economic growth and budgetary constraints with respect to public spending (Government Decision No. 994-N of 8 August 2003 on the Strategic Programme to Combat Poverty).

**Minimum wage levels:** From 1 January 2011 the minimum monthly wage is AMD32,500.

**Evidence of implementation effectiveness:** The CEACR noted that the Labour Code contains no provisions on the institutional machinery or the procedure for fixing minimum pay rates and that both the Union of Manufacturers and Entrepreneurs of Armenia and the CTUA had denounced the lack of a minimum wage fixing mechanism. The CEACR requested additional information on this point. It further asked the Government to take appropriate steps, in accordance with the principles of social partnership set out in articles 39–42 of the Labour Code and with the requirements of the Minimum Wage Fixing Convention, 1970 (No. 131), to enable representative organizations of employers and workers to be associated in equal numbers and on equal terms with the operation of the minimum wage fixing machinery. The CEACR further recalled that the fundamental purpose of minimum wage fixing is to ensure a decent standard of living for low-paid workers and their families, and asked the Government to specify the measures it intended to take to ensure that minimum wage levels adequately reflect the socio-economic realities prevailing in the country, as prescribed by Convention No. 131.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Minimum Wage Fixing Convention, 1970 (No. 131) was ratified on 29 April 2005.

\* There were several amendments after adoption, mainly concerning the level of the minimum wage.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

TRAVAIL Conditions of Work and Employment Programme, minimum wages: [http://www.ilo.org/dyn/travail/travmain.sectionReport1?p\\_lang=en&p\\_countries=AM&p\\_sc\\_id=1&p\\_year=2011&p\\_structure=1](http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=AM&p_sc_id=1&p_year=2011&p_structure=1).

CEACR, 2008, direct request on the application of Convention No. 131: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2008&type=R&conv=C131&lang=EN>.

16.5 per cent of employees earn the minimum salary and of these, 68.2 per cent are women. The largest segment of employees (55.8 per cent) earn between AMD40,000 and AMD150,000 a month, and of these, 56.7 per cent are women. Men dominate the higher pay brackets. Roughly a quarter of employees earn between AMD150,000 and AMD500,000 a month, of whom the majority (58.4 per cent) are men. The difference is most stark in the highest pay bracket (AMD500,000 and over) which includes just 1.9 per cent of employees, of whom 82.6 per cent are men.

In the private sector, the average monthly salary is higher, at AMD121,663. Here too women are clustered at the lower end of the pay scale. Some 12.5 per cent of private sector employees

earn less than AMD40,000 a month, and of these, 70.2 per cent are women. The majority of employees (61.2 per cent) earn between AMD40,000 and 90,000 a month, and of these, 62.3 per cent are women.

Concerns surrounding the minimum wage have been discussed many times with the social partners, including at the meeting of the Tripartite Republican Council held on 12 April 2011 in the Ministry of Labour and Social Affairs. The potential for increasing average salaries was also raised within the context of drafting the 2012–14 mid-term programmes of state expenditure, a process under way in 2011. There is concern that raising the minimum wage will result in fiscal instability by increasing state expenditure and in turn the

**Table 3. Adequate earnings and productive work**

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Working poverty rate, as % of employed population<sup>1</sup></b>	...	...	...	...	<b>29.4</b>	...	...	<b>20.8</b>	<b>18.8</b>	<b>24.0</b>	...
Male	...	...	...	...	30.5	...	...	21.6	19.6	24.5	...
Female	...	...	...	...	28.1	...	...	19.8	17.8	23.5	...
<b>Low pay rate, as % of total employees<sup>2</sup></b>	...	...	...	...	...	...	...	<b>26.9</b>	<b>24.6</b>	<b>23.3</b>	<b>25.5</b>
Male	...	...	...	...	...	...	...	16.5	14.0	12.2	14.6
Female	...	...	...	...	...	...	...	42.0	40.3	37.8	41.6
<b>Real wages (AMD)<sup>3</sup></b>	...	...	...	...	...	...	...	<b>60 793</b>	<b>65 073</b>	<b>71 694</b>	<b>76 701</b>
Male	...	...	...	...	...	...	...	66 207	76 892	84 360	89 431
Female	...	...	...	...	...	...	...	44 454	47 627	54 982	57 817
<b>Minimum wage,<sup>4</sup> as % of median wage</b>	...	...	...	...	...	...	...	<b>40.0</b>	<b>41.7</b>	<b>48.4</b>	<b>42.9</b>
Male	...	...	...	...	...	...	...	33.3	35.7	37.5	37.5
Female	...	...	...	...	...	...	...	52.6	55.6	60.0	60.0
<b>Wages of regular workers (AMD)</b>	...	...	...	...	...	...	...	<b>58 990</b>	<b>69 055</b>	<b>75 058</b>	<b>80 706</b>
Male	...	...	...	...	...	...	...	71 661	83 889	89 520	95 898
Female	...	...	...	...	...	...	...	43 068	49 985	57 834	60 331
<b>Wages of temporary, seasonal and casual workers (AMD)<sup>5</sup></b>	...	...	...	...	...	...	...	<b>53 583</b>	<b>60 662</b>	<b>64 748</b>	<b>68 824</b>
Male	...	...	...	...	...	...	...	58 097	65 274	72 718	74 195
Female	...	...	...	...	...	...	...	38 602	44 563	40 895	52 302

<sup>1</sup> "Working poor" = those members of households below the poverty line who were employed during the reference period.

<sup>2</sup> "Low-paid" workers = those whose average net monthly earnings, in cash and/or in kind, from both primary and secondary jobs, fell below two-thirds of median monthly income.

<sup>3</sup> Average net monthly earnings, in cash and/or in kind, from both primary and secondary jobs, divided by CPI for the same period.

<sup>4</sup> Minimum wage as defined by law.

<sup>5</sup> Here and hereafter: "temporary workers" = persons who hold an explicit or implicit contract of employment for a limited duration; "seasonal workers" = persons who hold an explicit or implicit contract of employment where the timing and duration of the contract are significantly influenced by seasonal factors; "casual workers" are persons who hold an explicit or implicit contract of employment and who are expected to work only from time to time.

... = data not available due to absence of appropriate questions in survey questionnaire.

Sources: ILCS, carried out by NSS since 2001.

budget deficit and level of state debt. It is feared that increasing the deficit in an economic environment of relatively high inflation could spur demand and fuel further price rises.

Article 182 of the Labour Code stipulates that the minimum wage must take into account the minimum consumer basket as well as prevailing economic constraints. Given prevailing concerns over the potential macroeconomic risks, the Government seems unlikely to index the minimum wage to the consumer basket at this stage. The Government made its position clear in 2011 in the course of discussions organized in the National Assembly concerning the obligations arising from

the Law on Minimum Goods Necessary for Subsistence and Living Wage of 2004. This law stipulates the need to use the consumer budget calculated by the NSS as a guiding indicator within the framework of social policy development and implementation.

The National Framework of Educational Qualifications was ratified in March 2011 by government decision. This may become an alternative basis for wage policy: acceptance of the National Framework will make it possible to move away from a nationwide minimum wage towards a system whereby minimum wages are set in relation to the level of an employee's qualifications.



# 4 Decent hours

The Republic of Armenia was the last of the former Soviet republics to adopt a new Labour Code following independence. The new code, adopted in 2004, set out norms for the duration of the working day and the working week, specifying a normal working week of 40 hours, a maximum of 48 hours and, in some particular cases, a shorter duration of 36 hours or less (see Legal Framework Indicator 5, “Maximum hours of work”). The Labour Code stipulates that on an exceptional basis certain categories of employees can be required to work up to 24 hours a day: these include health workers; those in care-giving facilities, including children’s educational and care-giving (fostering) facilities; those in organizations specializing in energy, natural gas and heat supply; and those in services specializing in emergency maintenance of communications and utilities and in accident response. The average weekly working hours of these workers cannot exceed 48 hours, and rest time between working days cannot be less than 24 hours (art. 139 LC). The Government has the authority to define the list of such jobs (Governmental Decision No. 1223-N of 11 August 2005).

In line with the Labour Code, the Government has the authority to specify aspects of working conditions, including shorter working times, for any list of categories of hired workers or employees that may be issued by a later decree.

Before the adoption of the 2004 Labour Code and the establishment of the State Labour Inspectorate, no state control was exercised over working hours and commensurate compensation. In the 1990s, in conditions of economic collapse and rampant unemployment, it was common for employees to work excessive overtime, including over weekends and holidays, without pay.

This practice was highly prevalent in private enterprises, particularly in the transportation and retail sectors, as well as in small and medium-sized businesses. However, it also spread within the public sector, where keeping employees in to work overtime and calling them in to work at weekends without additional payment was considered by some senior managers a sign of hard work and effective management.

The adoption of the Labour Code and the establishment of the State Labour Inspectorate has enabled more effective control to be exercised in this area. The tax authorities are also participating in the implementation of regulation by more effectively levying the mandatory social contributions of employees and revealing the inconsistencies between the working hours declared by employers and the hours employees actually work (identified by income tax returns and random enterprise audits).

Nonetheless, excessive and unpaid overtime continues to be a widespread problem. In the first place, the Labour Code is not widely understood. The diversity of categories of working hours and working regimes it defines creates misunderstandings among employers and employees alike, as well as among specialists in labour relations. The taxation authorities levying social contributions, for example, frequently request clarifications or elaborations on cases from the Ministry of Labour and Social Affairs. Secondly, the State Labour Inspectorate lacks the resources and capacity it needs to be fully effective (see Legal Framework Indicator 15, “Labour inspection”), while employees themselves are often afraid that if they insist on their legal rights they will lose their jobs and so are reluctant to resist unfair treatment openly. In this regard, trade unions are still playing a passive role.

## Legal Framework Indicator 5. Maximum hours of work

**Law, policy and institutions:** Labour Code of 2004, last amended 2011; collective agreements.

**Number of hours allowed:** Normal working week is 40 hours (24 hours for employees aged 14–16 and 36 hours for employees aged 16–18). The duration of the working day may not exceed eight working hours with the exception of cases prescribed in the Labour Code, other laws and regulations, and collective agreements. Working hours, including overtime work, may not exceed 12 hours a day (including breaks) or 48 hours a week. Overtime work should not exceed four hours during two consecutive days, and 180 hours during the year. Workers are entitled to an additional payment of not less than 50 per cent of time rate for each hour of overtime work (in addition to the time rate). Workers under the age of 18 shall not do overtime work. Work undertaken by senior management above regular working hours is not considered overtime work. The list of senior management positions to which this provision applies is determined by the internal disciplinary rules of the relevant organization (arts 139, 144, 146 LC).

**Evidence of implementation effectiveness:** No information provided by ILO supervisory bodies.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Hours of Work (Industry) Convention, 1919 (No. 1) and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30) have not been ratified by Armenia.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

TRAVAIL Conditions of Work and Employment Programme, working time: [http://www.ilo.org/dyn/travail/travmain.sectionReport1?p\\_lang=en&p\\_countries=AM&p\\_sc\\_id=1001&p\\_year=2011&p\\_structure=2](http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=AM&p_sc_id=1001&p_year=2011&p_structure=2).

In order to realize the goal of decent hours and implement relevant legislation in the public and private sectors, the Government, together with the trade unions and employers' organizations, will need to run periodic public awareness-raising campaigns on the principles of the Labour Code.

There have been very few studies on working hours and work regimes in recent years, making it difficult to draw conclusions concerning changes over time. Nonetheless, it has been found that excessive working hours are common in the private sector, where between 35 and 41 per cent of workers have working weeks of over 48 hours, and there has been little change in this over the past decade. The longest average working week of 78 hours was observed in both the transportation and retail sectors.

Typically, men work longer hours than women: men make up 78.1 per cent of those engaged in excessive overtime and have a longer average working week (46.2 hours) than women (42.8 hours). Roughly half of the labour force works between 36 and 48 hours a week, and

within this group there are almost equal proportions of men (48.4 per cent) and women (51.6 per cent).

The law prescribes shorter working hours and different regulations concerning paid leave for working children aged 14 to 18 years (see Chapter 6, "Work that should be abolished"). The maximum duration of the working week is 24 hours for workers aged 14–16 and 36 hours for workers aged 16–18. Concerning overtime, young people aged 14–18 cannot be called in to work on weekends or public holidays, with the exception of participation in sport or cultural events. To safeguard their health and development, rest periods between working days must be provided of at least 14 hours for workers aged 14–16, and at least 12 hours for those aged 16–18, and these must include night-time as defined by the law. All those under 18 years must have two consecutive rest days in every working week.

