

ACADEMIC PAPER

REGULATORY IMPACT  
ASSESSMENT OF C156 – WORKERS  
WITH FAMILY RESPONSIBILITIES  
CONVENTION



OCTOBER 2022  
UN WOMEN

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YEREVAN, ARMENIA  
OCTOBER 2022

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The assessment was authored by the teams at the Caucasus Research Resource Center (CRRC-Armenia) and the Human Rights Research Center (HRRC), as well as by the international expert, Marjan Petreski (University American College Skopje, North Macedonia). Anahit Simonyan and Nvard Piliposyan from HRRC contributed to shaping the legislative context of the assessment, elaborating the changes needed to harmonize Armenia’s legislation with ILO Convention No. 156, as of June 2021.

Heghine Manasyan and Susanna Karapetyan from CRRC-Armenia developed the socioeconomic context, came up with the definition of the problem and the objectives of the assessment, developed the intervention scenarios and conducted the analysis

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We hope that this assessment will be taken into account by public officials while considering the adoption of Convention No. 156 by Armenia.

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# ACRONYMS AND ABBREVIATIONS

<b>ALMPs</b>	Active labour market programmes
<b>AMD</b>	Armenian dram
<b>ARMSTAT</b>	Statistical Committee of the Republic of Armenia
<b>CRRC</b>	Caucasus Research Resource Center
<b>FGD</b>	Focus group discussion
<b>FLSEB</b>	Family Living Standards Enhancement Benefits
<b>GDP</b>	Gross domestic product
<b>HRRC</b>	Human Rights Research Center
<b>ILO</b>	International Labour Organization
<b>IMF</b>	International Monetary Fund
<b>KII</b>	Key informant interview
<b>LFS</b>	Labour Force Survey
<b>MESCS</b>	Ministry of Education, Science, Culture and Sport
<b>MLSA</b>	Ministry of Labour and Social Affairs
<b>NPV</b>	Net present value
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>RA</b>	Republic of Armenia
<b>RIA</b>	Regulatory Impact Assessment
<b>SEA</b>	State Employment Agency
<b>SIGI</b>	Social Institutions and Gender Index
<b>SP</b>	Social protection
<b>UN Women</b>	United Nations Entity for Gender Equality and the Empowerment of Women
<b>UNICEF</b>	United Nations Children’s Fund

# EXECUTIVE SUMMARY

The Caucasus Research Resource Center (CRRC)-Armenia Foundation and Human Rights Research Center (HRRC) NGO, in collaboration with UN Women, has undertaken a Regulatory Impact Assessment (RIA) of the International Labour Organization Workers with Family Responsibilities Convention, 1981 (No. 156),<sup>1</sup> in the Armenian context. The aim of this study is to provide an analysis of the anticipated costs and benefits of alignment with Convention No. 156 and to foster policy dialogue towards its ratification.

The Workers with Family Responsibilities Convention, 1981 (No. 156),<sup>2</sup> of the International Labour Organization (ILO) entered into force for the ratifying ILO member States in 1983 and so far, the Convention has been ratified by 45 ILO member countries.<sup>3</sup> Although Armenia has ratified 29 ILO Conventions, among them all eight from ten fundamental Conventions, Convention<sup>4</sup> No. 156 is not among them. Furthermore, Armenian legislation does not define family responsibilities, nor does it recognize workers with family responsibilities as a separate category. Hence, in the event that the Convention is ratified, several amendments should be made to the Armenian legislation to harmonize the legislation with the requirements of the Convention and its accompanying Recommendation No. 165 on creating effective equality of opportunity and treatment for men and women workers, on terms and conditions, on free choice of employment, on the provision of services, on non-discrimination, etc. Required amendments to the Labour Code<sup>5</sup> of the Republic of Armenia (RA) include providing clear definitions of the terms 'immediate family members' and 'family responsibilities' in accordance with the scope of the

Convention, as well as extending guarantees set forth in the Labour Code for childcare to the care of other family members.

Beside the gaps requiring legislative amendments, the policy and socioeconomic analysis allowed the RIA team to come to the following conclusions:

- Although the guarantees ensuring that all men and women have equal opportunities to become engaged in economic activity are enshrined legally, the realization of their right to free choice of employment is still challenging due to existing discriminatory practices and gendered roles.
- The services that would create a favourable environment are limited; particularly challenging is the access to quality and affordable care services.
- Discrimination based on family status/responsibilities during the hiring process limits the opportunities for equal workforce participation.
- An insufficient level of awareness of the rights and regulations, as well as the persistent social norms, creates significant gender gaps in terms of equal opportunities for women's involvement in the labour market.

In designing this study and the prioritization of issues to be addressed at this stage, the RIA team considered it more important to focus on policy and socioeconomic dimensions than regulatory and legal changes. Accordingly, **the RIA team identified the general objective as follows:** ensure productive

1 ILO 1981b.

2 ILO 1981b.

3 See [https://www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO:11300:P11300\\_INSTRUMENT\\_ID:312301](https://www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO:11300:P11300_INSTRUMENT_ID:312301).

4 See [https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200\\_COUNTRY\\_ID:102540](https://www.ilo.org/dyn/normlex/en/f?p=1000:11200:0::NO:11200:P11200_COUNTRY_ID:102540).

5 Republic of Armenia 2004. Particularly in terms of the following articles: 142 (Work Time Regime), 144 (Limitations of Overtime Work), 148 (paragraph 4: considering preg-

nant women, women taking care of a child under 3 years of age while being assigned to night work), 149 (paragraph 4: pregnant women and employees raising a child under 3 years of age, may be appointed to be on duty at the organization or at home only upon their consent), 156 (Holidays and Commemoration Days), 164 (Procedure of Granting Annual Leave) and 209 (Guarantees and Compensation in the Case of Business Trips).

employment and decent work for all men and women with family responsibilities by providing them with equal opportunities and equal treatment by means of the creation of an enabling environment, awareness-raising and changes to discriminatory social norms.

To that end, the following **specific objectives** were defined:

- **Specific objective 1:** Reduce the risk of discrimination associated with family responsibilities by enhancing the enabling environment, particularly focusing on developing quality and affordable community childcare services to ease the burden of family responsibilities and create equal opportunities with workers bearing no family responsibilities.
- **Specific objective 2:** Increase the awareness level of all workers, including those with family responsibilities, about their rights, as well as promote overcoming persistent social norms creating gender gaps in terms of equal employment opportunities for men and women.

The following **policy options** were considered in detail and their respective impacts compared during the RIA process:

- **Policy Option 0 or the status quo** assumes no change in the current situation: the gaps, particularly gender gaps in economic activity conditional on women's care obligations, stay unchanged; the discriminatory approach towards men and women with family responsibilities is a norm and is not spoken out against due to the fear of losing one's job or due to the low level of awareness on how to realize the equal opportunity rights enshrined by law. Moreover, the awareness level and public perception of such rights and family responsibility sharing stay unchanged and low.
- **Policy Option 1 (Creating/enhancing the enabling environment)** envisages strengthening the access to a quality

childcare system and programmes to ease the care burden for all workers with family responsibilities and particularly for women. It is expected that the implementation of this suggested policy is likely to have a high employment impact for those who are prevented from participating in the labour market due to childcare duties; moreover, a well-developed childcare sector will not only contribute to increased economic participation opportunities for women but also implies potential improvements in school readiness for children through better coverage of early childhood education.

- **Policy Option 2 (Awareness-raising and changes to discriminatory social norms)** is suggested based on the findings of the secondary data and qualitative analysis (i.e. focus group discussions (FGDs) and key informant interviews (KIIs)) and envisages long-term and systemic awareness-raising and behaviour changing/advocacy campaigns and strategies to increase public awareness about equal opportunity rights and regulations; to advocate for and promote equal participation in the sharing of family responsibilities between men and women by changing the social norms and, accordingly, public behaviour in this regard; and to promote non-discrimination and favourable working conditions for men and women with family responsibilities.

A cost-benefit analysis was conducted to quantify the expected outcomes of the suggested policy scenarios. No forecasts were done in terms of the main indicators; instead, a simple exercise was conducted to quantify the expected incremental costs and benefits associated with the suggested policy options. Although the suggested policy options impact both working or willing-to-work men and women with childcare responsibilities and the Government, due to a number of limitations and uncertainties (such as data, resources, etc.), the current analysis refers only to the costs and benefits for the Government of Armenia.



