

## **YOUTH POLICY AND YOUTH EMPLOYMENT CHARACTERISTICS IN ARMENIA**

**Keywords** – youth policy; youth employment in armenia; youth development index; labor market.

Youth unemployment issues are a major concern for many countries because they have negative effects on the welfare of young people, and may also adversely affect economic performance and social stability. Governments have a responsibility to ensure that young people leave school equipped to make a successful transition from school to work, and to assist those disadvantaged youth who face the greatest barriers to turn into the work force. Youth policy itself should be concerned with creating the conditions, such as socio-economic, legal, political, spiritual, cultural and organizational, under which young people may realize their potential and thereby benefit their society.

Analysis of the labor market data indicates that the youth (15-24 years old) employment to population ratio is low: around 18%,<sup>2</sup> which is explained by their large involvement in the education at the secondary and tertiary levels. It is obvious that inclusion/entering of youth in the labor market is still problematic (the share of youth in employment is very low, see Table 1).

In 2014 GoA increased minimum wage (50000 AMD). It should be mentioned that GoA should consider the future increase of minimum wage as the current level of minimum to average wage is around 40%, which still does not meet the indicator envisaged by the revised European Social Charter (net minimum wage should amount to at least 60% of the net national average wage).

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<sup>2</sup> Source: UN Economic Commission for Europe (UNECE) Statistical Division Database, <http://www.unece.org>.

*Table 1*

Youth (15-24 years old) unemployment rates in Armenia in 2009-2012

<b>Years</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total Employed, th. persons,	1153	1185	1175	1173
Share of employed youth in total employment, %	9.5	10.2	9.7	9.5
Total unemployed, th. persons	265.9	278.2	265.7	245.5
Share of total unemployed, th. persons	28.4	27.5	27.4	24.8
Total employed youth, th. persons	106.2	120.5	113	111.5
Total unemployed youth, th. persons	75.5	76.5	72.9	61
Total youth, th. persons	570	590	608	623
Ratio of youth unemployment to employment, %	69	63	64	54
Ratio of youth employment to total youth, %	19	20	18	17.8

According to the GoA Decree # 1799-N of 1 December, 2011, “Youth Events Holding Center” SNCO was created working under the Ministry.<sup>3</sup> The main goal of the Center is the effective implementation of state youth projects and measures within the framework of the state youth policy. Thus, most of the programs mentioned in the “Youth State Policy Strategy for the years 2013-2017” should be implemented through this Center. The Center is also responsible for the management and data keeping of the Online Grant System. Anyway it should be mentioned that the process of online Grant selection through [www.cragrer.am](http://www.cragrer.am) web portal lacks transparency and clear methodology. It will be an asset if the methodology will also give some preference in case of projects focusing border communities.

According to RA Constitution (Article 48.5) one of the main tasks of the State in the economic, social and cultural spheres shall be to promote the participation of the youth in political, economic and cultural life of the country. In practice the participation of youth in the works of the local government is not envisaged in any acts related to Local Self Government Bodies (LSGBs).

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<sup>3</sup> <http://www.arlis.am/DocumentView.aspx?DocID=73049>

There is also RA President Decree (# 728 May 6, 1997) which identifies Marzpet's responsible areas. It should be mentioned that youth area is still out of their scope of coverage.<sup>4</sup>

On 10 February, 2014 according to Prime Minister Order #85-A youth councils attached to marzpetarans were created hinting the promotion of youth participation in decision-making processes (especially in LSG level). Anyway this structure lacks action and clear strategy/methodology for budget consultations.<sup>5</sup> In addition, one of the negative tendencies is the increasing "politisation" of the youth council members.

In Armenia each marz is developing its own socio-economic development program for four year period. Our observation indicates that youth related issues more or less are presented in all social-economic programs. Anyway youth citation is more formalistic rather concept based approach. One of the arguments in favor of this judgment is the following fact; according to GoA decree # 562-N on "Principles of work evaluation conducted by Marzpet" since 2010 each Marzpet is being evaluated annually (till February 1 for its activities for the previous year). In the evaluation criteria there is an indicator related to the youth "the programs related to the youth problems in region developed directly by the youth participation". It is important that by this indicator all marzes constantly get the same score (0.3) for the period of 2010-2014.