In accordance with article 163 of the Labour Code, workers can take their annual leave in parts with the agreement of their employers. In this

**Table 4. Decent hours**

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Persons working excessive hours, as % of total employment<sup>1</sup></b>	...	<b>27.7</b>	<b>28.5</b>	<b>30.9</b>	<b>29.6</b>	<b>36.1</b>	<b>35.4</b>	<b>20.2</b>	<b>19.6</b>	<b>18.3</b>	<b>19.4</b>
Male	...	35.1	37.3	39.7	39.2	43.5	47.0	27.0	26.7	25.7	27.6
Female	...	18.9	17.4	19.1	17.0	25.2	19.0	11.7	11.1	9.7	9.6
<b>Average weekly hours worked per employed person</b>	...	<b>42.9</b>	<b>42.5</b>	<b>43.6</b>	<b>41.1</b>	<b>46.7</b>	<b>44.4</b>	<b>37.2</b>	<b>36.5</b>	<b>35.4</b>	<b>36.4</b>
Male	...	46.2	46.0	47.2	46.2	49.7	49.4	41.0	40.3	39.5	41.3
Female	...	38.9	38.2	38.6	34.3	42.2	37.3	32.4	31.9	30.8	30.6
<b>Average annual hours worked per employed person</b>	...	<b>2 157.1</b>	<b>2 139.3</b>	<b>2 190.7</b>	<b>2 065.8</b>	<b>2 348.2</b>	<b>2 233.1</b>	<b>1 870.5</b>	<b>1 836.2</b>	<b>1 781.6</b>	<b>1 831.5</b>
Male	...	2 325.2	2 312.0	2 376.6	2 324.1	2 498.4	2 486.5	2 063.9	2 027.4	1 985.1	2 075.0
Female	...	1 958.8	1 919.1	1 939.6	1 725.3	2 124.4	1 873.7	1 631.1	1 604.9	1 546.9	1 539.7
<b>Time-related underemployment rate, as % of total employment<sup>2</sup></b>	...	<b>15.7</b>	<b>16.8</b>	<b>15.5</b>	<b>13.6</b>	<b>15.9</b>	<b>17.2</b>	<b>15.3</b>	<b>12.0</b>	<b>8.8</b>	<b>9.7</b>
Male	...	13.0	15.5	15.3	14.0	15.2	15.0	14.4	10.3	8.0	8.4
Female	...	18.9	18.5	15.9	13.2	17.1	20.4	16.5	14.1	9.7	11.2
<b>Part-time ratio, as % of total employment</b>	...	<b>20.4</b>	<b>27.9</b>	<b>25.7</b>	<b>23.9</b>	<b>24.0</b>	<b>24.8</b>	<b>37.0</b>	<b>30.0</b>	<b>28.2</b>	<b>25.7</b>
Male	...	17.7	25.5	22.0	21.4	20.8	20.7	31.0	24.4	22.6	19.7
Female	...	23.5	31.0	30.8	27.1	28.7	30.6	44.3	36.7	34.6	32.9

<sup>1</sup> "Excessive hours" = more than 48 hours per week. Figures refer to weekly hours actually worked in the main job due to the lack of data on "usual" hours.

<sup>2</sup> Refers to persons employed part-time in their main job who want to work more hours.

... = data not available due to lack of appropriate questions in survey questionnaire.

Indicators are computed on the basis of the labour force concept recommended by the ILO.

Sources: NSS, 2007, 2008, 2010a (see Appendix I).

case, one part of the leave should not be less than ten working days for people who work five days a week, and 12 working days for people who work six days a week.

The deferral of annual leave is permitted, with exceptions defined by the law. Deferred annual leave should preferably be taken in the same working year, but can be added to the annual leave of the following year.

## Legal Framework Indicator 6. Paid annual leave

**Law, policy and institutions:** The Labour Code of 2004, last amended 2011, and collective agreements.

**Qualifying conditions:** For the first year of work with the same employer, annual leave is granted after six months of uninterrupted work (art. 164(2) LC). Before six months of work have been completed, annual leave may be granted on the worker's request before or after maternity leave or in cases defined by collective agreement.

**Levels of leave:** Annual leave is set at 28 days (art. 159 LC). Some employees are entitled to extended or additional leave (arts 160–62 LC). The employer pays the worker his or her average salary during the leave (art. 169 LC). Annual leave may be split throughout the year. However, one part of the holiday must consist of at least two working weeks (art. 163 LC).

**Evidence of implementation effectiveness:** The CEACR asked the Government to specify how the right to holidays proportional to the length of service is ensured in law and in practice. The CEACR also observed that the Labour Code does not set any specific limits with respect to the division of annual leave into parts or the postponement and accumulation of any part of the annual leave. According to the Holidays with Pay Convention (Revised), 1970 (No. 132), a worker must be granted at least part of his/her leave in the course of any year in order to enjoy a minimum amount of rest and leisure, as unlimited deferment of holidays may nullify the whole purpose of the instrument; the CEACR requested the Government to explain how it has given effect to the requirements of the Convention. See direct request for further information.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** Armenia has not ratified the Holidays with Pay Convention, 1936 (No. 52) or the Holidays with Pay (Agriculture) Convention, 1952 (No. 101); the Holidays with Pay Convention (Revised), 1970 (No. 132) (specifying annual leave of 28 days) was ratified on 27 January 2006.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

TRAVAIL Conditions of Work and Employment Programme, working time: [http://www.ilo.org/dyn/travail/travmain.sectionReport1?p\\_lang=en&p\\_countries=AM&p\\_sc\\_id=1001&p\\_year=2011&p\\_structure=2](http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=AM&p_sc_id=1001&p_year=2011&p_structure=2).

CEACR, 2009, direct request on the application of Convention No. 132: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2009&type=R&conv=C132&lang=EN>.

# 5 Combining work, family and personal life

Armenia has an ageing population owing to net out-migration, birth rates that are well below population replacement levels and increasing life expectancy. In response, the Government has prioritized family policies that will encourage a higher birth rate by promoting a healthy balance of work and personal life. The emphasis is placed on developing skills to effectively combine family obligations with work and career. Women continue to bear most responsibility for home and family life, doing the majority of unpaid household work and taking care of children and the elderly. Family obligations usually have little or no impact on the professional career of men. They tend not to take time out of work or reduce their working hours to care for children or attend to other family obligations, and new policies do little to change this situation.

A common pattern for working families with children is that the father works full time while the mother takes a career break after having a child. If the family income is sufficient with one breadwinner, the mother either dedicates herself full time to household work and family care, or returns to paid work on a part-time basis. However, in the past few years the number of women working part time due to family circumstances has fallen (see table 5) while female labour market participation has continued to rise. This reflects the rising cost of living and the fact that it is increasingly difficult to cover household expenses with a single income.

The events of the period following independence and the transition to market economic relations have had a profound impact on family life, eroding conventional gender and intergenerational relations. Traditionally, the Armenian family was ordered hierarchically, with parents having more

power than children and men more power than women. Changes in the labour market have particularly affected men, who make up the majority of the long-term unemployed. As a result, many men have lost their role as main breadwinners and in some cases women have stepped in to fill the financial gap for the family, becoming the main breadwinners themselves. Migration is also changing family dynamics in some households: men make up the majority of labour migrants, leaving women to take over the responsibilities of head of household. In other cases, family members aged 50–65 have lost their jobs and their children are now the sole providers of family income.

Another change to family dynamics that has taken place over the past 20 years is an increase in the average age of marriage. A number of factors have combined to lead many young people to delay marriage and starting a family. First, youth unemployment is high (see table 2); second, for those young people who do have jobs, salaries are often low (see table 3); and third, there is a lack of affordable housing. At the same time, there is a rising number of single mothers and women who choose not to have children at all.

In efforts to promote access to affordable housing, the Government has introduced long-term mortgage loans with favourable conditions for young families. There are also targeted housing schemes for certain categories of families such as young scientists and tertiary-level teachers. Nonetheless, concerns remain about the erosion of the traditional family and the part played in this process by unemployment and a lack of decent work.

Access to child care facilitates women's access to the labour market and to career progression. The number of pre-schools in Armenia declined

**Table 5. Combining work, family and personal life**

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Persons working part-time for family reasons, as % of total employment</b>	...	<b>3.2</b>	<b>5.1</b>	<b>4.8</b>	<b>7.5*</b>	<b>4.7</b>	<b>3.5</b>	<b>5.7</b>	<b>2.8</b>	<b>1.6</b>	<b>1.6</b>
Male	...	2.1	4.3	2.9	5.4*	2.6	2.5	3.3	1.8	0.6	0.8
Female	...	4.4	6.1	7.4	10.2*	7.7	4.9	8.7	3.9	2.7	2.6
<b>Persons not employed, with general desire to work, but not seeking work due to family reasons, as % of jobless population<sup>1</sup></b>	...	...	...	...	<b>2.7</b>	...	...	...	...	<b>5.8</b>	<b>9.4</b>
Male	...	...	...	...	0.2	...	...	...	...	0.7	0.4
Female	...	...	...	...	3.9	...	...	...	...	8.8	14.2

<sup>1</sup> A jobless person is defined as someone who, during the last four weeks preceding the survey (including the reference week) was not in paid employment or self-employment, i.e. the sum of the unemployed and economically inactive population.

\* The growth of the indicator is due to the significant share of agricultural activity in the observed period (August).

... = data not available due to absence of appropriate questions in the survey questionnaire.

Indicators are computed on the basis of the labour force concept recommended by the ILO.

Sources: NSS, 2007; ILCS (2007), carried out by NSS (see Appendix I).

between 2002 and 2008 from 699 to 628, while the number of children attending pre-school increased by some 10 per cent. However, pre-school institutions are operating at only 75 per cent of capacity overall, and those in urban areas at just 60 per cent of capacity. Pre-school attendance is low by international standards, particularly in rural areas where just 14 per cent of children are enrolled. In 2004, the Government launched the National Programme to Improve the Position of Women in the Republic of Armenia and Enhance their Role in Society for 2004–10, which aims to improve women's economic status and reduce unemployment by expanding their employment opportunities. The Government recognizes that the lack of early years child care is a problem, and acknowledges this in the programme; however, specific steps to work towards a solution have not yet been taken.

The Government has adopted a number of progressive laws regarding workers with family responsibilities. The family is enshrined in article 32 of the Constitution as “the natural and fundamental

cell of society”, and the text goes on to assert that “Family, motherhood, and childhood are placed under the care and protection of society and the state. Women and men enjoy equal rights when entering into marriage, during marriage, and in the course of divorce.” Fully paid maternity leave of at least 140 days is provided for, as is leave for adoption. Unpaid leave from work is also granted for relatives or legal guardians of children under the age of three.

However, the traditional gender balance is largely maintained across legislation, on the assumption that women have primary responsibility for the family. For example, the declared goal of the National Programme to Improve the Position of Women is “to create conditions whereby women can earn an income and continue to undertake domestic work”: no mention is made of male domestic responsibilities. There is also a growing trend among women of waiving maternity and child-care benefits or returning to work sooner than scheduled, suggesting that benefits are not covering family income needs.

## Legal Framework Indicator 7. Maternity leave

**Law, policy and institutions:** The Law on Temporary Incapacity Benefits of 27 October 2010 (amended 2011) and the Labour Code of 2004 (amended 2011) provide for maternity leave. All workers who have signed an employment contract, as well as self-employed individuals (individual entrepreneurs), have the right to maternity leave. The Labour Code states that the State is obliged to contribute to maternity leave benefits. The payment of maternity leave benefits is administered by the State Social Security Service.

**Qualifying conditions:** Maternity leave benefits are granted to individuals making social contributions.

**Benefits (level and duration):** The standard duration of maternity leave benefits is 140 days (art. 172 LC): 70 days of pregnancy, 70 days after childbirth). This is extended to 155 days (70 days of pregnancy, 85 days after childbirth) in cases of difficult childbirth and to 180 days (70 days of pregnancy, 110 days after childbirth) in cases of twins. The benefit is 100 per cent of average monthly earnings (regardless of the number of years of qualifying employment) divided by 30.4 (average number of days in a month) and multiplied by the number of days of maternity leave.

**Financing:** Maternity benefits are financed through government contributions and the mandatory social contributions (social tax). The social tax covers benefits payable for unemployment, sickness, maternity and occupational injury, and old-age, disability and survivor pensions. The mandatory contribution for workers is 3 per cent of net monthly earnings. For self-employed people it is 15 per cent of annual income if that income is between AMD60,000 and AMD1,200,000. If annual income is greater than AMD1,200,000, the annual contribution is AMD180,000 plus 5 per cent of income over AMD1,200,000. Employers make the following contributions: for employees who earn under AMD20,000 a month, a monthly contribution of 7,000 drams; for employees earning between AMD20,000 and AMD100,000 a month, a monthly contribution of AMD7,000 plus 15 per cent of income over AMD20,000; and for employees earning over AMD100,000 a month, a monthly contribution of AMD19,000 plus 5 per cent of income over AMD100,000.

