

**Policy Paper on**

**Improving Poverty  
Alleviation,  
Employment, and  
Protection of  
Labor Rights**



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# Introduction

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**1** | RA Constitution (2015) - Article 57. Freedom to Choose Employment and Labor Rights

The Constitution of the Republic of Armenia stipulates that “Everyone shall have the right to free choice of employment.”<sup>1</sup> Other labor rights are defined by the RA Labor Code, the RA Law on Employment, and other laws that, as the Constitution, set out the fundamental principles established by various human rights conventions and ILO conventions. In particular, they stipulate the right to a fair wage and not lower than the minimum wage established by law, the right to vacation and annual leave, and the right to working conditions meeting safety and hygiene requirements.

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**2** | RA Law on Employment entered into force on 01.01.2014.

The Law on Employment of the Republic of Armenia stipulates that one of the objectives of the state employment policy shall be the guarantee of internationally accepted standards of decent work and the consistent provision of conditions as a component of the social protection policy, as well as a prerequisite for social solidarity.<sup>2</sup> Furthermore, the study of the RA Government’s programs and employment policies for different years shows that the employment sector has always been considered one of the priority areas for ensuring the country’s socio-economic stability. According to the RA Law on Employment, one of the key objectives of employment policies is, on the one hand, the formation of the labor force required for the sustainable development of the economy, and on the other hand, the provision of conditions for the potential and effective exercise of the labor supply.<sup>3</sup>

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**3** | RA Employment Strategy 2013-2018, retrieved from [https://www.e-gov.am/u\\_files/file/decrees/arc\\_voroshum/2012/11/MAR45-9.pdf](https://www.e-gov.am/u_files/file/decrees/arc_voroshum/2012/11/MAR45-9.pdf)

The concepts of “employed” and “employment” are features of welfare at the level of perceptions (Lohmann, Ive, 2018). However, various studies show that employment does not always entail people’s welfare, and most of the world’s poor population are employed which means they work to support their living conditions but do not generate enough income to

meet at least their basic needs. This is an issue that is characteristic not only of developing countries but also of developed ones. The term “working poor” is new and is rarely used in the literature. “Working/employed poor” is a person who works and is poor.

According to ILO data, only the condition of having a job does not protect households from the risk of poverty (Sahakyan, Karapetyan, 2021). Furthermore, according to the same ILO data, two-thirds of workers/employed in developing countries live in conditions of extreme or moderate poverty (ILO, 2017). According to 2018 data, 8% of people with jobs in the world live in conditions of extreme poverty, and the ratio between having a job and reducing poverty is not in direct proportion and is still problematic (ILO, 2019).

According to the data published by the RA Statistical Committee, engagement in the labor market is the most significant factor affecting poverty. Especially in the absence of a job, the probability of being poor or extremely poor increases. According to the publications of the Statistical Committee of the Republic of Armenia, the majority of the poor did not have/do not have a job, while a significant share of the non-poor were/are engaged in some kind of economic activity (Statistical Committee of the Republic of Armenia, 2021).

**Table 1.** Armenia - Poverty rate by the number of employed members in the household, 2020 (population aged 15-75) (in percentages) (Statistical Committee of RA, 2021)

Number of employed members in the household	2020			
	Extreme poor	Poor	Among the poor aged 15-75 (in %)	Among the population aged 15-75 (in %)
No one employed	1.7	26.8	9.5	9.0
1 member employed	0.8	20.0	17.9	22.8
2 members employed	0.3	23.3	34.3	37.6
3 or more members employed	0.7	31.9	38.3	30.6
<b>Total</b>	<b>0.7</b>	<b>25.5</b>	<b>100</b>	<b>100</b>

The study of the above statistical data shows that having a job and employment does affect not being poor but even in the case of employment many people continue to remain extremely poor and poor.

In the Poverty Reduction Strategy Paper, the Government of the Republic of Armenia indicates unemployment as the main cause of poverty but also states that more than 1/5 of the employed population in the Republic of Armenia is extremely poor, and 45-47% of the employed population is poor (Sahakyan, Karapetyan, 2021). Various governments and researchers, including the Armenian Government, consider the promotion of employment as one of the essential preconditions for poverty and extreme poverty reduction: the most important factor affecting poverty is engagement in the labor market. In this context, the new Government that came to power due to the “Velvet Revolution” in 2018 declared poverty alleviation, eradication of extreme poverty, strengthening of social security and social protection, creation of new jobs, as well as provision of RA citizens with a decent wage that would make them happy and dignified one of the priorities among other imperatives.