Summary of the impact of the suggested policy options  
Government costs associated with each policy option

Associated costs	Policy Option 1 (only enabling environment enhancement)	Policy Option 2 (only public awareness and behaviour change campaign)	Combination of Policy Options 1 and 2
Expansion of the nanny programme	✓	—	✓
Targeted skills/capacity development training programme (within ALMPs) for men and women who withdrew themselves from the labour market a long time ago (due to childcare duties)	✓	—	✓
State co-financing of mandatory funded pension contributions (assuming that all switchers are mandated to join the funded pillar)	✓	✓	✓
Public awareness and behaviour change campaign	—	✓	✓
Programme coordination and monitoring	✓	—	✓

The net present value (NPV) over a five-year period (2021–2025) for the policy options are presented below.

Summary of benefits and costs (billions of AMD)

	Policy Option 1 (only enabling environment enhancement)	Policy Option 2 (only public awareness and behaviour change campaign)	Combination of Policy Options 1 and 2
<b>Benefits</b>	49.0	19.6	98.0
<b>Costs</b>	16.1	25.9	51.3
<b>NPV (benefits less costs)</b>	32.9	-6.3	46.7

As one can see, in the case of Policy Option 2, the cost of policy implementation outweighs the benefits received by AMD 6.3 billion, putting at question the viability of that policy option. In the case of Policy Option 1 and the simultaneous implementation of Policy Options 1 and 2, the benefits essentially outweigh the costs of policy implementation; understandably, the greater positive outcome in terms of the cost-benefit difference is assured when combining the two policy options. Of course, this is an exercise based on a number of assumptions and the abstraction of many factors impacting labour market and employment outcomes. However, it is clear that

policies and programmes that create a favourable environment for working or willing-to-work men and women with family responsibilities positively impact their employment rates.

Hence, the analysis shows that Policy Option 1 (only enabling environment enhancement) and the combination of Policy Options 1 and 2 lead to improvement compared to the status quo scenario. However, because the return is larger in the case of **combining Policy Options 1 and 2**, the RIA team suggests choosing both options

# INTRODUCTION

The Workers with Family Responsibilities Convention, 1981 (No. 156),<sup>6</sup> of the International Labour Organization (ILO) entered into force for the ratifying ILO member States in 1983 and so far, the Convention has been ratified by 45 ILO member countries.<sup>7</sup> It describes measures that promote healthy work-life balance for all workers, and contribute to gender equality and decent work.

Due to prevailing social and cultural norms, in Armenia the burden of family household responsibilities and the need to leave the labour force due to care reasons seem to be an issue exclusively affecting women—either keeping them out of the labour market or forcing them to opt for involuntary part-time work. The social norms and gender-based discriminatory perceptions assign to women the responsibility for childcare, eldercare and overall household duties, which, when paired with other factors (such as a high unemployment rate, a high rate of informal work, etc.), narrows down their opportunities to work by their choice, in conditions of dignity, safety and fairness.

This study attempts to answer the following questions: what is/are the problem(s) to be addressed to follow the ratification of the Convention? What is/are the specific policy objective(s) to be achieved through the identified interventions? What are the different ways of achieving the objective(s) and the cost (such as the budgetary, administrative, economic and social

implications of various modalities of the problem's solution) of those achievements?

This Regulatory Impact Assessment was supported by relevant data collection (through a desk review, existing statistical and administrative data, Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) and the analysis of alternative modalities to solve the problem and achieve the objective of the assessment. An analysis of the expected effects or consequences of the suggested (within this report) policy change options was conducted and the cost-benefit analysis is presented below.

The RIA team considered it important to focus the analysis on policy and socioeconomic dimensions, rather than regulatory or legal changes. **The general objective of the proposed interventions was defined as follows:** to ensure productive employment and decent work for all men and women with family responsibilities by providing them with equal opportunities and equal treatment by means of the creation of an enabling environment, awareness-raising and changes to discriminatory social norms. The suggested combination of policy options for the intervention assumes **enhancing the enabling environment** by strengthening the access to a quality childcare system, as well as **awareness-raising and changes to discriminatory social norms**.

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6 ILO 1981b.

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7 See [https://www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO:11300:P11300\\_INSTRUMENT\\_ID:312301](https://www.ilo.org/dyn/normlex/en/f?p=1000:11300:0::NO:11300:P11300_INSTRUMENT_ID:312301).

# PROBLEM DEFINITION AND BASELINE SCENARIO

## 1.1 Legal context

The ILO Workers with Family Responsibilities Convention (No. 156)<sup>8</sup> was adopted in 1981.

Simultaneously with the Convention, Recommendation No. 165 of the same name<sup>9</sup> (hereinafter the Recommendation) was adopted, which has no binding legal force, but provides supplementary guidance for states in the field of protection of workers with family responsibilities.

ILO Convention No. 156 (hereinafter the Convention) “applies to men and women workers with responsibilities in relation to their dependent children, where such responsibilities restrict their possibilities of preparing for, entering, participating in or advancing in economic activity” (Article 1(1)).

The provisions of the Convention “shall also be applied to men and women workers with responsibilities in relation to other members of their immediate family who clearly need their care or support, where such responsibilities restrict their possibilities of preparing for, entering, participating in or advancing in economic activity” (Article 1(2)).

This Convention applies to all branches of economic activity and all categories of workers (including agricultural work).<sup>10</sup>

The interpretation of ‘family’ and ‘family responsibilities’ depends on the legislation and local context of each State. However, the Convention explicitly applies to children, elderly persons and persons with health issues who are dependent on the worker. The immediate family members to whom the provisions of the Convention apply must be clearly defined in the domestic law.

Thus, the Convention is an international legal instrument for the recognition of persons with family responsibilities, the identification of their needs and

the provision and expansion of their opportunities to engage in economic activity.

**Discussed below are the changes needed to harmonize Armenian legislation with the Convention.**

### 1.1.1 Definition of workers with family responsibilities

Armenian legislation does not define family responsibilities, nor does it recognize workers with family responsibilities as a separate category.

Article 16 of the Constitution of the Republic of Armenia considers the family as a natural and essential cell of society—the basis for the preservation and reproduction of the population. Relationships related to family responsibilities are mainly regulated by the RA Family Code and the RA Civil Code, while labour relations are regulated by the RA Labour Code.

Armenian legislation does not include clear definitions of ‘family’, ‘immediate family members’ and ‘family responsibilities’.

The Family Code does not directly define family responsibilities but does allude to some of them, particularly the obligations of parents and adoptive parents in relation to the upbringing and care of their children (Articles 51 and 55) and the obligations of adult children who are able to work in relation to parents who are unable to work and are in need of help (Article 75).

With regard to other family members, the RA Family Code links the responsibility of care with financial support (alimony) and does not include norms obliging the implementation of the actual care.

As for the term ‘worker’, it is regulated by the RA Labour Code and includes persons working under a written employment contract, which leaves persons

8 ILO 1981a.

9 ILO 1981b.

10 See ILO 2013.

engaged in informal employment and persons working under a service contract outside the scope of regulations.<sup>11</sup>

**Hence, in the event that the Convention is ratified, the terms ‘immediate family members’ and ‘family responsibilities’ should be clearly defined in the RA Labour Code, considering the wide scope of the Convention.**

### 1.1.2 Equal opportunities and equal treatment for women and men workers with family responsibilities

Article 3 of Convention No. 156 outlines the immediate objectives of state policy in implementing the Convention. The provision of equal opportunities and equal treatment for women and men workers with family responsibilities is the context within which the goal of Article 3 shall be achieved “to enable persons with family responsibilities who are engaged or wish to engage in employment to exercise their right to do so without being subject to discrimination and, to the extent possible, without conflict between their employment and family responsibilities.”

Further articles specify measures that the State should adopt with a view to creating effective equality of opportunity and treatment for men and women workers to:

- Enable workers with family responsibilities to exercise their right to **free choice of employment** (Article 4(a))
- Take account of their **needs in terms and conditions of employment and in social security** (Article 4(b))
- Take account of the needs of workers with family responsibilities **in community planning** (Article 5(a))
- Develop or promote **community services**, public or private, such as childcare and family services and facilities (Article 5(b))

- Introduce **vocational guidance and training** to become and remain integrated in the labour force (Article 7)

### 1.1.3 Free choice of employment

The right to free choice of employment is guaranteed by Article 57 of the RA Constitution. Article 3 of the RA Labour Code enshrines, among the principles of labour law, the freedom to work, which includes the right to work that is freely chosen or freely agreed upon by each person as well as the right to manage one’s work skills, profession, and choice of type of activity. Armenia has also ratified the ILO Employment Policy Convention, 1964 (No. 122).