**Evidence of implementation effectiveness:** No information located by the ILO supervisory bodies.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Maternity Protection (Revised), 1952 (No. 103), the Maternity Protection Convention, 2000 (No. 183) and the Social Security (Minimum Standards) Convention, 1952 (No. 102) have not been ratified by Armenia.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

TRAVAIL Conditions of Work and Employment Programme, maternity protection: [http://www.ilo.org/dyn/travail/travmain.sectionReport1?p\\_lang=en&p\\_countries=AM&p\\_sc\\_id=2000&p\\_year=2011&p\\_structure=3](http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=AM&p_sc_id=2000&p_year=2011&p_structure=3).

International Social Security Association, Country Profile Armenia: [http://www.issa.int/Observatory/Country-Profiles/Regions/Asia-and-the-Pacific/Armenia/Scheme-Description/\(id\)/100337](http://www.issa.int/Observatory/Country-Profiles/Regions/Asia-and-the-Pacific/Armenia/Scheme-Description/(id)/100337).

## Legal Framework Indicator 8. Parental leave

**Law, policy and institutions:** Law on State Benefits; Law on Temporary Incapacity Benefits of 27 October 2010 (amended 2011); Labour Code of 2004 (last amended 2011).

**Qualifying conditions:** Either parent, a single parent, a foster parent or a care-giver is entitled to claim parental leave in order to care for a child aged up to two years. The law does not apply to workers hired through a labour contract concluded for supply of a specific job or service (civil contract).

Benefits (levels and duration): The allowance is given by social services starting from the month the person takes up parental leave until the child is two years old. The level of the benefit is AMD18,000 a month.

**Financing:** Child-care allowances are financed through Government contributions and the mandatory social contributions (social tax). The social tax covers benefits payable for unemployment, sickness, maternity and occupational injury, and old-age, disability and survivor pensions. The mandatory contribution for workers is 3 per cent of net monthly earnings. For self-employed people it is 15 per cent of annual income if that income is between AMD60,000 and AMD1,200,000. If annual income is greater than AMD1,200,000, the annual contribution is AMD180,000 plus 5 per cent of income over AMD1,200,000. Employers make the following contributions: for employees who earn under AMD20,000 a month, a monthly contribution of 7,000 drams; for employees earning between AMD20,000 and AMD100,000 a month, a monthly contribution of AMD7,000 plus 15 per cent of income over AMD20,000; and for employees earning over AMD100,000 a month, a monthly contribution of AMD19,000 plus 5 per cent of income over AMD100,000.

**Evidence of implementation effectiveness:** No information located by ILO supervisory bodies.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Workers with Family Responsibilities Convention, 1981 (No. 156) has not been ratified by Armenia.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

TRAVAIL Conditions of Work and Employment Programme, maternity protection: [http://www.ilo.org/dyn/travail/travmain.sectionReport1?p\\_lang=en&p\\_countries=AM&p\\_sc\\_id=2000&p\\_year=2011&p\\_structure=3](http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=AM&p_sc_id=2000&p_year=2011&p_structure=3).

# 6 Work that should be abolished

The Labour Code sets out the regulations governing employment of children and young people aged under 18. The minimum age for work is 16 years. However, between the ages of 14 and 16 a child can work with the permission of a legal guardian in temporary jobs (with contracts valid for no more than two months) that are deemed not to harm their health, security, education and morals. All employees under 18 years of age must pass a medical examination when they are hired and at regular intervals until they are 18, paid for by the employer.

To protect their well-being and development, shorter working hours are prescribed for workers aged 14–18, and there are specific rules concerning rest periods, overtime, night work, work over weekends and public holidays, and paid leave (see Chapter 4, “Decent working hours”). For example, to enable them to complete their education, children who combine work with study have the right to take leave to prepare for exams.

Data on the implementation of the law are lacking; however, it seems that child labour remains a serious problem. In the 1990s, groups of wandering children, mainly involved in begging, started to appear. The children were pushed into begging by shadow employers, who were adults and not always members of their own families. This growing problem attracted the attention of state bodies, civil society organizations including the Foundation of Armenian Relief, and non-governmental organizations (NGOs) such as Orran and Nor Hayastan, which worked together to lift these children out of child labour. The institutional cooperation between NGOs and government agencies demonstrated in tackling this problem over the past decade is an example of best practice in the field.

Many children are involved in household businesses, especially in rural areas where they typically work in agriculture (see US State Department, 2011). In Yerevan, observers report seeing children selling flowers and pictures and working in local markets. According to the results of a study on child labour published by UNICEF, less than 5 per cent of children of aged 7–18 had paid jobs in Armenia in 2008, excluding children involved in household farms or businesses (UNICEF, 2008). The study also revealed that almost one-third of working children were younger than the legal working age, almost all of them were working without legal contracts, and some were engaged in hard physical labour and were carrying weights. A concern associated with both illegal child labour and children working within the framework of the existing legislation is a higher school drop-out rate. Many working children leave secondary school before completion, limiting their future prospects. This particularly affects older children: 20–25 per cent of children aged 15–17 years do not attend school (see table 1 above).

Armenia is a source and destination country for human trafficking. Those most at risk of trafficking are young women from poor families, especially those affected by alcohol, drugs and/or violence; divorced or single mothers; children left without parental care; and refugees. Recorded cases include victims as young as 16. Many have psychological problems as a result of past household violence, lack formal education, and have not been in stable jobs or were unemployed before falling victim to trafficking.

The Government of Armenia is making efforts to eliminate human trafficking and has ratified a number of international instruments to this end.

**Table 6. Work that should be abolished**

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Child labourers, as % of all children aged 7–17</b>	...	...	...	...	<b>4.5</b>	...	...	...	...	...	...
Male	...	...	...	...	7.1	...	...	...	...	...	...
Female	...	...	...	...	1.8	...	...	...	...	...	...

... = data not available.

The methodology is based on resolutions defined by the 18th ICLS, Dec. 2008.

Source: NSS, 2005, compiled within the framework of the TACIS project.

In 2003, Armenia ratified the United Nations Convention on Fighting Transnational Organized Crime and two of its supplementary protocols: the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children; and the Protocol against the Smuggling of Migrants by Land Sea and Air. In 2008, it ratified the Council of Europe Convention on Action against Trafficking in Human Beings. International cooperation and support are vital to success in the fight against human trafficking. Recognizing this, the Government of Armenia has signed bilateral agreements and memoranda of understanding with enforcement organizations in a number of countries including the Islamic Republic of Iran, the United Arab Emirates and Ukraine.

At the national level, Armenia prohibits trafficking for purposes of sexual exploitation and forced labour under articles 132 and 132/1 of the Criminal Code and prescribes penalties of 5 to 15 years' imprisonment. In 2011, the Criminal Code was amended to strengthen the anti-trafficking principles of the law, lengthening the amount of time a trafficking offender must serve before becoming eligible for early release, specifically prohibiting trafficking of children and people with mental disabilities, and introducing additional punitive measures for trafficking offenders. In 2010, 15 cases of sexual trafficking were investigated and over the course of the year five trafficking offenders were convicted: four for sex trafficking and one for labour trafficking. While the Government is working to ensure that

offenders receive the full punishment, there is concern that there were no new cases concerning trafficking for forced labour under investigation in 2010 (US State Department, 2011).

In 2002, an inter-agency commission on combating trafficking was set up to study how best to respond to trafficking, and in 2007 the Council on Trafficking Issues was created to coordinate the Government's response. In 2008, an Order of National Guidance was adopted (see OSCE and MLSA, 2010). Beginning in 2004, a series of two-year national action plans to combat human trafficking have been implemented. The Government has also worked to maintain close cooperation with a number of NGOs, as a result of which hundreds of officials, including policemen, border troops and representatives of judicial systems, have undergone sensitization on the issue. In efforts to improve protection services for victims of human trafficking, in 2010 the Government partially funded a shelter for victims of trafficking that is maintained by an NGO. Furthermore, the Government has run a number of awareness-raising campaigns, financing television programmes and working with NGOs and international organizations to introduce informative anti-trafficking material into the school curriculum.

Overall, while it is impossible to draw conclusions on progress towards eliminating forced labour and child labour due to a lack of substantive data, the political initiatives taken to combat trafficking and improve assistance for victims deserve explicit recognition.

## Legal Framework Indicator 9. Child labour

**Law, policy and institutions:** Constitution; Labour Code of 2004, last amended 2011.

**General age for admission to employment:** 16 years (art. 32 Constitution; art. 15(2) LC).

Basic general education (primary and secondary) is compulsory according to the Law on Education (art. 18(7)).

**Age for admission to hazardous work:** 18 years. The Labour Code prohibits the employment of anyone under the age of 18 in hard labour, such as work that involves possible exposure to substances which are toxic, carcinogenic or otherwise dangerous to health, possible exposure to ionizing radiation or other hazardous and harmful agents, or a higher risk of accident or occupational disease, as well as such work which a young person might not be able to perform safely due to lack of experience or attention to safety (art. 257 LC). Governmental Decision No. 2308-N, 2005, last amended 2010, sets out a list of types of hazardous work prohibited to persons under the age of 18.

**Exceptions:** Children between the ages of 14 and 16 may enter into an employment contract with the written consent of one of their parents or a legal guardian (art.17(2) LC). The work should not be harmful to their health, safety, education or morals (art. 17(2.1) LC). Article 148(3) LC prohibits persons under the age of 18 from night work. Article 17(3) prohibits persons under age 18 from work at weekends and during holidays.

The State Labour Inspectorate is responsible for ensuring the guarantees defined by the labour legislation for persons under 18 (Law on the Labour Inspectorate, art. 10(14). Article 41 of the Code on Administrative Offences states that a first violation of the labour legislation (or other legal norms regulating labour law) will result in a warning for the offender. A further violation, committed within a year after that warning is notified, will result in a fine equivalent to 50 times the minimum wage applicable to the employer. Child trafficking is prohibited under the Criminal Code (art. 168 CC). A National Plan of Action for Protection of the Rights of Children 2004–15 (NPA 2004–15), approved by Governmental Decision No. 1745-N of 2004, includes as one of its themes the elimination of child labour. A National Committee on Child Protection was established by Governmental Decision No. 835 of October 2005. Its functions include preventing the involvement of children in the worst forms of child labour, as well as the withdrawal, rehabilitation and social reintegration of those found to be so involved.

**Evidence of implementation effectiveness:** The CEACR noted that the Labour Code and its provisions relating to the minimum age of admission to employment or work do not appear to apply to work performed outside the framework of a formal labour relationship, such as self-employment or non-remunerated work. In this regard, it noted a 2008 UNICEF study which indicated that in the majority of cases under-age workers are engaged in unpaid family work and that less than 4 per cent of under-age workers are paid for the work they do. The CEACR requested the Government to provide information on the measures taken or envisaged to ensure that children who are not bound by an employment relationship, such as children performing unpaid work, work in the informal sector or work on a self-employed basis, benefit from the protection provided by the Minimum Age Convention, 1973 (No. 138). The CEACR noted that compulsory education in Armenia continues to age 15 and strongly encouraged the Government to ensure compulsory education up to the minimum age for employment (16 years), as a means of combating and preventing child labour. It has requested the Government to take the necessary measures to ensure access to free basic education and to improve the functioning of the education system, to increase enrolment, attendance and completion rates and decrease drop-out and absenteeism rates.

It was indicated in 2009 that the State Labour Inspectorate had not received any complaints of child exploitation since its establishment in March 2005 and therefore had not conducted any investigations. For further comments on the legislation see CEACR direct requests of 2010 in source notes below.

**Ratification of ILO Conventions:** The Minimum Age Convention, 1973 (No. 138) was ratified by Armenia on 27 January 2001 (specified minimum age: 16 years) and the Worst Forms of Child Labour Convention, 1999 (No. 182) on 2 January 2006.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

CEACR, 2010, direct request on the application of Convention No. 138 (<http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2010&type=R&conv=C138&lang=EN>), and 2010, direct request on the application of Convention No. 182 (<http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2010&type=R&conv=C182&lang=EN>).

UNICEF, 2008.

## Legal Framework Indicator 10. Forced labour

**Law, policy and institutions:** Article 32 of the Constitution prohibits “compulsory employment”. There is no separate law on forced labour, sale of humans or other types of trafficking in Armenia. The Criminal Code, adopted in April 2003, provides penalties for offences of human trafficking, prostitution and pornography; these penalties are higher when the victim is a minor (arts 131, 132, 166, 168, 261, 263 CC). Armenia adopted a national anti-trafficking programme in 2004. An inter-agency commission to combat trafficking and a Human Trafficking Bureau within the national police service have been established, along with a border control information system to help prevent human trafficking at Zvartnots International Airport in Yerevan. Moreover, in 2008, the Government, together with the OECD, implemented a National Referral Mechanism which assists law enforcement agencies in identifying and prosecuting suspected traffickers.