This policy paper summarizes the main issues identified through the participatory study of poverty, employment, and labor rights issues carried out in Gegharkunik and Shirak Marzes by “Socioscope” NGO in 2023 (Khalatyan, Margaryan, 2023), as well as recommendations for their solution and improvement.

# Interrelations between poverty, employment, and labor rights

Participatory study of poverty, employment, and labor rights exemplified by Gegharkunik and Shirak Marzes shows that:

- 1 |** Labor rights violations in Armenia are continuous and systemic regardless of the field of employment. The issue of protection of labor rights has a significant impact on fundamental human rights, as well as civil and political rights.
- 2 |** In the employment sector, people from these communities continue to face such problems as searching and finding a job, lacking equal employment opportunities, inappropriate working conditions, discriminatory practices, as well as manifestations of corruption in the sector, in particular, nepotism. The issue of employment in small communities continues to be regulated in the conditions of the use of social capital.
- 3 |** One of the priority issues of the employment sector is the lack of jobs in the labor market and finding a job matching the profession, as well as the unavailability of information about the job. One of the important facts also constitutes the mismatch between the educational and

employment sectors in Armenia. There are vacancies but no suitable professionals to occupy these positions, and vice-versa, there are many professionals who are left out of the labor market. On the other hand, people with higher education are paid less for work equivalent to the profession, unlike, for example, employees in the service sector which gives rise to additional social problems.

- 4 |** Lack of jobs and low wages in rural and small urban communities are reasons for moving to the capital or abroad in the hope of finding a more favorable job matching education and profession.
- 5 |** The issues of labor rights are discussed alongside appropriate working conditions, relations with employers, their dishonesty, and delays in salary payment. In this regard, the issue of lack of common working vision and consolidation between the state, employers, and citizens concerning employment should be paid due attention.
- 6 |** Although almost half of the population (43.8%) is poor in Armenia according to the upper-bound poverty line, the intrinsic negative attitude towards poverty and the phenomenon of blaming the poor for their poverty is commonplace despite the systemic nature of the problem. Such opinions are widespread not only in the discourses of research participants. Various high-ranking officials also make similar statements and claim that the primary prerequisite for alleviating poverty and ensuring welfare is one's effort.
- 7 |** There is a pronounced negative attitude towards the social assistance programs implemented for poverty alleviation and the beneficiary groups of these programs. According to the assessment of the research participants, the social assistance programs implemented in the Republic of Armenia do not serve their purpose - to eradicate poverty, on the contrary, they deepen poverty, as well as make people dependent on the system which prevents them from making effort and getting out of the poverty cycle.
- 8 |** Talking about poverty in numbers, however, seems to tell very little about the lifestyles of people living in poverty. To combat the problem of poverty, it is necessary to conduct a multifaceted study. Apart from employment, poverty is directly related to the fields of education,

healthcare, and public services which determine multidimensional poverty. It is the investments in these areas that should contribute to the reduction of poverty and the eradication of extreme poverty.

- 9 |** Lack of education, knowledge, and skills in specific areas, financial illiteracy, and lack of budget management skills are factors contributing to poverty. To alleviate poverty, it is required to invest in the education sector, to organize education in such a manner that it meets people's capabilities and contributes to actual employment.
- 10 |** Having a job and sustainable employment do not always contribute to poverty alleviation. Possible causes of "working poverty" include low wages, low minimum wages, disproportionate development of communities, the presence of a minor or disabled member in the family, multi-child families, being an unregistered worker, engaging in agricultural activities, financial illiteracy, addiction to alcohol, drugs, gambling, etc.
- 11 |** The socio-economic situation is directly related to the definition and perception of the phenomenon of welfare which, although fundamental, is not a sufficient requirement. People's living conditions, community features of organizing life, safety, and security issues are also essential prerequisites for welfare.

It is impossible to completely alleviate poverty and extreme poverty by addressing solely the issue of employment. Since working poverty is a rather complex issue, the approaches to address it should also be comprehensive including the regulation of related areas. The role of the state itself is seen and underscored the most in alleviating poverty also considering the priority of humanitarian and security issues that pose a challenge for the state nowadays. The policies developed by the state should be based on comprehensive studies which will thoroughly address the most vulnerable areas and persons in terms of poverty, and will employ extended schemes of regulation mechanisms to overcome the problem of "working poverty."