In the context of free choice of employment and exercising the right to social security, Paragraph 30 of Recommendation No. 165 clarifies that **when assessing the ‘suitability’ of employment offered to a person within the framework of social security services, it is necessary to take into account their family responsibilities**, especially if the existence of such responsibilities may lead to the exclusion from or termination of social security services. In particular, when the offered job requires relocation, it is necessary to take into account the place of work of the spouse and the possibilities for the children to get an education.

Armenian legislation is not quite in line with these requirements of the Recommendation. In particular, the RA Law on Employment uses the terms **‘suitable job’** and **‘person who has refused a suitable job’**, which are applicable to unemployed jobseekers. According to the Law on Employment, a job that corresponds to a person’s professional education and qualifications or requires additional professional training is considered ‘suitable’ for a jobseeker.<sup>12</sup> The characteristics of a ‘suitable job’, as required by law, are those that meet the worker’s qualifications, professional education, vocational training, and

11 The issue of protecting the labour rights of persons involved in informal employment under a service contract has been addressed in more detail in the context of the ILO Domestic Workers Convention, 2011 (No. 189).

12 According to the RA Law on Employment, a jobseeker is a person who applied to the authorized body with the request to find a job, irrespective of his/her current employment status.

transportation accessibility to the workplace. **Family responsibilities and the special needs arising from them are not considered as criteria for assessing work suitability.**

This is particularly important, as a person who has twice refused a job deemed 'suitable' by the relevant authority on the basis of the above-mentioned criteria will lose his/her status of 'unemployed'. In turn, 'unemployment' as a status is key to providing a person with social assistance, in particular family benefits.<sup>13</sup>

Thus, in order to meet the requirements of Article 4(a) of the Convention and the supplementary guidance of Paragraph 30 of the Recommendation, **the criteria for assessing a 'suitable job' via the legislation must take into account the specific needs arising from family responsibilities**, in particular the distance of the offered work from the workplace of the spouse and from the place of education of the children, as well as other circumstances related to other family responsibilities.

### 1.1.4 Terms and conditions of employment

Recommendation No. 165 describes in more detail the special needs that workers with family responsibilities may have in terms of working conditions and in terms of social security and how the State can take these needs into account. In terms of working conditions, the Recommendation proposes providing working conditions that will help workers with family responsibilities to combine their work and family responsibilities. Among such conditions, Part IV of the Recommendation suggests the following:

- The progressive reduction of daily hours of work and the reduction of overtime should be considered.
- More flexible arrangements should be taken

into account as regards working schedules, rest periods and holidays, and an account should be taken of the stage of development and the particular needs of the country and of different sectors of activity.

- Whenever practicable and appropriate, the special needs of workers, including those arising from family responsibilities, should be taken into account in shift-work arrangements and assignments to night work.
- Family responsibilities and considerations such as the place of employment of the spouse and the possibilities of educating children should be taken into account when transferring workers from one locality to another.
- Either parent should have the possibility, within a period immediately following maternity leave, of obtaining a leave of absence (parental leave), without relinquishing employment and with the rights resulting from employment being safeguarded.
- It should be possible for a worker (man or woman) with family responsibilities in relation to a dependent child or another member of the worker's immediate family who needs that worker's care or support to obtain a leave of absence in the event of their illness.

Thus, the labour legislation of the Republic of Armenia addresses most of the working conditions mentioned in the Recommendation (in particular, the guarantees set forth in Articles 142, 144, 148 (paragraph 4), 149 (paragraph 4), 155 (paragraph 6), 156 (paragraph 2), 164 and 209 of the RA Labour Code), **except for** the recommendation of flexibility with work schedules and the recommendation to take into account the special needs arising from family responsibilities (including the spouse's workplace and the children's education opportunities) when relocating workers.

**Most guarantees, however, are available to workers taking care of children under 1 year of**

13 According to the amendments that entered into force in December 2019, the social insecurity score is directly link with the status of 'unemployed jobseeker' or 'person who has refused a suitable job'. This means that if a person

refuses a suitable job two times, it is considered as an indicator of the social security of his/her family and may be a reason for refusing family benefits.

**age.** Part of the guarantees are also provided until the child reaches the age of 3; only a few guarantees are available to workers caring for older children and sick family members.

It is noteworthy that **unpaid leave, the right to be absent from work and guarantees preventing workers from working certain hours** are widely envisaged in the Labour Code, while guarantees aimed at assessing workers' special needs and implementing measures to support combining family and work responsibilities are fewest in number.

There are also several guarantees aimed at promoting the equal distribution of family responsibilities and the involvement of men in family responsibilities, specifically paid paternity leave for up to 5 days (RA Labour Code, Article 176.1).

In January 2021, a new provision came into force in the Labour Code according to which, within 30 days after the birth of a child, at the request of the newborn's father, a five-day paid leave period is granted; and for each day, the employer pays the average daily wage of the employee. The provision of paternity leave is a positive development.

As for the entitlement of a husband to take unpaid leave during his wife's childcare leave under Article 176 of the Labour Code, it is **discriminatory**, as it ignores the possibility of a husband taking the childcare leave and does not guarantee the corresponding right to unpaid leave to his wife.

Thus, in terms of complying with the requirements of Article 4(b) (on terms and conditions of employment) of Convention No. 156 and the guidance envisaged in Part IV of Recommendation No. 165, in the event that the Convention is ratified, it is important that the following legislative amendments are made:

- **Expand the list of entities subject to certain guarantees.** In particular, the guarantees set

forth in Articles 142, 144, 148 (paragraph 4), 149 (paragraph 4), 155 (paragraph 6), 156 (paragraph 2), 164 and 209 of the RA Labour Code should be extended to persons caring for adoptive children or children in care, as well as to caregivers of sick family members.

- Amend Article 176 of the Labour Code so that **either spouse is entitled to up to two months of unpaid leave** during the childcare leave of the other spouse.
- Amend the Labour Code to ensure **the possibility of applying flexible working conditions** arising from family responsibilities or the right of employees to demand the application of flexible mechanisms.
- Include a legal requirement to take into account the **special needs arising from family responsibilities** (i.e. spouse's workplace, children's education opportunities) in the event of relocation.

### 1.1.5 Social security

In terms of social security guarantees, Part VI of the Recommendation clarifies that social security measures shall be available for workers with family responsibilities, such as social security benefits, tax relief and other appropriate measures consistent with national policy (Article 27).

The Recommendation refers to the:

- Provision of social security to a person on leave to care for a child or other family member.
- Prohibition of the exclusion of a person from social security coverage by reference to the occupational activity of his/her spouse and entitlement to benefits arising from that activity.

The constitutional guarantee of social security in the Republic of Armenia is enshrined in Article 83 of the Constitution,<sup>14</sup> according to which "everyone, in accordance with the law, has the right to social

14 Republic of Armenia 1995.

security in cases of maternity, multiple children, illness, disability, accidents at work, the need for care, the loss of a breadwinner, old age, unemployment, the loss of a job and other cases”.

The principles related to the right to social security are enshrined in the RA Law on Social Assistance.<sup>15</sup> Article 8 of this law enumerates the list of basic social services available in the Republic of Armenia as well as the payment of pensions, benefits and other monetary payments.

The social security guarantees that directly target workers with family responsibilities are childcare benefits and benefits for the temporary incapability to take care of a sick family member.

A working parent (mother or father) who takes unpaid childcare leave after maternity leave can receive **childcare benefits until the child is 2 years old**. As a result of the changes that came into force in July 2020, this benefit is also available to parents who reside in rural communities and are not in registered labour relations. This can be seen as a social security measure for those involved in agricultural work, especially given the prevalence of informal work in rural communities.