**Evidence of implementation effectiveness:** The CEACR noted, in a 2010 direct request on the Worst Forms of Child Labour Convention, 1999 (No. 182), that according to a report published by the UNHCR, Armenia is a source and destination country for victims of trafficking, with Armenian boys subjected to conditions of forced labour, Armenian women and girls subjected to forced prostitution within the country, and minors of both sexes trafficked internally for forced begging (US Department of Labor, 2009). The CEACR asked the Government to provide more information in this regard.

**Ratification of ILO Conventions:** The Forced Labour Convention, 1930 (No. 29) and the Abolition of Forced Labour Convention, 1957 (No. 105) were ratified by Armenia on 17 December 2004.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

CEACR, 2010, direct requests on the application of Convention No. 29 (<http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2010&type=R&conv=C029&lang=EN>), Convention No. 105 (<http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2010&type=R&conv=C105&lang=EN>) and Convention No. 182 (<http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2010&type=R&conv=C182&lang=EN>).

# 7 Stability and security of work

“Stability and security of work” encompasses the length and nature of the employment contract, how easy or difficult it is for an employer to dismiss a worker and the access a worker has to social security. The transition to a liberal market economy destabilized the traditional labour market structure in Armenia and led to spiralling unemployment. Industries traditionally dominated by men, including mining, construction and agriculture, suffered high numbers of job losses in the transition period, while those which employ more women, such as services, trade and education, have experienced more growth in the last decade.

While Armenia has gone a long way in reforming its labour law, implementation is lagging behind. Development of the legal base has outpaced the establishment of administrative or enforcement bodies to effectively implement and monitor the new standards. This problem has been particularly evident with regard to the Labour Code adopted in 2004. The Labour Code lays out highly detailed regulations, including in the area of job termination and dismissal, but monitoring of implementation in the form of data collection and analysis on job security is limited (see Legal Framework Indicator 11, “Termination of employment”).

Over the past decade, the employment rate in Armenia has steadily increased, from 40.1 per cent in 2001 to 51.7 per cent in 2010 (see table 2 above). However, employment creation has not kept up with the needs of society, particularly of young people, as is demonstrated by high youth unemployment and an increase of 7.1 per cent in the average age of the working population between 2005 and 2009.

Over the same decade, stability and security of work has steadily declined. The proportion of

employees has fallen from 68.8 per cent of the working population in 2001 to 58.3 per cent in 2010, while the proportion of the working population in vulnerable work has increased from 30.5 to 41.2 per cent. This change has affected women significantly more than men. Despite fluctuations in the number of male employees between 2001 and 2010, the overall proportion of men working as employees increased by 1.2 percentage points during this period, while the proportion of women working as employees fell from 76.4 per cent to 51.9 per cent. Similarly, the proportion of male vulnerable workers remained relatively stable, while the proportion of women in vulnerable work increased from 23.4 per cent to 48.0 per cent. A series break in data on temporary and seasonal work makes it difficult to draw conclusions on long-term change; however, the number of people in temporary jobs increased between 2005 and 2007, dipping after 2008 with the onset of the global financial crisis (see table 7). At the same time, employment in the informal sector has risen, particularly among women (see table 2 above). In 2010, 53.3 per cent of female workers were engaged in the informal sector, compared to 45.8 per cent of male workers. Employers have been able to take advantage of the high level of unemployment to dictate working conditions to those they hire, many of whom have no access to legal or social protection.

Most workers are classified as employees (as opposed to self-employed) and as such are legally entitled to social security benefits. However, many of the rising number of people working in the informal sector and in vulnerable jobs do not contribute to the welfare system and so lack access to its benefits. People employed in the agricultural sector face particular challenges regarding the stability and security of work. Overall, 41.1 per cent

**Table 7. Stability and security of work**

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Number of temporary, seasonal and casual/daily workers, as % of total employees<sup>1</sup></b>	...	<b>27.9</b>	<b>28.2</b>	<b>27.6</b>	<b>36.8*</b>	<b>17.0</b>	<b>24.4</b>	<b>25.5</b>	<b>24.1</b>	<b>21.7</b>	<b>19.0</b>
Male	...	34.3	34.6	34.4	39.3*	24.4	29.8	29.7	27.7	26.1	22.6
Female	...	20.2	20.1	18.5	33.5*	5.8	16.8	20.5	19.7	16.7	14.8
<b>Job lay-off rate, as % of total employees<sup>2</sup></b>	...	<b>4.4</b>	<b>4.3</b>	<b>18.5</b>	<b>23.9</b>	<b>32.4</b>	...	...	...	...	...
Male	...	6.5	7.9	24.4	21.4	45.0	...	...	...	...	...
Female	...	2.0	0	12.9	27.1	16.7	...	...	...	...	...

<sup>1</sup> Concerns only the primary (main) activity of the employed population.

<sup>2</sup> Calculated as employees who lost their job due to termination of temporary employment in the past three months as a percentage of all employees.

\* The growth of the indicator is due to the significant share of agricultural activity in the observed period (August).

... = data not available due to absence of appropriate questions in the survey questionnaire.

Indicators are computed on the basis of the labour force concept recommended by the ILO.

Sources: Labour Force Survey (2001–06); ILCS (2007), carried out by NSS (see Appendix I).

of people work in agriculture, of whom the majority (57.8 per cent) are women and a large minority (42.2 per cent) men. In an effort to extend social security coverage to more of these workers, a system of voluntary contributions has been introduced for those who were previously uncovered. As yet, however, few agricultural workers are contributing and the majority continue to lack access to social security.

Reports from employment agencies suggest that changes are taking place in hiring practices that increase the precariousness of work. One reported practice is to hire people for a probationary period of between ten and 30 days, then fire them at the end of the period and withhold pay. As long as the probation was not legally registered the employees cannot demand compensation for the days worked. This tactic is particularly common in service industries such as restaurants and cafes, where it largely affects dishwashers, kitchen assistants and waitresses. Another practice seen in some private educational establishments is to give employees work contracts valid for nine or ten months to avoid payments during the school summer holidays. Similarly, there have been recent reports in the media concerning violations of the Labour Code by large supermarkets concerning hiring practices, duration of working hours, paid vacation and groundless dismissal. Fearing unemployment or discrimination, few employees join

trade unions or push to defend their legal rights. Even in cases of unfair dismissal, employees very seldom appeal to the courts.

The Law on Civil Service of 2001 has played an important role in protecting the social rights of civil servants by structuring the civil service system in Armenia. Candidates for civil service posts are now selected through a competitive process: this is aiding the shift to a merit-based, professionalized organization. However, the Law on Civil Service does allow for the relevant government minister or head of staff to select from a pool of candidates who have been successful in the competitive examination when filling a post. The results of the 2009 *Revelation of competitiveness of civil servant wages* (MLSA and NILSR, 2010) show a high turnover of employees between 2007 and 2009 as well as staff cuts, with dismissals increasing while numbers recruited remained relatively steady. In 2007, the number of new entrants exceeded the number of dismissals by some 24 per cent, while in the next two years the number of people dismissed from work exceeded the number of new appointments by 27 per cent and 17 per cent.

Across both public and private sectors, the average tenure for the employed population was 7.65 years in the same position and 8.28 years in the same organization. Men averaged 8.2 years

## Legal Framework Indicator 11. Termination of employment

**Law, policy and institutions:** The conditions for termination of employment are regulated by the Labour Code of 2004 (last amended 2011) or collective agreements. Civil servants enjoy special protection under the Law on Civil Service.

**Substantive requirements for dismissal:** Valid grounds for dismissal are: worker's conduct, worker's capacity, economic reasons (art. 113 LC). Prohibited grounds are: marital status, pregnancy, maternity leave, family responsibilities, filing a complaint against the employer, temporary work injury or illness, race, sex, religion, political opinion, social origin, nationality, age, trade union membership and activities, language, participation in a lawful strike, lawfully taking leave (art. 114 LC). Some workers enjoy special protection: workers' representatives, pregnant women on maternity leave, workers with confirmed injuries (arts 117 and 119 LC).

**Procedure for individual dismissals:** Written notification of termination must be given. In cases of dismissal on economic grounds, the worker is given two months' notice. In cases of dismissal based on the worker's conduct or capacity, the worker is given two weeks' notice (art. 115).

**Collective dismissals for economic reasons:** Where a firm is going into liquidation or reducing production capacity and is planning to dismiss more than 10 per cent of the total number of employees (at least ten workers) within two months, this counts as collective dismissal. In such a case the employer must report the number of workers to be dismissed to the SESA and to the representative of the employees not later than three months in advance of the date of dismissal or cancellation of the labour contract (art. 116 LC).

If collective dismissals are caused by the employer's bankruptcy, the number of the dismissed employees is to be reported to the SESA within three days of the date of the court's recognition of the bankruptcy.

Dismissal benefits are given in cases of liquidation and reduction of production capacity.

**Severance pay:** A worker dismissed for reasons of incapacity is entitled to severance pay equal to two weeks' salary (art. 129 LC).

Severance pay equal to two weeks' salary is also given in cases of dismissal because of the firm's liquidation, reduction of production capacity, or bankruptcy. An amount equal to one month's average salary is payable in cases where the worker's capacity is deemed inconsistent with the position or work requirements, or where the employee is under-qualified, as well as in cases of retirement (art. 129 LC).

**Evidence of implementation effectiveness:** No information located by ILO supervisory bodies.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Termination of Employment Convention, 1982 (No. 158) has not been ratified by Armenia.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

DIALOGUE, Industrial and Employment Relations Department, EPLex database: [http://www.ilo.org/dyn/eplcx/termmain.showCountry?p\\_lang=en&p\\_country\\_id=165](http://www.ilo.org/dyn/eplcx/termmain.showCountry?p_lang=en&p_country_id=165).

in one position and 9.1 years in an organization: longer than women, for whom the corresponding figures were 6.35 and 7.1 years respectively (MLSA and NILSR, 2010). The private sector organizations that took part in the study were asked to share their views on future trends con-

cerning job creation and potential cuts. The organizations forecast that after 2009 overall job losses will outweigh creation of new jobs, with creation of new jobs amounting to some 8 per cent of existing jobs each year and job cuts amounting to some 14 per cent.



# 8 Equal opportunity and treatment in employment

Discussions on gender equality began in Armenia in the 1990s, following independence and as part of the adjustments of transition. State representatives went on fact-finding missions to various other countries to study local experiences on the issue and a group of NGOs started work to highlight the existing problems of gender inequality in Armenia. This early collaboration between state bodies and NGOs has been sustained to positive effect. Instruments establishing gender equality in law have been successfully introduced or updated over the past ten years, namely the Constitution, the Labour Code and the Law on Employment of the Population and Social Protection in Case of Unemployment, although as yet there is no separate law on gender equality (see Legal Framework Indicator 12, “Equal opportunity and treatment”).

The Labour Code (art. 3) guarantees the legal equality of parties to labour relations, fair working conditions, equality of rights and opportunities for workers, and timely and full remuneration of employees at a rate not less than the minimum wage defined by the law. Article 178 of the Labour Code regulates wages and stipulates that men and women are to receive “equal pay for the same or equivalent work” (but not, as the CEACR has pointed out, equal work for work *of equal value*). However, an amendment to article 178 made in 2010 (Law No. 117-N of 24 July 2010) further specified that “the employee’s salary depends on his/her qualifications, work conditions, quality, quantity and complexity”.

The legislation still needs improvement, for example in clarifying different forms of discrimination and guaranteeing equal pay for work of equal value (see Legal Framework Indicator 13, “Equal remuneration of men and women for work of equal value”). At the same time, implementation

of the laws is lagging behind their development. For example, the Labour Inspectorate, which is responsible for monitoring and enforcing the principles of gender equality, does not yet report on the issue.

Women’s participation in the labour market has increased in the past decade, rising from just under a third of the working-age population in 2001 to 42.9 per cent in 2010, while remaining significantly lower than men’s participation at 62.6 per cent (see table 2 above). An important indicator of the success of gender policy is the gender pay gap. Data from the NSS reproduced in table 8 show that the pay gap has narrowed in recent years, although it still remains wide at 54.6 per cent in 2010. Studies by the National Institute of Labour and Social Research (MLSA and NILSR, 2010) and the NSS (NSS, 2010b) also show a significant difference between the levels of pay received by women and men working in the same jobs. A 2009 random sample study of salaries in the public sector (MLSA and NILSR, 2010) found the average monthly salary of women to be AMD77,127, whereas that of men was AMD126,725. The average monthly income of women from all sources was AMD48,499, and of men was AMD79,790.