According to RA Constitution (Article 48.5) one of the main tasks of the State in the economic, social and cultural spheres shall be to promote the participation of the youth in political, economic and cultural life of the country.

Effective youth policies can play a major role in creating an enabling environment in which youth can utilize their potential and aspirations. Despite the fact that according to GoA officials youth related issues are on a top of their attention, in practice there is no significant improvement. For example according to youth development index Armenia occupies 66th place among 170 countries.<sup>6</sup> The situation in Armenia by this indicator is presented in Table 2.

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<sup>4</sup> <http://www.mta.gov.am/files/legislation/6.pdf>

<sup>5</sup> Like Citizen budget.

<sup>6</sup> <http://www.youthdevelopmentindex.org/views/index.php#OVER>

The Commonwealth Youth Development Index (YDI) measures the status of 15-29 year-olds in 170 countries according to five key domains: Education, Health and Well-being, Employment, Civic Participation and Political Participation. YDI scores range from 0-1, 0 being the lowest youth development and 1 the highest.

*Table 2.*

Selected countries by Commonwealth Youth Development Index  
(2013)

Country	Educa- tion	Health and well being	Employ- ment	Civic Partici- pation	Political Partici- pation	Overall Score/Rank
Armenia	0.874	0.902	0.571	0.356	0.042	0.685/66
Azerbaijan	0.891	0.739	0.784	0.238	0.000	0.690/60
Georgia	0.924	0.857	0.618	0.226	0.053	0.690/61
Iran	0.771	0.826	0.716	0.190	0.000	0.658/79
Moldova	0.868	0.880	0.770	0.134	0.191	0.727/36
Russia	0.857	0.590	0.763	0.190	0.018	0.631/88
Turkey	0.693	0.921	0.742	0.190	0.205	0.687/64
Ukraine	0.930	0.765	0.790	0.282	0.167	0.728/35

From Table 2 it is obvious that Armenia has relatively high problems regarding employment.

### **Comparative Analysis of Youth Related Trends in Armenia**

The important component of labour market regulation is the entirety of the norms regulating the relationships between employers, employees and state bodies, which define the rules for entering and exiting employment, as well as the working conditions for the employed.

The ease of entry into and exit from the labour market, as well as the flexibility of working hours were formerly measured with the help of “employment rigidity” index published annually by the World Bank (WB). Table 3 presents a number of indicators characterizing the flexibility of labour relationships in selected countries.

Table 3. Indicators characterizing the flexibility of labor relationships in selected countries<sup>7</sup>

	Armenia	Georgia	Moldova	Ukraine	Latvia
Fixed-term contracts prohibited for permanent tasks	Yes	No	Yes	Yes	Yes
Maximum overtime limit in normal circumstances (hours)	4 hours/ 2 days, 8 hours per week/180 hours annually	No	4 hours per week; 120 hours annually	No	144 hours for 4 months
Premium for overtime work (% of hourly pay)	50%	Left to the sides discretion	50% for the first 2 hours; 100% afterwards	50% for the first 2 hours; 100% afterwards	100%
Paid annual leave, days (working days)	20 <sup>8</sup>	24	20	18	20
Notice period for redundancy Dismissal (in salary weeks)	8	0	8.7	8.7	1
Severance pay for redundancy dismissal (in salary weeks)	4	4.3	13.9	4.3	8.7
Minimum wage for a 19-year old worker or an apprentice (US\$/month)	92.4	22.8	101.2	132.2	370

As one can see from Table 3 regulations in Georgia are the most flexible and give contractual freedom to the employer and the hired employee. *Norms applied in Armenia, in general, are comparable to the regulations in other CIS countries presented in the table. It is important to note that the situation focusing the youth (minimum wage for a 19-year old worker or an apprentice) is not satisfactory.*

Based on analysis the following measures were suggested.

<sup>7</sup> Source: Doing Business – Employing workers, www.doingbusiness.org

<sup>8</sup> 20 working days in case of 5 days working week and 24 working days in case of 6 days working week.