**Benefits for temporary incapability**, to care for a sick family member, are paid to the employee for a limited period of time as defined by law, in particular:

- 1) If needing to care for a sick adult family member at home (outpatient) for the working days of a period not exceeding seven calendar days.
- 2) If needing to care for a sick child at home (outpatient) for not more than 24 calendar days; or if needing to care for a child due to infectious diseases for the working days of a period not exceeding 28 calendar days.
- 3) If caring for a sick child in a hospital (inpatient) for the working days of the entire period of the hospital stay.

- 4) If caring for a child in need of individual care or a child with a disability under 18 years of age during his/her sanatorium treatment, for the working days of the whole period of the child's sanatorium treatment.

The benefits are paid in the amount of the average daily salary of the employee, starting from the second working day. Sanatorium treatment benefits are provided once per calendar year.

Thus, the social security scheme partially compensates the lost salaries of workers while on leave to take care of a child up to 2 years old. Lost salaries during temporary incapability when caring for a sick child (compatible to the worker's salary) are also compensated for a maximum period of 28 days.

**If needing to take care of an adult family member for more than seven days, the lost income of a person with family responsibilities is no longer reimbursed.**

The Armenian legislation also envisages other mechanisms of financial support provided by the State to persons with family responsibilities (regardless of their employment) in order to organize the care of their dependants. These include guardianship benefits (Article 36.1 of the RA Law on State Benefits) and foster funds (Appendix 4 to the RA Government Decision No. 751-N of 13 June 2019). A person appointed as the guardian of a minor under the age of 14 who is registered in the guardianship benefit system is entitled to receive guardianship benefits. Since July 2019, foster families are entitled to monthly funds in the amount of the minimum wage for the care and upbringing of each child.

**Thus, we can state that:**

- The social security benefits targeting workers with family responsibilities in the Republic of Armenia are mostly aimed for persons caring for children under 2 years old and persons

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15 Republic of Armenia 2014.



caring for a sick family member for a short period of time.

- The social security system provides financial assistance for the care of children left out of parental care, regardless of whether the guardian or foster parent works.
- Old-age, disability and childbirth benefits provided under the social security scheme and family benefits related to financial insecurity can indirectly support those with family responsibilities.

Accordingly, in order to meet the requirements of Article 4(b) of Convention No. 156, **the social security system of the Republic of Armenia must directly target workers caring for sick adult family members in need of long-term care, as they are fully excluded from the social security benefits system.**

The social protection system of Armenia, in its coverage and practice, is presented in more detail in section 1.3.

### 1.1.6 Community services

With regard to public and private community services, childcare and family services, the Recommendation sets out more detailed guidance.

In particular, the guidance for of Paragraph 24 of the Recommendation states that “the competent authorities should [...] take such measures as may be necessary and appropriate:

- (a) to collect and publish adequate statistics on the number of workers with family responsibilities engaged in or seeking employment and on the number and age of their children and of other dependants requiring care; and
- (b) to ascertain, through systematic surveys conducted more particularly in local communities, the needs and preferences for child-care and family services and facilities.”

16 Ibid.

17 Care includes food (including dietary food), medicine, hygiene items, clothing, shoes, other basic necessities, and the organization of socio-psychological, cultural, educa-

Paragraph 25 of the Recommendation states that “the competent authorities should [...] encourage and facilitate the establishment, particularly in local communities, of plans for the systematic development of child-care and family services and facilities”.

In the context of the above-mentioned stipulations, the scope of the RA regulation is defined by the RA Law on Social Assistance and the national laws regulating the educational sphere, which will be discussed further.

### 1.1.7. Other social services

The provision of social services in the Republic of Armenia is regulated by the Law on Social Assistance.<sup>16</sup> According to Article 8 of the law, basic social services include counselling, rehabilitation assistance and care.

Care is defined as the necessary assistance to the elderly and/or persons with disabilities and children, as well as to terminally ill persons and their families in order to ensure social and living conditions that are more similar to their family conditions. The goal of the care may also be to keep elderly persons and/or persons with disabilities or sick persons in their natural social environment for as long as possible or to include them in society.<sup>17</sup>

Since caring for children, elderly persons and persons with disabilities is a key family responsibility, the provision of care by the State is important for workers with family responsibilities in terms of combining work and family responsibilities.

Care services are provided within the available possibilities. **Only after assessing their volume, quality and compliance with the needs of persons with family responsibilities will it be possible to conclude whether there is a need for additional measures to comply with the requirements of Article 5 of Convention No. 156.**

tional and entertainment services, and, if necessary, ongoing medical supervision, hospital treatment, legal aid and other services.

### 1.1.8. Vocational training

Paragraphs 13–15 of the Recommendation explain in more detail the specifics of vocational guidance and training. Accordingly, the Recommendation proposes the availability of:

- Vocational training facilities and, where possible, paid educational leave arrangements to use such facilities for workers with family responsibilities
- Services as may be necessary to enable workers with family responsibilities to enter or re-enter employment, within the framework of existing services for all workers or, in default thereof, along lines appropriate to national conditions
- Free-of-charge vocational guidance, counselling, information and placement services that are staffed by suitably trained personnel and are able to respond adequately to the special needs of workers with family responsibilities

Services in the field of vocational training/education and employment, including vocational guidance, counselling, information on vacancies and employment assistance, are regulated by the RA Law on Employment and its by-laws. The above-mentioned services (except for vocational training), including vocational guidance, are provided free of charge by law to all persons registered with the authorized body as jobseekers.

The law also addresses the criteria for determining **a person's competitiveness in the labour market**. Caring for a child under the age of 3 is singled out as one of the main criteria of non-competitiveness in the labour market, and caring for a child with a disability is mentioned as an additional criterion. It is worth noting that a person who is not competitive in the labour market has the priority right to be included in state employment programmes, such as active labour market programmes (ALMPs).

Thus, the Armenian legislation on employment does not specifically target workers with family responsibilities and does not emphasize their needs.

However, the workers who have just returned from parental leave (with children under the age of 3) and caregivers of children up to the age of 3 or children with disabilities, as well as mothers of multiple children, have priority in using the free vocational education services provided by the State.

Caring for another family member is not considered a measure of non-competitiveness, and the State does not provide targeted vocational training programmes for other workers with family responsibilities.

Therefore, to harmonize its legislation with Article 7 of Convention No. 156, **the State should pay particular attention to the employment needs of persons excluded from the labour market or at similar risk as a result of caring for other family members—and specifically provide them with access to vocational training.**

### 1.1.9. Non-discrimination

Article 8 of Convention No. 156 states that “family responsibilities shall not, as such, constitute a valid reason for termination of employment.”

Armenian legislation envisages a number of norms enshrining the prohibition on terminating an employment contract, within both the framework of the labour legislation and the constitutional-criminal legislation. Thus, the prohibition on terminating an employment contract on grounds related to motherhood is enshrined at the constitutional level (Article 57 of the Constitution of the Republic of Armenia). Termination of an employment contract with a woman on grounds related to motherhood before the child reaches the age of 3 is a crime under Article 156 of the RA Criminal Code. It should be noted, however, that according to the official website of the Judicial Information System, no person has been prosecuted under this article since 2008, so this regulation is a dead norm and cannot be considered an effective way to protect the labour rights of a mother of a child under 3 years old.

The RA labour legislation is based on the principle of ‘termination for cause’, and the Labour Code defines the complete list of legal grounds for the termination

of an employment contract. In the event that an employment contract is terminated, the employer is obliged to indicate the clear legal grounds for terminating the employment.

The termination of an employment contract upon the initiative of the employer is entirely prohibited in the following circumstances (Article 114 of the RA Labour Code):<sup>18</sup>

- On the grounds of the employee's family situation and marital status
- With the person actually taking care of the child (and not taking leave) for the entire period of caring for a child up to 1 year old
- During the entire period of an employee's leave (including unpaid leave to care for a child until he/she is 3 years old)
- During temporary incapacity for work on any grounds (except in cases of dissolution of the employer's company)

It should be noted that 'family situation' and 'marital status' are not legally defined terms. The concept of family responsibilities, as laid out within the scope of the Convention, cannot be fully assumed in the term 'family situation'. **Therefore, in the event that the Convention is ratified, it would be necessary to add the phrase 'family responsibilities' to the wording of Article 114 of the RA Labour Code.**

Meanwhile, Armenia has not yet adopted comprehensive anti-discrimination legislation that would define discrimination, its types and the criteria for the purpose of determining personal or social circumstances. Such legislation would also establish effective equality mechanisms (e.g. an equality body), impose sanctions for discrimination and state the procedural aspects, in particular the transfer of the burden of proving non-discrimination to the defendant, which is an international standard for examining discrimination cases that is also approved by the European Court of Human Rights.