According to the 2008 National Labour Force Survey, the proportion of women working at executive level is very low at around 2 per cent of working women, compared to 6.4 per cent of working men. In the public sector, just 8.4 per cent of executives are women, and their representation has declined over the last decade. In the private sector, there are more women (16.2 per cent) at the executive level, although again this follows a decline in representation (MLSA and NILSR, 2010; NSS, 2010b). One partial explanation of women’s under-representation at the exe-

## Legal Framework Indicator 12. Equal opportunity and treatment

**Law, policy and institutions:** The relevant instruments are the Constitution, the Labour Code of 2004 (last amended 2011), and the Law on Employment of Population and Social Protection in Case of Unemployment. The Constitution prohibits any discrimination based on sex, race, colour of skin, ethnic or social origin, genetic features, language, religion or belief, political or any other views, belonging to a national minority, proprietary status, birth, disability, age or any other personal or social circumstances (art. 14(1)).

A Gender Policy Concept was adopted in February 2010. In June 2011, the Government approved a Strategic Programme against Gender Violence for 2011–15 and a National Programme against Gender Violence.

The Labour Code includes among its basic principles the principles of legal equality of parties in working relationships irrespective of sex, race, nationality, language, origin, citizenship, social status, religion, marital and family status, age, philosophy, political party, trade union or public organization membership or other factors unrelated to the employee's professional qualities, and equality of workers' rights and opportunities (art. 3 LC). In accordance with the Labour Code the employer is not permitted to dismiss the employee on his or her own initiative on the basis of gender, race, nationality, language, origin, citizenship, social status, religion, marital status and family, beliefs or views, membership in political parties or public organizations, age (art. 114 LC) (with the exception of those cases when the employee has acquired the right to receive, or is already receiving, an old-age pension) or pregnancy (art. 117 LC). The main principles of the state employment policy are: (1) voluntariness of work and free choice of occupation; and (2) assurance of employment to individuals irrespective of nationality, race, sex, age, language, religion, political or social views, social origin, and proprietary or any other status (Law on Employment of the Population and Social Protection in Case of Unemployment). The Criminal Code punishes (with a fine of between 200 and 400 times the monthly minimum wage, or with imprisonment for up to two years) any direct or indirect breach of citizens' equality for reasons related to a citizen's nationality, race, sex, language, religion, political or other views, social origin, proprietary or other status (art. 143). Article 156 of the Criminal Code punishes with a fine of between 200 and 500 times the monthly minimum wage, or imprisonment for up to one month, the unjustified refusal to employ a pregnant woman on the ground of her pregnancy, or unjustified refusal to employ a person with a child under three years of age.

**Evidence of implementation effectiveness:** The CEACR noted that Armenia failed to submit its annual reports concerning the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and the Equal Remuneration Convention, 1958 (No. 100) pursuant to article 22 of the ILO Constitution. It was found that no provision of the labour legislation expressly prohibits direct or indirect discrimination on the grounds listed under article 1(1)(a) of Convention No. 111, that is, race, colour, sex, religion, political opinion, national extraction or social origin. Furthermore, it was pointed out that no legal prohibition of sexual harassment is included in the legislation. Instead, the violation of equal rights of men and women or sexual harassment is considered as a "gross violation of labour discipline" punishable by the employer (art. 223 LC). The CEACR took note of the fact that articles 3(3) and 3(5) LC do not explicitly recognize the principle of equality of rights and opportunities with regard to vocational training and jobseekers. Moreover, the proposed amendment to article 86 LC concerning the prohibition of discriminatory job announcements does not prohibit discriminatory practices during the recruitment or selection phase. The CEACR noted the recent establishment of the Department for Ethnic Minorities and Religious Affairs with the aim, among other things, of combating discrimination against minorities; also the creation of the Department of Women's, Family and Children's Issues within the Ministry of Labour and Social Affairs, with the aim of achieving gender equality (CEDAW/C/ARM/4, para. 37). The establishment of a Human Rights Ombudsperson under the Law on the Human Rights Defender (Ombudsperson) of 21 October 2003 was also noted by the CEACR.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Equal Remuneration Convention, 1951 (No. 100) and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) were ratified by Armenia on 29 July 1994.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

CEACR, 2009, direct request on the application of Convention No. 111: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displayAllComments.cfm?conv=C111&ctry=0030&hdroff=1&lang=EN>.

**Table 8. Equal opportunity and treatment in employment**

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Female share of employment in ISCO-88 major group 1 (legislators, senior officials and managers), as % of total employment	...	18.0	18.3	14.5	21.4	22.2	21.0	...	...	...	...
Gender pay gap, <sup>1</sup> %	...	...	...	...	...	...	...	63.9	62.6	53.1	54.6
Share of women in waged employment in non-agricultural sectors, as % of total employment	...	51.2	50.5	48.5	47.6	41.9	43.9	41.4	40.9	43.2	40.9
Share of employed with disabilities, as % of total employment	...	...	...	...	...	...	...	3.7	3.9	4.0	3.8
Male	...	...	...	...	...	...	...	4.2	4.4	4.3	4.1
Female	...	...	...	...	...	...	...	3.1	3.3	3.7	3.5

... = data not available due to absence of appropriate questions in the survey questionnaire.

Indicators are computed on the basis of the labour force concept recommended by the ILO.

<sup>1</sup> Computed as the ratio of the difference between the average wages of men and of women to the average wages of men.

Sources: Labour Force Survey (2001–06); ILCS (2007), carried out by NSS (see Appendix I).

cutive level is their relative lack of professional experience compared to men, linked to frequent interruptions of employment and shorter working hours due to household and family responsibilities.

Some factors typically adduced to explain the persistence of a gender pay gap do not apply in Armenia. Lower educational levels of women can often go some way towards explaining differences in pay; however, this is not the case in Armenia, where male and female enrolments at primary, secondary and tertiary levels have been almost equal since the 1970s. Indeed, over the past decade more women have enrolled in tertiary education than men, and in 2010, 56 per cent of all tertiary students were women, although higher numbers of men take part in postgraduate education: 61.4 per cent of postgraduate students were men in 2010 (UNESCO Institute for Statistics, 2011).

Despite this parity in educational level, women have lower participation in the labour market and are paid less than men, and often play a secondary role in providing household income. Horizontal and vertical gender segregation in the labour market persists: women are mainly employed in branches of the economy where remuneration is lower than average such as the retail, hotel and

catering industries; a rising proportion of female employment is in the informal sector and the proportion of women in vulnerable employment has rapidly increased, reaching 48 per cent in 2010. In comparison, the proportion of men in working in the informal sector and in vulnerable employment is significantly lower than that of women, and has remained fairly constant over the period.

Apart from the low employment rate of women and the gender pay gap, there are also age-specific discrepancies in the labour market in Armenia. The employment rates of those aged 55–59 (35.3 per cent) and those aged 60–64 (28.2 per cent) are significantly below the national average (2010: 51.7 per cent). The 55–59 year age group is considered to be below the high-risk threshold, as while it is close to retirement age, employers in certain industries such as car and mechanical servicing, machine-building and maintenance are very reluctant to lose the acquired experience of workers of this age. Men's employment in this age group (44.8 per cent) is closer to the average than women's (25.4 per cent). People aged 60–64 years are considered a high-risk group in terms of labour market participation. The age of eligibility for retirement benefits in Armenia is 63, and people who lose their jobs in this age

### Legal Framework Indicator 13. Equal remuneration of men and women for work of equal value

**Law, policy and institutions:** The relevant instruments are the Constitution and the Labour Code of 2004 (last amended 2011). Article 178 LC stipulates equal pay for equal work by men and women. An amendment to article 178, made in 2010 (Law No. 117-N of 24 July 2010), further specified that “the employee’s salary depends on his/her qualifications, work conditions, quality, quantity and complexity”. Salary is the compensation paid to the employee for performing the work specified by the employment agreement. It includes the basic salary and additional compensation given in any form by the employer to the employee for the work performed.

**Evidence of implementation effectiveness:** The CEACR noted that Armenia failed to submit its annual reports concerning the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) and the Equal Remuneration Convention, 1951 (No. 100) pursuant to article 22 of the ILO Constitution. Noting that Armenia was undertaking a revision of the 2004 Labour Code, the CEACR asked the Government to ensure that the definition of “wage” in article 178(3) LC and the word “pay” in article 178(2) LC cover all elements of remuneration. Furthermore, in its general observation of 2006 it asked the Government to ensure that article 178(2) of the amended Labour Code provide not only for equal remuneration for men and women for the same, similar or equal work but also for work of equal value. Based on statistical information and the Government’s analysis, the CEACR found that women are facing indirect and direct discrimination in remuneration. The Government noted that the rate of remuneration for women is 39 per cent of that of men due to vertical and horizontal segregation and discrimination in the labour market. The CEACR welcomed the draft amendment in relation to article 178 (4) LC (now adopted), which appears to envisage that wages be determined on the basis of objective criteria relating to the work performed, without discrimination based on sex.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Equal Remuneration Convention, 1951 (No. 100) and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) were ratified by Armenia on 29 July 1994.

Sources:

National legislation: [www.parliament.am](http://www.parliament.am).

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

CEACR, 2010, direct request concerning the application of Convention No. 100: <http://www.ilo.org/ilolex/cgi-lex/pdconv.pl?host=status01&xtbase=iloeng&document=24259&chapter=9&query=Armenia%40ref&highlight=&querytype=bool&context=0>.

bracket have difficulty in finding work. Again, the male employment rate in this age group (37.1 per cent) is higher than the female (18.1 per cent).

A number of NGOs are working to improve the position of disabled people in the workplace and the Labour Code includes provisions against discrimination on the basis of disability. Data collected by the NSS show little change in the proportion of disabled people in the workforce between 2007 and 2010, which remained steady at around

4 per cent, with slightly more men than women with disabilities working (see table 8).

Overall, in the course of the past ten years the Government has made efforts to promote equal opportunities and treatment in employment. Improvements are needed in the legislation to move beyond the status quo, and difficulties remain in implementation. In this regard, the State Labour Inspectorate needs to enhance its monitoring and enforcement capacities.

# 9 Safe working environment

In Armenia, promotion of safe and healthy working conditions is one of the most important components of labour legislation. The principle is enshrined in the Constitution, which stipulates that everyone is entitled to working conditions that meet safety and health requirements. The Labour Code details safety and health regulations for the workplace, requiring that all employees be provided with safe and healthy working conditions. It is the responsibility of the employer to ensure that the workplace complies with occupational safety and health regulations and that employees understand their role in the maintenance of these conditions. Depending on the size of an organization and the risk level of the work that is carried out, the employer can either implement safety and health regulations personally or hire a professional service.

Workplace accidents and illnesses come at a high economic and social cost. Employees can lose potential earnings after injuries, while employers must pay compensation for damages. Thus, the implementation of occupational safety and health norms and rules is directly linked to the achievement of Armenia's national development plans, including the 2008 Sustainable Development Programme, as well as attainment of the Millennium Development Goals. Occupational safety and health is also one of the priorities of the Republican Collective Agreement. These policy tools have the overarching goal of enabling the people of Armenia to reach their life aspirations through poverty reduction and sustainable development. Particular emphasis is placed on labour market issues, including increasing labour productivity and strengthening human resources; these aims are strongly linked to the additional goals of ensuring occupational safety and health, implementing labour safety systems, and mini-

mizing the number of occupational accidents and illnesses.

The State Labour Inspectorate is responsible for the implementation, control and enforcement of occupational safety and health legislation. Its competencies are defined in the Law on State Labour Inspection of 2005, which translated the newly ratified Labour Inspection Convention, 1947 (No. 81) into national legislation and established the inspectorate. As part of its capacity as an enforcement agency, the inspectorate can require employers to make changes to their safety and health practices following inspection and can coordinate with other specialized agencies in the Government in performing its functions.

Efforts have been made to bring national legislation on occupational safety and health into line with international standards. Chapter 23 of the Labour Code lays out the legal framework for ensuring that employees enjoy secure, comfortable and safe working conditions. The responsibilities of employees and employers are set out in detail, along with regulations concerning vulnerable groups, such as young people, and measures to be taken at the workplace concerning hazardous materials and equipment.

However, the full implementation of the Labour Code in the area of occupational safety and health requires the development of secondary legislation (art. 4(1)(7) LC), and these subsidiary rules and principles have not yet been adopted. For example, there are no established protocols concerning the protection of employees working with hazardous materials such as carcinogens, mutagens and explosives; employees doing heavy physical work; or those working in portable or temporary workplaces. Consequently, in practice occupational

**Table 9. Safe working environment**

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Occupational injury rate (fatal and non-fatal) per 100,000 workers<sup>1</sup></b>	...	...	...	...	...	...	1.3	1.3	1.1	1.7	0.7
of which: fatal	...	...	...	...	...	...	0.3	0.3	0.1	0.4	0.1
<b>Occupational disease rate (fatal and non-fatal), per 100,000 workers<sup>2</sup></b>	...	...	...	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1

<sup>1</sup> Calculations made by NSS, on the basis of records submitted by formal enterprises, irrespective of the type of ownership or economic activity and size of enterprise, subject to monitoring by State Labour Inspectorate. Figures refer to cases recorded during the calendar year. Data on occupational injuries relate to injuries due to occupational accidents.