# Recommendations

Our research studies on the topics of labor rights, poverty, and employment allow us to make recommendations, as well as to present the proposals of the research participants which will contribute to addressing the aforementioned issues. The recommendations are addressed to the Government represented by the Ministry of Labor and Social Affairs, the Ministry of Finance, the Ministry of Education, Science, Culture and Sports, the Ministry of Health, the Standing Committee on Labor and Social Affairs of the National Assembly, the Health and Labor Inspection Body, the Confederation of Trade Unions of Armenia and other stakeholders.

- 1** | The mismatch between employment and education is one of the key issues discussed throughout the study. The lack of jobs in the labor market and finding a job matching the profession are a serious challenge faced by many in Armenia, particularly the residents of rural and small urban communities. In some communities, the engagement of workers in the field of employment that is characteristic of the given community (for example, fishing in the Noratus community) does not allow for finding candidates with appropriate qualifications in case of demand for other professionals. It should also be noted that after receiving education many professionals, particularly in villages and small urban communities, face the problem of unavailability of information about vacancies in the labor market as a result of which they are left out of the labor market or their entry into the labor market is complicated.

Thus, considering the discussions with the research participants, we recommend to:

- **carry out an in-depth study of the labor market, collect labor market requirements, and fix possible vacancies and sectors;**
- **map the existing professional resources and the labor market in the country, particularly in the Marzes, to match them as much as possible;**
- **have a universal job platform, raise public awareness about the latter also by using the resources and capacities of the Unified Social Service to ensure the platform's availability and accessibility to the wider public, as well as ensure wide geographical coverage.**

**2** | Many communities in Armenia, especially small urban or rural ones, have certain features, including economic, which determine the employment patterns characteristic of the given community. For example, the main type of employment in the Noratus community is directly related to fishing (including fishing, cleaning fish, washing fish, smoking fish, etc.); in Artik it is related to stone processing. The proper organization of resources and investments in rural and small urban communities, with effective cooperation between the state and the private sector, can be beneficial in terms of settlement of the employment issue, poverty reduction, welfare, and community development.

- **To make due efforts aimed at the proportionate community development which will not only increase the attractiveness of the latter but also contribute to the creation of new jobs there, the organization of infrastructure, and the increase in the level of welfare.**
- **To map the existing unused resources, in particular, the agricultural lands, and to organize their use for their intended purpose to serve community development.**
- **To take appropriate steps to ensure the proper disposal and management of public goods and resources characteristic of the community, the exercise of production potential (for example, the organization of fish farming in Sevan, and stone processing in Artik).**
- **Implement measures to promote employment in specific sectors, for example, affordable crediting, provision of subsidies, and**

**establishment of tax privileges for businesses that will create jobs, which in turn will be viewed as a guarantee for ensuring stability and sustainable welfare. Here an important prerequisite is that, along with the provision of credits and privileges, the state develops and imposes clear requirements for the protection of labor rights on the organizations and other entities that benefit from the privileges.**

**3** | There is public criticism of social assistance programs designed to meet the needs of people in poverty and their families. This is due to the distrust accumulated over the years towards similar social assistance programs, especially with respect to the selection and provision of support to target groups, as well as its character of making people dependent and the persistence of the poverty cycle.

- **Review social assistance programs and their beneficiaries.**
- **Adapt the services provided by social assistance programs to people's needs and capabilities.**
- **Increase the targetability of these programs and services.**
- **Redefine the amount of the minimum wage and pension, and align them with the requirements to have a dignified life.**
- **Carry out a comprehensive study and highlight all the circumstances that contribute to people remaining beneficiaries of social assistance programs.**
- **Introduce an effective system of comprehensive health coverage which will help the beneficiaries of social assistance programs not to be motivated to stay in those programs, as well as prevent impoverishment due to health issues.**

**4** | Since working poverty is a complex issue, the approaches to address it should also be comprehensive. These policies should be underpinned by comprehensive studies that will identify which employment sectors are most vulnerable to poverty, which workers are most vulnerable to poverty, the gender, age, region, and other components of working poverty. The very existence of working poverty should instigate policy-makers and decision-makers to develop and adopt strategies that promote decent work and quality employment for all.

- **Develop appropriate research instruments to address working poverty in a more targeted and effective way to improve the understanding and measurement of non-standard employment, especially concerning precarious work and so-called new forms of employment.**
- **Comprehensively analyze collected information and base policies on research data.**
- **Review and improve policies developed and implemented in employment, poverty, and related areas to address the issues of the working poor.**
- **Provide continuing education and training for the working, employed poor based on their needs and capabilities.**
- **In discussions of work, employment, poverty, and social protection, introduce the issues of working poverty or employed poverty as a cross-cutting issue, and organize public debates on these topics.**

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