Although Article 213 of the RA Civil Procedure Code imposes on the defendant the duty to prove the facts based on which disputed act (for example, the termination order) was adopted, nevertheless, according to the general rule, the burden to prove the incident of discrimination according to the current regulation is on the employee, which is not in compliance with international standards, nor with the requirements of Article 8 of Convention No. 156. Hence, to harmonize its legislation with Article 8 of Convention No. 156, Armenia should:

- Add the **phrase 'family responsibilities'** among the circumstances enshrined in Article 114 of the RA Labour Code.
- Adopt **comprehensive anti-discrimination legislation** that would define discrimination and its types and would establish effective equality mechanisms (e.g. an equality body)
- Amend Article 213 of the RA Civil Procedure Code to stipulate that in cases of prima facie discrimination, **the burden to prove the non-discriminatory character of the employers' acts or actions are shifted to the employer.**

## 1.2 Policy context

According to the data from the 2019 Labour Force Survey (LFS), the share of women working part-time (25 per cent) is double that of men (12 per cent);<sup>19</sup> furthermore, 100 per cent of all workers working part-time because they are taking care of a child or a sick, disabled or elderly family member were women.

**Improved job opportunities have been a significant instrument for poverty reduction in Armenia in the past.** Between 2004 and 2019, the poverty rate in Armenia fell from 54 per cent to 26.4 per cent of the population, although most of these gains were made prior to the global financial crisis (between 2008 and 2019, there was essentially no poverty reduction in Armenia: the poverty rate in 2008 was 27.6 per cent<sup>20</sup>). Improvements were driven by labour-related

18 Republic of Armenia 2004, art. 114.

19 ARMSTAT 2020b, p. 74.

factors, especially improvements in the labour income per employed adult ('better jobs') and, to a lesser extent, by more employment ('more jobs') and remittances ('jobs abroad'). However, the indicators of multidimensional poverty<sup>21</sup> for 2019 suggest that the share of deprived Armenians, according to the indicators of the labour market dimension in 2019, is quite high: by labour market participation, it is 25.3 per cent; by long-term unemployment, 5.5 per cent; by the absence of decent jobs, 45.5 per cent; and by underemployment, 36.6 per cent.<sup>22</sup>

The RA Government, in its 2019 Programme on poverty alleviation and particularly the eradication of extreme poverty by 2023,<sup>23</sup> has declared as a priority the improvement of job opportunities through not only the creation of more and better jobs but also through the provision of equal and favourable employment conditions for workers with family responsibilities in Armenia; and this priority should be given due attention. To this end, in the short- to midterm perspective along with focusing on sharing family responsibilities among men and women, it is also important to focus on **the provision of affordable, quality childcare/care services to ensure equal opportunities for both men and women.**

According to the Law on Social Assistance,<sup>24</sup> **care in Armenia** is provided both at home and in social protection institutions, day-care centres, medical care and service organizations, hospices and other organizations, centres and institutions providing multidisciplinary services, including through foster families.

Day-care centres provide care to the elderly, persons with disabilities and children—and in cases defined

by the legislation of the Republic of Armenia, to the family members of those children. This includes food, social and psychological assistance, legal counselling, individual work rehabilitation programmes for persons with disabilities and other support.

At-home social services provided by the State in Armenia assume care services to single elderly persons and individuals with disabilities and are aimed at improving the quality of life for single and elderly people needing care and persons with disabilities over 18 years of age.

Social care services, however, are provided on the basis of an individual or family social assessment, considering existing opportunities and priorities.

**If there is a large number of people in need of services, people in need of care are enrolled in a waiting list, and care is provided in turn.**<sup>25</sup>

Hence, the working men and women with eldercare responsibilities are not covered by the existing programme, and the only solution for them is acquiring services from a few private institutions, which is not affordable for the vast majority of families.

Within the framework of the social assistance system, there are community and state care services that provide support to sick persons, persons with disabilities, elderly persons and minors in need of special care. The existence of such services per se can be viewed as social assistance for persons with family responsibilities. At the same time, unlike preschools, **the community has no obligation to provide the above-mentioned services to all those in need.**

**The national policies in the field of education also assume the provision of childcare services**

20 ARMSTAT 2010, p. 32; ARMSTAT 2020d, p. 27.

21 The Armenian national measure for multidimensional poverty was launched in 2016 by ARMSTAT and was accompanied by a working paper and online interactive dashboard in 2017 (Martirosova et al. 2017).

22 ARMSTAT 2020d, p. 44.

23 Ibid., pp. 28 and 37. The share of the population living in poverty and extreme poverty in 2019 was 26.4 per cent

and 1.4 per cent, respectively, and the relative poverty rate was 21.5 per cent.

24 Republic of Armenia 2014.

25 It should be noted that in the case of certain diseases, the above-mentioned social assistance services are not provided. The person can be referred to an appropriate medical institution (for infectious diseases, tuberculosis, etc.).

through preschool education facilities. In particular, Article 17(3) of the RA Law on Education<sup>26</sup> provides that the State shall establish preschool educational institutions (i.e. kindergartens and nurseries) with the aim of assisting families. According to the standards approved by the Ministry of Education, Science, Culture and Sport,<sup>27</sup> children between the ages of 2 months and 6 years are entitled to a preschool education.

Furthermore, Article 39 of the same law specifies that the heads of municipalities (i.e. mayors) have a direct obligation to account for **all preschool and school-age** children within their municipality and to ensure their engagement in their respective institutions (i.e. nurseries, kindergartens and schools). This obligation is also restated in Article 12 of the RA Law on Local Self-Governance.<sup>28</sup> However, it should be noted that the fact that the maintenance of preschool institutions is a direct obligation of the municipality means that the related costs shall be generally borne by the municipality itself. Since municipalities have limited sources of income (generally consisting of property and vehicle taxes and revenue from the lease and sale of municipal property), it is highly problematic for relatively poorer municipalities to allocate appropriate resources to properly maintain nurseries and kindergartens.

It is worth mentioning that active labour market programmes (ALMPs) are the main component of labour market policy in Armenia. The scale and supply of ALMPs for jobseekers are limited; they cover only 3 per cent of those officially registered as unemployed<sup>29</sup> and are considered as interventions supporting the unemployed to move into the labour market. Among these are vocational training for the unemployed and jobseekers soon to face economic dismissal; training for young mothers; internship programmes; and assistance to the unemployed to obtain a job in another location (e.g. the provision of financial support for geographical mobility in the labour market), among other interventions. From the perspective of the issues discussed in this report, it is particularly appropriate to highlight the so-called 'nanny' programme, which is aimed at promoting the employment of young mothers through income incentives. Specifically, the programme provides assistance to jobseekers who are on childcare leave to organize care for the child (e.g. to hire a nanny) in case they would like to go back to work before the child turns 2 years old. The programme aims to increase the opportunities to return to work for persons who are on childcare leave and caring for a child under the age of 3. The drawback of the programme is that it is not designed to activate mothers of children over the age of 3 (see Box 1.1).

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26 Republic of Armenia 1999.

27 See <https://www.arlis.am/DocumentView.aspx?DocID=135903>.

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28 Republic of Armenia 2002.

29 UNICEF and World Bank 2021, p. 11.

### **Box 1. Assistance to jobseekers who are in childcare leave to organize the care for the child (to hire a nanny) in case they would like to go back to work before the child turns two (nanny programme)**

The programme aims to **increase work opportunities and provide assistance to individual jobseekers who are on maternity leave** to care for a child up to 3 years of age by providing support to arrange for the care of the child (e.g. hire a nanny) in parallel to work if they decide to return to work before the child turns 2 years old.

**The beneficiaries can be entitled to the nanny programme** only if they are recipients of the childcare benefit who are ready to go back to work earlier than the defined maternity leave term, i.e. before the child turns 2 years old. The RA Labour Code defines the duration of maternity/childcare leave for three years, of which only two are paid.