<sup>2</sup> Calculations made by NSS. The indicator refers only to those persons officially recognized as disabled as a result of occupational disease according to the resolution of the Government of the RA on affirming the principles for determining groups of disabled people, with reference to medical and social expertise.

... data not available due to lack of records prior to creation of State Labour Inspectorate in 2005.

Sources: State Labour Inspectorate; Agency of Medical and Social Analysis, Ministry of Labour and Social Affairs.

safety and health conditions are regulated either on the basis of former Soviet norms or not at all. To address this deficiency, in early 2011 the Government decreed that the Ministry of Labour and Social Affairs and the Ministry of Health should jointly draft a government decision on adopting the principal international rules and standards for providing occupational safety and health.

Compounding the incomplete development of regulations, both employers and employees lack awareness on safety and health, and knowledge on risk and risk reduction in the workplace is fragmented. As a result, Armenia has a high level of occupational accidents and injuries and pressure is mounting to develop norms and procedures in line with European Union directives.

According to the NSS (2010b), 11 per cent of people with registered disabilities in Armenia acquired their disability as a result of an occupational injury or disease. The proportion is much higher for men (8.7 per cent) than for women (2.3 per cent). In its 2010 study of the existing pension system, the NILSR looked at the incidence of occupational injuries and diseases in 2009 (NILSR, 2009). The study took into account only officially registered employees, who in 2009 numbered 698,827 people, of whom 39 per cent were women and 61 per cent were men.

It was found that in 2009, a total of 2,331 people were receiving a pension for a disability resulting

from an occupational injury. Of these, 189 had fully lost their ability to work. On the basis of these data, the NILSR calculated a rate of 27 occupational injuries resulting in complete loss of working capacity for every 100,000 insured employees, and a rate of 307 insured employees per 100,000 with partial loss of working ability. The rate of occupational diseases was also found to be high. In 2009, a total of 653 people were receiving disability pensions for occupational diseases, of whom 52 were fully incapacitated. Overall, the rate of insured workers claiming benefits for occupational diseases was 93 per 100,000; the rate of for those who will not recover was 7.4 per 100,000.

The prevalence of occupational accidents has declined in recent years, according to data published by the NSS (see table 9), which is based on data collected during labour inspections and reporting by employers. Similarly, the number of people receiving pensions related to occupational injury or disease has also declined. While this is partly explained by gradual improvements in working conditions, a legal problem regarding responsibility for the payment of pensions persists. Under the current law, the employer is fully responsible for the payment of occupational injury and disease-related pensions (see Legal Framework Indicator 14, "Employment injury benefits"), and if the employer goes bankrupt their legal responsibility is dissolved. Efforts are under way to resolve this problem; however, the legislation has not yet been amended.

### Legal Framework Indicator 14. Employment injury benefits

**Law, policy and institutions:** Relevant instruments are the Constitution and the Labour Code of 2004 (last amended 2011). In accordance with the Labour Code, the employer accrues material responsibility if an employee who has not been insured against accidents and professional diseases at the workplace develops an occupational disease or is injured or dies (art. 202 LC).

A system of insurance against these eventualities is still under development.

**Qualifying conditions:** An individual who has been recognized as an invalid as a result of a workplace injury or an occupational disease shall be assigned a disability employment pension regardless of the length of term of service.

**Benefits (level and duration):** The disability pension is assigned for the whole duration of the disability.

**Financing:** The pension is paid from the funds of the employer and, where the fact of disability is officially recognized, from the state budget.

**Evidence of implementation effectiveness:** No information located by ILO supervisory bodies.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Injury Benefits Convention, 1964 (No. 121) have not been ratified by Armenia.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

## Legal Framework Indicator 15. Labour inspection

**Law, policy and institutions:** Labour inspection is regulated by the Constitution, the Labour Code of 2004 (last amended 2011), the Law on Organizing and Conducting Inspections of 2000 (last amended 2011), the Law on Civil Service of 2002 (last amended 2011), the Law on the Remuneration of Civil Servants of 2002 (last amended 2011), the Law on the State Labour Inspectorate of 2005 (last amended 2010), international agreements of the RA and other legal documents.

The main principles of operation of the State Labour Inspectorate are social partnership in the occupational safety and health field and independence. In its duties, the State Labour Inspectorate cooperates with the national Government, local government, and other state bodies and public associations through the exchange of relevant information. The State Labour Inspectorate is headed by the Chief State Labour Inspector and deputies. It is divided on structural and territorial principles, with four divisions at central level and 11 territorial offices. Moreover, four specialized inspection bodies operate under the Ministry of Agriculture and the Ministry of Health (Law on the State Labour Inspectorate). State labour inspectors are civil servants. They attend skills improvement training once every three years.

At the end of each year, the State Labour Inspectorate submits a report to the authorized body about its annual activities. This report is published in the media. It includes information on: (1) inspections, re-inspections and petitions submitted to employers; (2) violations and administrative penalties imposed; (3) the number of accidents and occupational diseases recorded, and the preventive measures implemented.

According to article 10(2) of the Law on the State Labour Inspectorate, the labour inspection services provide technical advice on labour laws and the field of occupational safety.

The employer is responsible for ensuring the implementation of labour legislation and other acts containing labour rights norms and must submit quarterly reports to the State Labour Inspectorate in accordance with the procedure established by the law.

**Evidence of implementation effectiveness:** The CEACR noted with concern the Government's indication that 137 inspections of enterprises were prevented from being carried out. The Government pointed out that collaboration between the State Labour Inspectorate and the judicial bodies is unsatisfactory and regretted the lack of a common policy concerning labour legislation adopted by both the judicial bodies and the inspectorate. It indicated that the case law very often varies from one court to another in disputes of the same nature. The CEACR requested the Government to indicate the measures taken or envisaged to improve cooperation between the State Labour Inspectorate and the judicial bodies. In its comments to the CEACR, the Union of Manufacturers and Entrepreneurs of Armenia reported a lack of collaboration between the State Labour Inspectorate and the social partners.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Labour Inspection Convention, 1947 (No. 81) was ratified by Armenia on 17 December 2004; its Protocol of 1995 and the Labour Inspection (Agriculture) Convention, 1969 (No. 129) have not been ratified by Armenia.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

CEACR, 2010, observation (<http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2010&type=O&conv=C081&lang=EN>) and direct request (<http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2010&type=R&conv=C081&lang=EN>) concerning the application of Convention No. 81.

# 10 Social security

After the collapse of the USSR, fundamental changes to the social sphere, including the creation of a new type of social security system, became one of the greatest challenges for the newly independent Armenia. In conditions of economic collapse, mass unemployment and rising poverty, a wide gap opened up between public expectations and the actual social support given by the State. The reforms of the social sphere took place in extremely tense conditions.

In 1999, the introduction of the Poverty Family Benefit Programme marked the replacement of the principle of social equality with the principle of social justice for the first time. Under the poverty family benefit, targeted allowances were provided to families most in need. The level of need was assessed on the basis of family expenditure rather than income, and other factors including the presence of unemployed family members. In 1999 around 230,000 families, some 27 per cent of the population, received these allowances, funded by AMD21 million from the state budget. Over the past decade, the number of families benefiting from the programme has declined while the budget allocation has increased. In 2011, some 95,000 families received benefits and the programme budget was AMD32 million. Today, the social security system in Armenia covers all nine branches identified in the Social Security (Minimum Standards) Convention, 1952 (No. 102), although there are challenges regarding the breadth of coverage and the value of benefits. Reforms to the social security system are continuing: in 2008, compulsory social insurance contributions were pooled into the total state budget. This explains the dramatic change in the social expenses of the State as a proportion of GDP (table 10).

Armenia's is an ageing society. The decrease of the birth rate, rising age at marriage, out-migra-

tion and other factors are having a significant impact on the country's demographic situation. In spite of the fact that, according to official statistics, the proportion of pensioners to the employed population has fallen by 3.8 per cent in the course of the past decade, it nevertheless remains very high. There are three main categories of pensions under the state pension system in Armenia: (1) insurance pensions, which include old-age, privileged, partially privileged and long-term service, disability and loss of breadwinner pensions; (2) social pensions, which include old-age, disability and loss of breadwinner pensions; and (3) military pensions, regulated by the Military Personnel and their Families Social Security Act of 1998, which includes long-term service, disability and loss of breadwinner pensions. The current pension system is a "pay-as-you-go" scheme, which is referred to in Armenia as a solidarity system as the contributions of the contemporary working population fund the benefits of current pensioners.

In 2009, there were 476,279 old-age pensioners of whom 288,026 were women and 188,253 were men. Overall, 14.7 per cent of Armenia's population were old-age pensioners: some 17 per cent of women and 12 per cent of men (NILSR, 2009).

In 2009 Armenia's state budget amounted to AMD945 billion, about half of which, AMD465 billion, was allocated for social expenditures, including social protection, education and health care, as well as culture and sport. Some AMD180 billion (19.1 per cent of the budget) was allocated to providing care for senior citizens, and AMD66 billion (7 per cent) to health care. Old-age pensions are the largest area of social security expenditure, valued at 4.3 per cent of GDP

Table 10. Social security

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Share of population aged 63–75 benefiting from a pension, as % of total population<sup>1</sup></b>	<b>33.8</b>	<b>33.6</b>	<b>37.5</b>	<b>37.8</b>	<b>35.8</b>	<b>34.9</b>	<b>34.1</b>	<b>31.1</b>	<b>30.0</b>	<b>30.8</b>	<b>30.0</b>
Male	24.9	24.7	28.4	29.3	25.8	24.9	24.2	21.6	21.0	21.8	20.9
Female	44.5	48.8	47.7	47.1	47.6	46.8	45.8	42.8	40.8	41.1	40.9
<b>Public social security expenditures, as % of GDP<sup>2</sup></b>	<b>2.1</b>	<b>2.2</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>2.0</b>	<b>2.0</b>	<b>2.0</b>	<b>6.0</b>	<b>7.9</b>	<b>7.0</b>
<b>Healthcare expenditure not financed out of pocket by private households, as % of GDP<sup>2,3</sup></b>	<b>1.0</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>	<b>1.4</b>	<b>1.8</b>	<b>1.5</b>

<sup>1</sup> The retirement age is defined by the Republic of Armenia Law on State Pensions, which has specified different ages for men and women over the years: for males, 62 in 2000 and 63 since 2001; for females, 57 in 2000, 58 in 2001 and 59 in 2002. Since 2003 the retirement age for females has been raised by six months annually and was 62.5 in 2010.

<sup>2</sup> Data for 2000–07 cover only state budget expenditure on social security and social insurance; expenditures of the social insurance fund were not included. Since 2008, expenditures of the social insurance fund are included in the state budget due to the application of GFSM 2001 (see <http://www.imf.org/external/pubs/ft/gfs/manual/>). Social security funds include funds for the relief of sickness and disability, old age, loss of a breadwinner, unemployment (not classified under other groups), and for the provision of housing, special social privileges and social security (not classified under other groups).

<sup>3</sup> Refers only to state budget expenditures on health care.

All calculations made by NSS.

Source: data from State Social Insurance Service, Ministry of Labour and Social Affairs.

in 2008. This was three times the value of state expenditure on health care and 1.6 times that of expenditure on education. Yet despite this, the average old-age pension was insufficient to cover the cost of a minimum consumer basket.

Public social security expenditures increased significantly until the economic crisis, rising from 2 per cent of GDP in 2005 to nearly 8 per cent in 2009; thereafter, budget cuts in 2010 brought the figure down to 7 per cent of GDP (see table 10). Total expenditure on the social sphere as a proportion of the budget was reduced by some five percentage points and spending on health care was also reduced, although the proportion of the budget allocated to care for the elderly remained stable.

The long-term sustainability of Armenia's old-age pension system in its present form is limited. The number of people contributing to social insurance is low, at around just 20 per cent of the working-age population (equivalent to one person contributing for each person receiving a pension), and among those who do contribute, average wages are low. There are a number of reasons for the low contribution rate. First, high unemployment and relatively low labour market participation in combina-

tion with the large informal and shadow economy exclude many from the possibility of contributing. Second, there is widespread avoidance of mandatory social contributions by employers, either by hiding the number of workers or workplaces or by under-reporting salaries. Third, those working in agriculture have only recently been incorporated in the system through voluntary participation and uptake has as yet been limited.

Armenia's demographic situation is also eroding the sustainability of the pension system. The population is ageing as a result of a low birth rate and increased life expectancy, and levels of out-migration among the working-age population are high: all these factors mean that a shrinking workforce will be left to sustain a growing number of old-age pensioners. Indeed, between 1990 and 2008, the population aged 65 years and over more than doubled in size, while those aged up to 14 years increased by a factor of just 1.6.