- GoA should consider the future increase of minimum wage
- International comparisons signal that youth related situation in Armenia is not satisfactory and needs considerable improvement. GoA should implement serious steps to improve labour market situation in Armenia targeting youth employment.
- The process of online Grant selection through [www.cragrer.am](http://www.cragrer.am) web portal lacks transparency and clear methodology. It will be an asset if the methodology will also give some preference in case of projects focusing border communities.
- There is a mismatch between labour market and higher education, which is mostly conditioned with poor forecasting of labour market developments and in result poor management with the state funded places (vacancies). This fact had a high impact on youth unemployment side. Based on conducted interviews it is obvious that key problem in the Armenian education system is the fact that youth is not prepared for the requirements of the labour market. Enrolment of youth in the higher education system should be enhanced. In particular the following steps are suggested a) expanding the target admission of students from marzes; b) enhancing distance learning opportunities for a greater number of professions. In addition, GoA should continue its efforts aimed at balancing workforce demand and supply, paying special attention at development of VET sector to cover existing technical workforce gap.
- Youth Councils attached to Marzpets lack action and clear strategy/methodology for promoting their ideas. In particular the PM Decree envisages that youth councils can present the suggestions regarding youth policy which will be funded. Anyway there is no methodology on what type of criteria will be used if there is more than one suggestion. In addition, the information on members is mostly available in Marzpetarans' website, but there is no clear program what they are planning to organize within two years of their involvement.
- According to RA Constitution (Article 48.5) one of the main tasks of the State in the economic, social and cultural spheres shall be to promote the participation of the youth in political, economic and cultural life of the country. In practice, the participation of youth in the works of the local government is not envisaged in any acts related to LSG. It creates a situation when LSGBs do have obligations regarding youth, but they are not implementing them properly.
- RA President Decree (# 728 May 6, 1997) identifies Marzpet's responsible areas. It should be mentioned that, in this act youth area is out of scope of Marzpet's coverage.
- Each region in Armenia is developing and presenting its own socio-economic development program for four year period (the process is rather transparent). Our observation indicates that youth related issues more or less are presented in all social-economic programs, although

there is no follow-up evaluation. In 2009 MoTA developed a methodology, which is used to judge about each Marzpet's accomplishment of responsibilities. The methodology developed by MoTA has a reference to youth. Unfortunately the reference to youth in the methodology is rather formal. One of the arguments in favour of this judgement is the following fact; since 2010 each Marzpet in each region got the same score as a result of evaluation (0.3). It should be mentioned that this score is constant during whole period (2010-2014) for all Marzpets. Obviously in case of real evaluation this could not happen.

## ՀԱՄԱՌՈՏԱԳԻՐ

**Արտակ Մանուկյան  
Արմինե Բուրնազյան**

### **ԵՐԻՏԱՍԱՐԴՈՒԿԱՆ ՔԱՂԱՔԱԿԱՆՈՒԹՅԱՆ ԵՎ ԶՔԱՂՎԱԾՈՒԹՅԱՆ ԲՆՈՒԹԱԳԻՐԸ ՀՀ-ՈՒՄ**

Երիտասարդության գործազրկության հիմնահարցերը կարևորագույն հիմնախնդիր են հանդիսանում մի շարք երկրներում, քանի որ այն կարող է բացասական ազդեցություն ունենալ երիտասարդների բարեկեցության վրա՝ խաթարելով սոցիալական կայունությունը: Ի հակադրություն ՀՀ պետական պաշտոնյաների հավաստիացումներին, որ երիտասարդության հիմնահարցերը գտնվում են նրանց ուշադրության կենտրոնում, վերլուծությունները վկայում են, որ դեռևս առկա են էական հիմնախնդիրներ: Սույն հոդվածում մատնանշվել են որոշ հիմնախնդիրներ, որոնց համատեքստում քննարկվել են դրանց լուծման եղանակներ:

## АННОТАЦИЯ

**Артак Манукян  
Армине Бурназян**

### **ОСНОВНЫЕ ХАРАКТЕРИСТИКИ МОЛОДЕЖНОЙ ПОЛИТИКИ И ТРУДОУСТРОЙСТВА МОЛОДЕЖЕ В АРМЕНИИ**

Проблемы трудоустройства молодежи до сих пор являются основной проблемой в ряде стран, так как они могут негативно отражаться на жизненный уровень молодежи. В противоречии с заверениями госслужащих о том, что проблемы молодежи находятся в центре их внимания, анализы и практика свидетельствуют об обратном. В этой статье были выявлены некоторые проблемы, в контексте которых были рассмотрены возможные пути их решения.