**The programme was first implemented in 2018** as a new initiative in the employment sector.

**The benefit is paid for 11 months in the amount of 50 per cent of the payment to the nanny** or to the nursery/preschool setting but no more than the minimum wage defined by the Government for that particular year. If there are more beneficiaries registered than the number of available enrolment slots, preference is given to the following groups:

- Those with a salary equal to or less than the average national salary
- Beneficiaries of the FLSEB programme
- Those with two or more children under 2 years of age
- Those with three or more children
- Those with a child with disabilities
- Those who are longer registered with the State Employment Agency (SEA)

The automatic disqualifications for registering with the programme and/or receiving benefit payments include non-formal employment of or non-formal payment to the babysitter/nanny, as well as registration of the babysitter at the same address as the beneficiary.

**Coverage of beneficiaries:** The programme is small in coverage and budget allocations, while the need is assumed to be larger: the number of programme beneficiaries was 448 in 2019—that is, 3.3 per cent of the total number (13,515) of childcare benefit recipients.

The eligibility criteria are very strict, and they sometimes create disadvantages for the beneficiaries to be registered and enrolled. For instance, the mandatory requirement to be registered as a jobseeker with the SEA as a precondition for enrolment in the programme reduces the interest of beneficiaries and also contradicts the logic of the eligibility requirements of having a permanent formal contract and being on maternity leave.

The budget for the programme is determined by the fiscal space. The financial means allocated for ALMPs in 2019 comprised 0.4 per cent of the total social protection budget, 20.3 per cent of which (AMD 349.7 million) were allocated to finance the nanny programme.

**The nanny programme has a co-funding component** by its design. The funding threshold designed for covering the cost of a babysitter is not sufficient; therefore, the beneficiaries must also contribute to as well as pay the taxes on the babysitter's wage.

**The shortcomings** of the programme are as follows:

- The programme promotes a return to work only for those who want to return to work before the child turns 2 years old; however, the parents may need support when the child is between 2 and 3 years of age, yet no support for this group is available. Considering that the prevailing majority of preschool settings are for children from 3 to 6 years of age, the parents of children aged 2–3 who want to go back to work have no services available for childcare. This is especially challenging for the parents of children with disabilities. They are forced to stay home with their child if they do not have family support either for caretaking or for hiring a babysitter.
- The programme is a cash transfer benefit with a contributory legal base: only persons on maternity leave ready to return to formal employment are entitled to this benefit. Mothers/parents who left the labour force to meet their care duties and are willing to become active are left behind.
- The geographical coverage is biased towards urban beneficiaries as formal employment is mainly in urban settlements. Very few rural beneficiaries are enrolled in the nanny programme.

Armenia has passed through several stages of reforming its childcare and protection system; in practice, however, the overall supply of preschool education and childcare services is insufficient to accommodate all children aged 3–5, which, paired with the bureaucratic hurdles of enrolling children, creates serious challenges for working or willing-to-work parents. Vulnerable children (including children with disabilities, children with parents who are not working or have a low level of education, and children living in remote, rural areas) are most likely to face challenges in accessing available preschool education services. **Hence, addressing this issue is important not only in terms of children's development and the realization of the right to education but also in terms of providing equal employment opportunities for the family members/guardians taking care of them and overcoming the gender-discriminatory attitudes prevailing in society** (for example, the care of children with disabilities, which may require more involvement, is mainly carried out by mothers/women).

Despite what is said above, according to the 2019 LFS data, only 14 per cent of part-time working women mentioned lack of relevant care services or the impossibility of covering the costs as the core reason for not returning to work.<sup>30</sup> The LFS does not provide space for assessing any relationship between full-time employed individuals and their potential care load in a full manner. Therefore, the analysis and conclusions are only relevant for part-time workers and workers who worked fewer actual hours than usual and are presented further in section 1.3.

At the same time, it should be noted that, no matter how well labour market regulations function, **unfavourable attitudes and inequality of opportunity due to gender stereotypes** are one of the key challenges facing working women with family responsibilities, as family responsibilities are seen as a role mainly attributed to women. For instance, 10 per cent of part-time working women taking care of a child or other family member reported that they had to take a part-time job, as their family does not agree

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30 ARMSTAT 2019.

with using care services.<sup>31</sup> As mentioned in section 1.1, the law in Armenia allows for paternity leave as well; however, there is little or almost no evidence of paternity leave being used by working men. Such an attitude significantly hinders the realization of a woman's right to be actively involved in various spheres of public life, including labour, and should be addressed through special measures undertaken by the State, by means of education and awareness-raising. The discussion on this issue is presented in more detail in the context of Article 6 of the Convention.

The RA Labour Code enshrines the prohibition of discrimination in labour relations on the grounds of a number of circumstances, including those of a personal nature (Article 3(1)); and if family responsibilities are considered to be personal circumstances, they will be considered a protected ground of discrimination. However, studies in recent years demonstrate that gender-based discrimination and the social norms prevailing in Armenia have a significant impact on women's economic activity, in particular their insufficient involvement in the labour market. For example:

- The OECD Development Centre's Social Institutions and Gender Index (SIGI) measures how discriminatory social institutions affect the lives of women and girls around the world.<sup>32</sup> According to this index, Armenia has low levels of gender discrimination in social institutions. At the same time, the index reveals that improving the legal frameworks for the purpose of balancing work and family

life as well as preventing violence against women would further decrease gender-based discrimination.<sup>33</sup>

- Armenia's laws guarantee women equal access to employment opportunities; however, access to jobs varies significantly by age, gender, educational attainment and region. According to the 2019 LFS data, 37.2 per cent of labour resources (i.e. workers aged 15–64) were outside the labour force, and 67.6 per cent of those not participating in the labour force were women; moreover, 99.1 per cent of all people engaged in housekeeping were women, and the bulk of these women cited housework and other care duties as the reason for their current status (see Figure 1.3).
- Labour regulation lacks legal standards governing non-discrimination and equal pay. In Armenia, women are entitled to the relatively long maternity leave of 140 days; furthermore, they are entitled to childcare leave until the child reaches 3 years old. While this is positive for the health of mothers and children, as well as guarantees 'bouncing back' to the labour market, a long absence also can punish women in the labour market, especially in contexts where paternal leave is virtually unknown. Hence, compared to men, women in Armenia are more vulnerable because:
  - Their labour participation rates are substantially lower—in 2019, one in two women were outside the labour force (see Figure 1.1 below).

31 Ibid.

32 Ferrant et al. 2020, p. 9. The SIGI looks at women's deprivation in terms of rights and opportunities created by discrimination in formal and informal laws, social norms and practices. The SIGI is a multidimensional measure of discrimination against women in such social institutions aiming to help policymakers and other development actors to identify and eliminate the root causes of gender inequalities. The SIGI is comprised of four main compo-

nents: Gender, Institutions and Development Database, 180 country profiles, a cross-country ranking and a policy simulator.

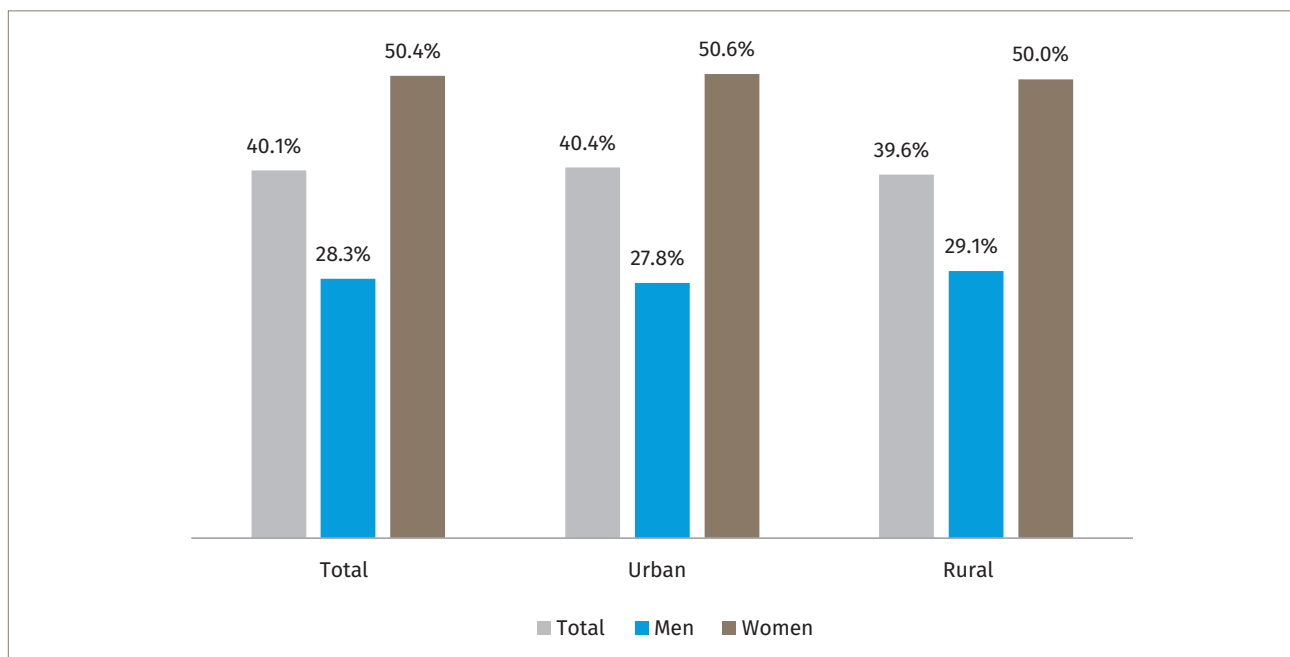
33 Ferrant et al. 2020, p. 81. The 'Restricted access to productive and financial resources' index is 23.4 (low), and the 'Restricted civil liberties' index is 19.4 (low) while the 'Discrimination in the family' and 'Restricted physical integrity' indices are considered to be medium, at -33.0 and 35.5, respectively.