Over the long term, experts forecast that, unless the size of the informal economy is addressed, the dependency ratio will rise above 100 per cent and that between 2050 and 2065 the pension system will undergo a financial collapse. If the minimum pension were to be increased in line with the con-

## Legal Framework Indicator 16. Pensions

**Law, policy and institutions:** The Law on State Pensions of 2003 (last amended 2010) regulates the allocation and payment of work-related, military and social pensions.\* The responsible authority is the Ministry of Labour and Social Affairs, which exercises its functions in this area through the State Social Security Service of the Ministry of Labour and Social Affairs and its territorial subdivisions.

**Qualifying conditions:** The full work-related old-age pension is granted to every person of age 63 who has worked for at least 25 years over their lifetime. It is also payable at a reduced level to those aged 63 with at least 10 calendar years of work experience.

**Benefits (level and duration):** The work-related old-age pension is calculated by the formula  $P = B + (EW)C$ , where  $P$  is the monthly pension payment,  $B$  is the amount of basic pension,  $E$  is the number of years of working experience,  $W$  is the value of one year of work experience and  $C$  is the pensioner's personal coefficient. This is calculated on the basis of the 25 years of work experience which confer the right to the full pension.

For up to and including 25 years of working experience, the coefficient per year is determined as 0.04, and for years worked in excess of 25, the coefficient per year is determined as 0.02.

The pensioner's personal coefficient is calculated in the following way: (a) if the working experience is less than or equal to 25 years, using the formula  $C = 0.04W$ ; (b) if the working experience is more than 25 years, using the formula  $C = 1 + 0.02(E - 25)$ .

The basic pension amount and the value of one year's work experience are defined by the Government. For 2011, the basic pension is AMD10,500 (about US\$28) per month.

**Financing:** Old-age, disability and survivor payments are financed through government contributions and the mandatory social contributions (social tax). The social tax covers benefits payable for unemployment, sickness, maternity and occupational injury, and old-age, disability and survivor pensions. The mandatory contribution for workers is 3 per cent of net monthly earnings. For self-employed people it is 15 per cent of annual income if that income is between AMD60,000 and AMD1,200,000. If annual income is greater than AMD1,200,000, the annual contribution is AMD180,000 plus 5 per cent of income over AMD1,200,000. Employers make the following contributions: for employees who earn under AMD20,000 a month, a monthly contribution of 7,000 drams; for employees earning between AMD20,000 and AMD100,000 a month, a monthly contribution of AMD7,000 plus 15 per cent of income over AMD20,000; and for employees earning over AMD100,000 a month, a monthly contribution of AMD19,000 plus 5 per cent of income over AMD100,000.

**Evidence of implementation effectiveness:** No information located by ILO supervisory bodies.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Social Security (Minimum Standards) Convention, 1952 (No. 102) has not been ratified by Armenia.

\* A new law was adopted in 2010. Some of its articles will enter into force in 2013.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

International Social Security Association, Country Profile Armenia: [http://www.issa.int/Observatory/Country-Profiles/Regions/Asia-and-the-Pacific/Armenia/Scheme-Description/\(id\)/100337](http://www.issa.int/Observatory/Country-Profiles/Regions/Asia-and-the-Pacific/Armenia/Scheme-Description/(id)/100337).

sumer price index, the gap between social payments and expenses would grow to 1.4 per cent of GDP by 2020.<sup>1</sup>

At present, there is little incentive for employees to make their contributions as the value of the pension is so low and the value of contributions made has little bearing on the value of the pension received. For those with higher than average incomes, the incentives are particularly low, as the pension they receive is worth less than 10 per cent of their salaries, while even those on the

<sup>1</sup> See the Decision of the Government of the Republic of Armenia on confirming the pension reform programme and the schedule of measures providing for the implementation of the programme, 13 Nov. 2008, No. 1487-N.

### Legal Framework Indicator 17. Incapacity for work due to illness / sick leave

**Law, policy and institutions:** Temporary disability benefits are regulated by the Constitution, the Law on Compulsory Social Security Contributions, the Law on Temporary Disability,\* international agreements signed by the Republic of Armenia, and other laws and legal documents.

The tax authorities may check the accuracy of social payments, including employers' calculations, designations and payments of sickness benefits to hired workers, when performing inspections in accordance with the procedure prescribed by the law.

**Qualifying conditions:** The employee's benefit is calculated and paid by the employer, after the employee submits the required documents, within the period defined by the law for the payment of the next month's salary.

**Benefits (level and duration):** Sickness benefit is paid to the employee for the working days of the period of temporary disability (corroborated by a temporary disability medical reference), starting from the second working day of temporary disability until the official definition of the person's disability group by a competent state body (usually an inter-agency group including medical doctors). In case of long-term sickness, the employee must apply for medical and social examination no later than three months before official definition of disability group. If the employee is not recognized as disabled by the decision of the competent state body, but still remains factually disabled, then his/her right to receive sickness benefits may be extended, but for no longer than three months before dismissal from work in accordance with the procedure established by the law.

Sickness benefits are given to self-employed persons only for such time as they are receiving in-patient medical care in a medical institution, and in any event for no more than 60 calendar days within one calendar year.

The benefits payable to a self-employed person are calculated with reference to the accepted average monthly salary as a base income: this is divided by 30.4 (average calendar days per month) and multiplied by the number of calendar days of temporary disability.

**Financing:** The part of the benefit that is to be paid from the state budget is paid by the employer (social tax).

**Evidence of implementation effectiveness:** No information located by ILO supervisory bodies.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Medical Care and Sickness Benefits Convention, 1969 (No. 130) have not been ratified by Armenia.

\* For dates of adoption of these laws, see [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

minimum wage have a compensation rate of just 75 per cent.

In its present form, the discrepancy between salaries and pensions cannot be reduced without at the same time undermining the financial balance of the system. Despite the impending problems, in 2008 the old-age pension was increased by 60 per cent compared to the previous year. This was made possible by abolishing the separate budget for social insurance and pooling resources in the state budget. Increases of this nature, without increasing the contributory base, seem likely to exacerbate the problems of financial stability

without enabling the population to benefit from decent pensions.

To improve sustainability and enable a progressive increase in the value of the pension, the Government's strategic plan for 2008–12 includes the goal of increasing employment in the formal sector and thereby raising the number of people making social contributions by 100,000. Legislative reform is also under way to create a new multi-tier pension based on a funded model. Lessons drawn from international experience and a comprehensive study of the socio-economic situation of the country have helped to develop an

### Legal Framework Indicator 18. Incapacity to work due to invalidity

**Law, policy and institutions:** A work pension is payable to any person recognized as disabled by the competent state authority with recourse to medical and social expertise, provided that the person has the necessary work experience.

**Qualifying conditions:** Workers up to 23 years old must have two (calendar) years of work experience to be eligible; workers aged 23–25, three years; workers aged 26–28, four years; workers aged 29–31, five years; workers aged 32–34, six years; workers aged 35–37, seven years; workers aged 38–40, eight years; workers aged 41–43, nine years; and those aged 44 and over, ten years. It should be noted that when a person is recognized as disabled as a result of mutilation, injury or occupational disease incurred at the workplace, a work disability pension is assigned regardless of work experience.

**Benefits (level and duration):** A disability pension is appointed for the entire period of disability.

**Evidence of implementation effectiveness:** No information located by ILO supervisory bodies.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Invalidity, Old-Age and Survivors' Benefits Convention, 1967 (No. 128) have not been ratified by Armenia.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

Armenian model of pension reform<sup>2</sup> This was adopted in 2008 and, although debate continues, implementation of the new pension package is planned to start in 2014. The question remains

whether the decisions taken to date are final and sustainable and will promote the formation of a robust, flexible and long-term social security system.

<sup>2</sup> The Armenian Pension Reform Programme is available in Armenian at <http://www.mss.am/up/Adopted%20White%20Pape.pdf> [12 Apr. 2012].



# 11 Social dialogue and workers' and employers' representation

Armenia has a long history of trade unionization and social dialogue going back to medieval times, when craft and professional guilds were established. These guilds were set up in Armenian cities and by Armenian emigrant communities abroad and played an important role in the socio-economic, national and cultural lives of these communities. Later, under the Ottoman, Persian and Russian empires, the trade union movement played a much smaller role in society and development. Nonetheless, the first trade unions in Armenia were established in the early twentieth century in Yerevan, Alexandropol, Kars and Alaverdi. The trade union of household craftsmen was set up in 1905 in Yerevan, followed in 1906 by the unions of tannery workers, printers, bakers, post and telegraph employees (Yerevan), railroad workers (Alexandropol, Kars) and copper-mine workers (Alaverdi).

Under Soviet rule, trade unions gained influence, although they lacked independence and were heavily supervised by the Communist Party. In 1980 over 1.38 million people were members of trade unions in Armenia. Trade unions were active at all levels and in all sectors of the economy, with 24,263 trade union groups, 6,617 industry branch committees, 9,563 plant/factory level committees, 242 district and town level committees and 21 sectoral committees at national level. The main tasks of the trade unions were the mobilization of workers to ensure the accomplishment of national economic plans by encouraging workplace competition, and the protection of workers' interests in the areas of social insurance, health care and retirement. As part of their role in motivating workers,

trade unions organized rest and leisure time activities and had a network of spas, rest houses and health-care facilities under their authority.

As it is evident from table 11, recent statistical data on trade unions relate mainly to the years 2007–10. A particular feature of these data is the year-on-year decline in the proportion of employees belonging to trade unions; the reasons for this will be outlined below. The small number of organizations that have become members of the employers' organization (see table 11) reflects the fact that this association is still in the process of development. Because of the scarcity of statistical data, the figures presented above have been taken from the official sites of the CTUA and RUEA.

Following Armenian independence, trade unions gathered to discuss how to adapt to the new political regime and the transition to a market economy at the 18th General Meeting of Trade Unions of Armenia, held on 10 January 1992. The unions examined the new demands emerging from the transition and how to fulfil their responsibility to protect workers' rights in the new setting. The general meeting decided to abolish the Armenian Republican Council of Trade Unions and in its place created the CTUA. A total of 24 unions are branch members of the CTUA, representing professional sectors of the economy such as education, construction and banking.

In 2000 the Law on Trade Unions was adopted, making it necessary to harmonize the activities of the CTUA with the requirements of the new legislation. Accordingly, the 24 branch unions held

**Table 11. Social dialogue and workers' and employers' representation**

Decent Work Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Union density rate, as % of total employees<sup>1</sup></b>	<b>87.5</b>	<b>82.9</b>	<b>91.9</b>	<b>86.6</b>	<b>40.6</b>	<b>58.4</b>	<b>56.2</b>	<b>53.6</b>	<b>48.9</b>	<b>47.7</b>	<b>45.3</b>
Male	...	...	...	...	...	...	...	...	79.1	79.9	76.3
Female	...	...	...	...	...	...	...	...	5.0	5.1	4.5
<b>Share of enterprises belonging to employer organization, as % of registered enterprises<sup>2</sup></b>	...	...	...	...	...	...	...	<b>1.1</b>	<b>1.2</b>	<b>1.1</b>	<b>1.4</b>
<b>Collective bargaining coverage rate (%)<sup>3</sup></b>	...	...	...	...	...	...	...	<b>19.7</b>	<b>32.7</b>	<b>31.5</b>	<b>31.7</b>

... = data not available due to the lack of records by sex groups.

<sup>1</sup> Source of data: CTUA.

<sup>2</sup> Computed as the ratio of enterprises belonging to the employers' organization to total number of enterprises recorded in the NSS business register. All private entities, irrespective of type of economic activity and size of enterprise, are subject to monitoring by the business register. Source of data: RUEA. ... = data not available prior to creation of RUEA at the end of 2007.

<sup>3</sup> Computed as the ratio of employees covered by collective bargaining to total number of employees. Source of data: CTUA.

All calculations made by NSS.

their own general meetings and officially registered as Republic level branch unions. Following this, the CTUA was able to hold its inaugural meeting in accordance with the new law.

The 2002 constitution of the CTUA lays out the overarching goals of the confederation, which include strengthening the capacity of branch members and active participation in the development and implementation of legislation relating to labour relations, employment and social rights. The adoption of the Labour Code in 2004 further clarified the role of the CTUA by introducing regulations on collective and individual employment relationships and the rights, liabilities and responsibilities of employers and workers, as well as regulations concerning occupational safety and health.

Since its foundation in 2002, membership of the CTUA has declined sharply. While there were still 24 branch unions, the number of primary trade unions (members of the branch unions) dropped from 6,641 to 709, while the number of individual members more than halved, falling from 544,182 in 2002 to 251,187 in 2010.<sup>1</sup> Reflecting this change, trade union density almost halved, falling to some 45 per cent in 2010. The proportion of women workers belonging to trade unions has remained extremely low (see table 11).

<sup>1</sup> See CTUA website, <http://www.hamk.am> [23 Apr. 2012].

The Republican Union of Employers of Armenia (RUEA) was founded in 2007 following the enactment of the Law on Employers' Organizations. Since 2007, the proportion of enterprises that are members of an employers' organization has increased slightly, although it remains low at 1.4 per cent (see table 11). The RUEA aims to improve the business environment in Armenia and to represent the interests of its members. In order to promote safe working conditions, in 2009 the RUEA created an occupational safety and health department with the consent of all social partners and with ILO support. The department helps companies to put in place safety and health management systems, conducts risk assessments and training sessions, organizes round-table discussions, and disseminates guidelines and information sources. Prior to the establishment of the RUEA, there had been little development in terms of social dialogue or collective bargaining at the national level (ITUC, 2010).

Freedom of association and the right to collective bargaining are protected in a number of legislative acts, including the Constitution and the Labour Code, which assert the right of citizens to freely establish and join associations and unions. However, there are limitations to the exercise of these rights, not least being the fact that roughly half of employment is in the informal sector and is therefore by definition excluded from protec-

### Legal Framework Indicator 19. Freedom of association and the right to organize

**Law, policy and institutions:** The relevant instruments are the Constitution, the Labour Code of 2004 (last amended 2011), the Law on Employers' Organizations of 2007; the Law on the State Registration of Legal Entities of 2001, and the Law on Trade Unions of 2000 (amended 2006).

According to the Constitution, everyone has the right to freedom of association, including the right to form and join a trade unions (art. 28). The Constitution states, however, that the rights to form and/or join trade unions and political parties may be restricted in respect of members of the armed and police forces, employees working in national security or the prosecutor's office, judges and members of the Constitutional Court. The activities of associations can be suspended or prohibited only through judicial procedures and in cases prescribed by the law.

A trade union is founded on the initiative of at least three employees by the decision of a general constituent meeting (art. 4, Law on Trade Unions). Trade unions are independent of state bodies, local government bodies, employers, other organizations and political parties. They do not report to any of these bodies, nor are they controlled by them, with the exception of cases specified in the Law on Trade Unions.

Article 4(1)–(2) of the Law on Employers' Organizations specifies the number of members required to form an employers' organization at the national level (over half of employers' organizations operating at the sectoral and territorial levels), sectoral level (over half of employers' organizations operating at the territorial level) and territorial level (majority of employers in a particular administrative territory or employers' organizations from different sectors in a particular administrative territory). Pursuant to article 12 of the Law on Employers' Organizations, with reference to article 16 of the Law on State Registration of Legal Entities, the state registration of an organization may be denied in cases of violation of the legislation or failure to comply with the procedure for the establishment of legal entities. In such cases, the registration procedure (which may take up to 30 days) would have to be recommenced.

Article 13(2)(1) of the Law on Employers' Organizations sets out requirements with regard to the name of an organization (prescribing the obligatory use of the words "employers' union" for all employers' organizations and "Armenia" for a national organization), and article 14 of the law sets out in detail the rights and responsibilities of the congress of an employers' organization.

**Evidence of implementation effectiveness:** There are no cases before the Committee on Freedom of Association.

The CEACR requested, among other things, that the Government consider amending several provisions of its legislation, namely: article 4 of the Law on Employers' Organizations, as it considered that the minimum membership requirements it sets out are too high, appearing to ensure that in fact there is only one national level organization, one organization per sector and one territorial level employers' organization per territory or per sector in a territory; section 16 of the Law on State Registration of Legal Entities, in order to give employers' (and, if appropriate, workers') organizations seeking registration adequate time to rectify any shortcomings, instead of obliging them to begin the procedure again; articles 13(2)(1) and 14 of the Law on Employers' Organizations, which regulate in detail matters that should be decided upon by organizations themselves.

**Coverage of workers and employers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) was ratified by Armenia on 2 January 2006 and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) on 12 November 2003.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

CEACR, 2010, direct request on the application of Convention No. 87: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2010&type=R&conv=C087&lang=EN>.

tion by labour legislation. Furthermore, those serving in the armed forces and law enforcement agencies and the majority of civil servants are not permitted to form or join trade unions; and while there is provision for the right to strike for these

groups, it is limited in practice and excludes civil servants.

The Labour Code sets out the principles for collective bargaining, termed "collective labour rela-

## Legal Framework Indicator 20. Collective bargaining rights

**Law, policy and institutions:** Collective agreements are bilateral, with the exception of those that are signed with the participation of the Government of the Republic of Armenia, which are trilateral. The parties to the Republican Collective Agreement are the CTUA, the RUEA and the Government of the Republic of Armenia. The parties to each sectoral collective agreement are the employers' organization of the appropriate sector (manufacturing, service, professional) and the appropriate branch of the CTUA.

The party expressing the wish for collective bargaining must notify the other party in writing. The notification shall specify the purpose of the collective bargaining, as well as suggestions and demands.

Control over the implementation of national, sectoral and regional collective agreements is exercised by the parties or their representatives delegated for that purpose. Control and supervision of the implementation of national, sectoral and regional collective agreements can be carried out by a state-authorized body if the parties to the agreement are unable to carry out the control and supervision themselves and apply to the state-authorized body with a request to take over those functions.

According to the Labour Code and in cases prescribed in its charter, a trade union has the right to organize strikes. Article 74(1) of the Labour Code regulates the declaration of a strike. A vote by two-thirds of an organization's or enterprise's employees is required to declare a strike. If a strike is declared by a subdivision of an organization, a vote by two-thirds of employees of that subdivision is required, but if such a strike hampers the activities of other subdivisions, the number of employees approving the strike must be not less than two-thirds of the employees of the subdivision and also not less than half of the total number of employees of the whole organization. After the strike announcement, the employer (or the party of which demands have been made) may apply to the court challenging the legitimacy of the strike. The court must examine the case and render a verdict within seven days. The court recognizes the strike as illegitimate if the goals of the strike are in conflict with the Constitution or other laws, or if the strike was declared in violation of the order and requirements stated in the Labour Code. Once the court's verdict of illegitimacy on a strike has entered into force a strike cannot be started and any strike that has already begun shall immediately cease.

**Evidence of implementation effectiveness:** The CEACR requested the Government to take the necessary measures to amend several provisions of the Labour Code, namely: article 74, as the CEACR considered the requirement of a decision by over half of all the workers involved in order to declare a strike to be excessive; article 77(2), providing that minimum services are determined by the relevant state and local government entities, as the parties to any strike should participate in the definition of what constitutes a minimum service; and article 61(2), as the privatization of an enterprise should not in itself result automatically in the extinction of the obligations arising from a collective agreement and the parties should be able to take a decision thereon.

**Coverage of workers in law:** No information available.

**Coverage of workers in practice:** No information available.

**Ratification of ILO Conventions:** The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) was ratified by Armenia on 2 January 2006 and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) on 12 November 2003.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

CEACR, 2010, direct request on the application of Convention No. 87 (<http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displaycomment.cfm?hdroff=1&ctry=0030&year=2010&type=R&conv=C087&lang=EN>), and 2009, direct request on the application of Convention No. 98 (<http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displayAllComments.cfm?conv=C098&ctry=0030&hdroff=1&lang=EN>).

tions". Over the past few years, the proportion of employees covered by collective bargaining agreements has steadily increased (see table 11). In 2009 the Government, CTUA and RUEA signed a trilateral collective agreement (the Republican Collective Agreement) for the first time in over ten years. The agreement aims to improve labour relations, promote employment creation (espe-

cially in rural areas and for women, young people and other vulnerable groups) and fully implement relevant ILO Conventions and the European Social Charter. To achieve these aims, the agreement defines additional guarantees and sets out methods and responsibilities for the parties. In line with the agreement, a plan of action was rapidly established and the Tripartite Republican

### Legal Framework Indicator 21. Tripartite consultations

**Law, policy and institutions:** The key instrument is the Republican Collective Agreement, signed by the Government, the CTUA and the RUEA in 2009 accordance with the Labour Code. The agreement defines additional guarantees for regulating social and labour relations and joint activities of the parties for the implementation of these guarantees. The agreement further stipulates that Conventions of the ILO and the objectives of the European Social Charter must be taken into consideration when implementing additional social and labour related guarantees. Drafts of normative documents that are of core significance for labour rights and the interests of the employed must be submitted to the Tripartite Republican Council for opinion before adoption. The session of the Tripartite Republican Council that took place on 15 July 2011 included the discussion of necessary reports and other materials required under the ILO Conventions ratified by Armenia and the Revised European Social Charter.

**Evidence of implementation effectiveness:** The CEACR has requested the Government to provide information on consultations held on all the matters related to international labour standards covered by the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), specifying the subject, frequency and the nature of reports or recommendations resulting from such consultations, but no report has been received.

**Ratification of ILO Conventions:** The Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144) was ratified by Armenia on 29 April 2005.

Sources:

National legislation: <http://www.parliament.am>.

NATLEX database: [http://www.ilo.org/dyn/natlex/natlex\\_browse.country?p\\_lang=en&p\\_country=ARM](http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ARM).

On social dialogue in Armenia: <http://www.social-dialogue.am/Default.aspx?lang=eng>.

CEACR, 2009, direct request on the application of Convention No. 144: <http://webfusion.ilo.org/public/db/standards/normes/appl/appl-displayAllComments.cfm?conv=C144&ctry=0030&hdoff=1&lang=EN>.

Social Partnership (Armenia): <http://www.social-dialogue.am/News.aspx?type=2&lang=eng>.

Council was set up in 2009 to provide advice to the Government on labour laws and policy.

Social dialogue has been given a role in the design and implementation of employment policy. The Law on Employment of the Population and Social Protection in Case of Unemployment regulates employment and protection of unemployed persons and sets out the framework for state policy in those areas. State employment policy aims to create conditions to ensure full and productive employment of the population, and social partnership is emphasized as a key principle. In order to implement the policy, an annual state employment programme is designed, consisting of Republican (national) and local programmes which incorporate active labour market policies such as vocational training, promotion of entrepreneurship and organization of public works, as well as data collection and forecasting. The law requires that the social partners be involved at all stages of programme design, implementation and monitoring through their inclusion in committees to seek agreement on policy. The committees are formed at the initiative of the SESA at Republican and

local levels and comprise an equal number of representatives from trade unions, employers' organizations, and relevant state bodies; at the local level, more groups are included, such as NGOs. At the same time, as part of the reforms to social insurance and pensions, employer councils have been created that function within local centres of employment (e.g. towns and cities). The councils engage employers and educational professionals to address unemployment and local labour market issues and aim to strengthen links between employers and the SESA.

To strengthen social partnership, the Government of Armenia, trade unions and employers' organizations have collaborated extensively with the international community and donor organizations. The social partners have thus worked with the ILO in implementing a number of projects, in areas such as regulating labour migration, combating human trafficking, promoting youth employment, and improving occupational safety and health. Within this framework, Armenia has hosted a number of conferences aiming to promote social dialogue, the most recent of which took place in 2011, when

it hosted a tripartite seminar on National Tripartite Social Dialogue in Armenia. These meetings promoted the identification of common problems as well as generating possible solutions and recommendations for future action.

The development of social dialogue and workers and employers' representation in Armenia is

still a work in progress. Efforts are under way to develop legislation in line with international standards and to strengthen trade unions and employers' organizations to enable them to assert their respective roles in the new political and economic environment.

# Appendix I. Labour Force Studies

## The Integrated Living Conditions Survey

The majority of the statistical data on which the national picture of decent work in Armenia presented in this Country Profile is based are derived from the integrated regular studies of the labour force and household living standards conducted by the NSS since 2001 (the Integrated Living Conditions Survey or ILCS).

The limited financial resources available for these studies, the different household characteristics taken into account, the mainly small sample sizes, and differences in fieldwork methodology (e.g. duration of study; age groups of the populations studied) mean that certain differences in the data generated must be taken into account when comparing the data. Thus:

- (a) The household random sample in 2001–04 and 2006 was 0.3 per cent of the principal sample. In 2005 it was 0.1 per cent and since 2007 has been 1.0 per cent.
- (b) In 2001, 2003 and 2006, the labour force studies were carried out at regular twice-yearly intervals; in 2004, in August only; and in 2005 only in November and December. Since 2007 labour force studies have been conducted at regular annual intervals in the form of the ILCS.
- (c) The age groups studied were: in 2001–03, household members aged 16–70 years; in 2004–06, those aged 15–70; in 2007, those aged 16 and over; and since 2008, those aged 15–75. In order to provide better comparability of data over the whole period studied, the indicators have been calculated for all those aged 16–70. This age group has been considered as the working-age group.
- (d) For 2001–06 the results of the study were not weighted and not compared with the main distribution, and represent only the sampling distribution.

The questionnaires used in the studies and the methodology for calculating certain indicators have changed to some extent over the course of time (corresponding clarifications are given in the notes to the tables). In particular, since 2008 the indicator of unemployment has been calculated in accordance with the standard definition suggested by the ILO, as a result of which the numbers for 2008 and later years are not comparable with those for the same indicator in previous years.



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