- o Women in Armenia’s workforce earn only 69 per cent of what men earn.<sup>34</sup> According to the ILO Global Wage Report 2018/19, although among middle-income countries Armenia has the lowest wage inequality, it still has the third greatest gender wage gap at 23.5 per cent

(following South Africa and the Russian Federation at 26.1 and 24.5 per cent, respectively), among 17 upper-middle-income countries.<sup>35</sup> This is a fundamental issue for non-discrimination principles, as well as for women’s motivation to join the labour force.

**Figure 1:**  
Population outside the labour force (aged 15–74), by settlement type, 2019



Source: ARMSTAT 2020b, p. 49.

The above-mentioned list of studies is not exhaustive, but we will stop there and mention that the results of FGDs conducted within this RIA also prove an existing discriminatory approach towards women with family responsibilities (for details, see section 1.3.2).

Thus, enabling those persons with family responsibilities to work without being subjected to discrimination and, to the extent possible, without conflict between their employment and family responsibilities should become a national policy

priority. Therefore, **harmonization of the current Armenian legislation and policies with the Convention and accompanying Recommendation is beneficial from the perspective of basic labour rights protection of workers with family responsibilities, as well as from the perspective of enhancing their job security, working conditions, productivity and terms of employment.**

Article 6 of the Convention states that “the competent authorities and bodies in each country

34 ARMSTAT 2020b, p. 94.

35 ILO 2018, pp. xiv and 24.

shall take appropriate measures to promote information and education which engender broader public understanding of the principle of equality of opportunity and treatment for men and women workers and of the problems of workers with family responsibilities, as well as a climate of opinion conducive to overcoming these problems.” Thus, the introduction and implementation of gender-sensitive policies by the State in the field of labour is seen as an important action to be taken along with actions aimed at the general awareness of the specific needs and issues of workers with family responsibilities. However, in the absence of the recognition of workers with family responsibilities as a separate group and in the absence of a national policy for this group of workers, there are no such awareness measures in Armenia.

Overcoming gender stereotypes and ensuring equality between women and men in the field of employment are already part of the international legal responsibility of the Republic of Armenia, enshrined in the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW).

The Constitution of the Republic of Armenia (paragraph 4 of Article 86) stipulates that the main goal of the state policy in the economic, social and cultural spheres is the promotion of de facto equality between women and men.

A key legislative act aimed at eliminating gender discrimination in Armenia is the RA Law on Ensuring Equal Rights and Equal Opportunities for Women and Men. Based on this law, gender policy strategies are formed, within the framework of which the State plans and implements awareness-raising measures aimed at addressing gender issues.

Priority 2 of the 2019–2023 National Gender Strategy<sup>36</sup> is defined as overcoming gender discrimination in the socioeconomic sphere and expanding women’s economic opportunities. The following goal is mentioned under this priority: “Creating

favourable conditions for combining work and family responsibilities”. In fact, the National Gender Strategy is the only policy document addressing, to some extent, the employment issues of persons with family responsibilities. However, the overview of the situation on the ground shows that the actions and policies of the State do not lead to significant results in the above-mentioned direction.

Studies in recent years demonstrate that gender-based discrimination and the social norms prevailing in Armenia, which are typical of a patriarchal society, have a significant impact on women’s economic activity, in particular their insufficient involvement in the labour market (see section 1.3.2).

The overview of the situation on the ground shows that the root cause of the problem is the **insufficient contribution of men to household-related activities**, which stems from the **stereotypical perception** of the role of men and women in family care and needs to be addressed from that perspective.

Overcoming the stereotypes that hinder women’s economic activity is also an international legal obligation undertaken by the Republic of Armenia. To harmonize its legislation with Article 6 of Convention No. 156, Armenia should ensure the gender sensitivity of general education standards and teaching materials and implement more effective awareness-raising activities aimed at overcoming gender stereotypes in employment and forming a social and cultural environment that promotes the equal distribution of responsibilities between men and women in the family.

## 1.3 Socioeconomic context

### 1.3.1 Armenia’s social protection system

Armenia’s social protection (SP) system is relatively well developed, with a considerable legislative and policy framework, although the coverage of different

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36 Republic of Armenia 2019b.

programmes is quite modest. The comprehensive and manifold legal frameworks for regulating the design, administration, delivery and monitoring of the provision of SP programmes allows most social

risks faced by the population of Armenia to be addressed through the provision of contributory and non-contributory cash transfers, as well as ALMPs (see Figure 2 below).

**Figure 2:**  
The social protection system in Armenia

Social insurance (contributory)	Social assistance (non-contributory)	Social services	Active labour market policies/programmes
<p><b>Long term</b></p> <p><b>Pensions</b></p> <ul style="list-style-type: none"> <li>- Old-age pensions</li> <li>- Long-term service pensions</li> <li>- Pensions appointed by the law</li> <li>- Other pensions</li> <li>- Survivors' pensions</li> <li>- Disability pensions</li> <li>- Mandatory pensions</li> <li>- Other special schemes</li> </ul>	<p><b>Cash transfers</b></p> <p><b>Family Living Standards Enhancement Benefits (FLSEB)</b></p> <ul style="list-style-type: none"> <li>- Family benefit (FB)</li> <li>- Social benefit (SB)</li> <li>- Lump-sum emergency assistance               <ul style="list-style-type: none"> <li>● In the case of childbirth</li> <li>● For enrolling the child in the first grade</li> <li>● In the case of the death of a family member</li> </ul> </li> <li>- Quarterly emergency assistance</li> </ul> <p><b>Other cash transfer</b></p> <ul style="list-style-type: none"> <li>- Old-age benefit</li> <li>- Disability benefit</li> <li>- Survivors' benefits</li> <li>- Maternity benefit for non-working women</li> <li>- Childbirth lump-sum benefit</li> <li>- Funeral grant</li> <li>- Financial support to schoolchildren in orphanages</li> </ul>	<p>Social care services for children, youth, persons with disabilities and the elderly</p>	<ul style="list-style-type: none"> <li>- Nanny program with state support</li> <li>- Vocational training for mothers</li> <li>- Programme for visually impaired people</li> <li>- Lump-sum compensation to employers recruiting unemployed people who are disadvantaged in a competitive labour market (for example, disabled workers)</li> <li>- Internships/work practice</li> <li>- Vocational training</li> <li>- Assistance benefit for relocation(or mobility) (matching labour demand and supply)</li> <li>- Assistance in seasonal employment</li> <li>- Assistance to become engaged in small business and cattle breeding</li> <li>- Assistance benefits for job searching</li> <li>- Assistance benefit to use a private employment agency's services</li> <li>- Public works</li> <li>- Job fairs</li> <li>- Job clubs</li> </ul>
<p><b>Short term</b></p> <ul style="list-style-type: none"> <li>- Childcare benefit</li> <li>- Sickness/injury leave benefit</li> <li>- Maternity benefit</li> <li>- Health insurance for civil servants</li> </ul>	<p><b>Food, in-kind and near-cash transfers</b></p> <ul style="list-style-type: none"> <li>- School feeding</li> <li>- Subsidized baby food and related products</li> <li>- Targeted health, education and housing/utility subsidiess</li> </ul>		

However, a life cycle analysis of SP programmes of Armenia, undertaken with an expert team and based on the data collected through the Core Diagnostic Instrument tool (Inventory section),<sup>37</sup> revealed that the coverage of programmes targeting the most vulnerable is limited; furthermore, in number of cases, they either do not cover all the needs or do not correspond to the existing needs. For instance:

- The ALMPs do not fully cover the needs of beneficiaries in cases of unemployment: in 2020, only 9 per cent of the officially registered unemployed were covered with ALMPs.<sup>38</sup>
- While the geographic scope of day-care centres<sup>39</sup> for children is expanding, only 0.2 per cent of the estimated need is being met if only the number of poor children is considered. Only 32 per cent of children aged 0–5 have access to preschool education. Day-care centres for children with disabilities are very limited; specialized institutional care is the main alternative.<sup>40</sup>
- Day-care centres established on the basis of transformed residential care institutions do not consider the needs of their current beneficiaries and instead suggest a standard package of services (e.g. therapies, support with schooling, and the provision of food once per day). That these children need additional hours of care (such as longer shifts) when their parents are at work is not considered, although this was one of the main reasons for placing children in residential care.<sup>41</sup>

If SP policies and legal frameworks are considered from a life cycle perspective, the comprehensiveness of a system is measured by the extent to which it provides protection for key life cycle contingencies. While comparing with the international frameworks,

particularly with the life cycle contingencies outlined in the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102),<sup>42</sup> it becomes clear that although the Armenian SP system addresses a number of contingencies, such as sickness, employment injury, maternity, unemployment and old age, clear gaps still remain. For example:

- The unemployment benefit was abolished in 2013, leaving nearly 240,000 unemployed people (or about 61,000 officially registered with the SEA) to fend for themselves today as they search for new work.<sup>43</sup>
- Although the maternity benefit has now been extended to all non-working mothers as well, which created a social protection floor for maternity protection, parental care allowances and other subsidies for childcare continue to be available only to a small number of parents. The lack of widely available and affordable childcare services means that the maternity system is not fulfilling its function of allowing women to accommodate both childbearing and work responsibilities.

These features partly reflect the direction that Armenia has taken with regard to its development vision. The abandonment of unemployment protection and the formation of a maternity system that discourages women from breaking from the labour market for a full three years show a desire to grow employment but a lack of investment in social protections for an inclusive growth agenda.

## 1.3.2 Current/baseline situation

### 1.3.2.1 Armenia's labour market profile

The labour force participation rate in Armenia in 2019 was 59.9 per cent: 71.7 per cent for men, 49.6 per cent

38 State Employment Agency 2020.

39 Day-care centres operate on the basis of the Law on Social Assistance and provide care to the elderly and/or persons with disabilities, as well as children—and in cases defined by the Armenian legislation, to the family members of those children. This includes food, social and psychological assistance, legal counselling, individual work reha-

bilitation programmes for persons with disabilities, and other support.

40 UNICEF and World Bank 2021, p. 53.

41 Ibid.

42 ILO 1952.

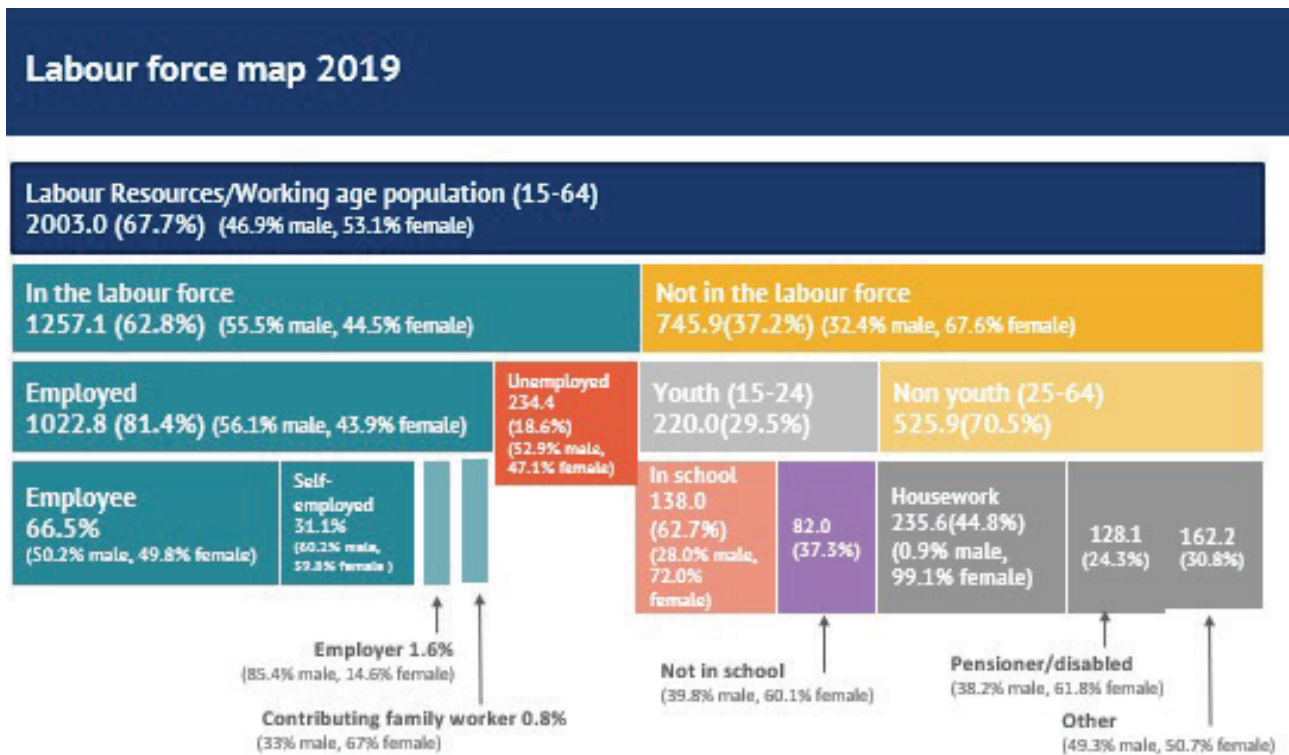
43 ARMSTAT 2020b, pp. 100 and 106.

for women.<sup>44</sup> The situation is similar to global trends: in 2018, the global labour force participation rate was 75 per cent for men and 49 per cent for women.<sup>45</sup>

The employment status of Armenia's working-age population in 2019 is presented in Figure 3.

**Figure 3:**  
Armenia's labour market structure, 2019

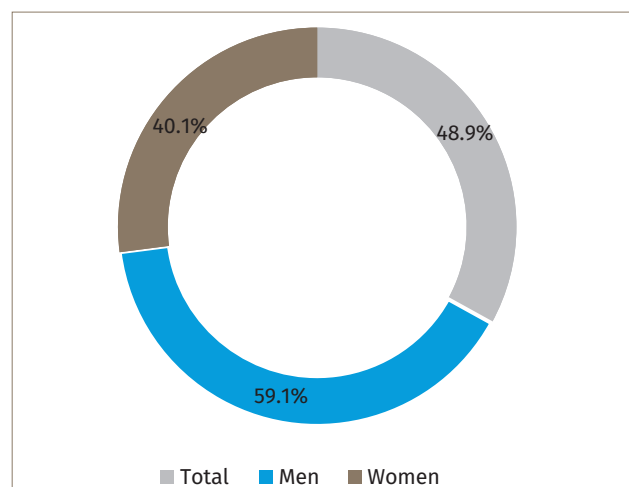
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Source: ARMSTAT 2020b; ARMSTAT 2020e; authors' calculations.

Thirty-seven per cent of labour resources, or about two in five were inactive in 2019; among the economically active population, 18.6 per cent were unemployed, hence the high unemployment and low activity rates resulting in less than half (or 49 per cent) of labour resources being employed in 2019 (see Figure 4).

**Figure 4:**  
Employment to labour resources ratio, 2019



Source: ARMSTAT 2020b, p. 26.

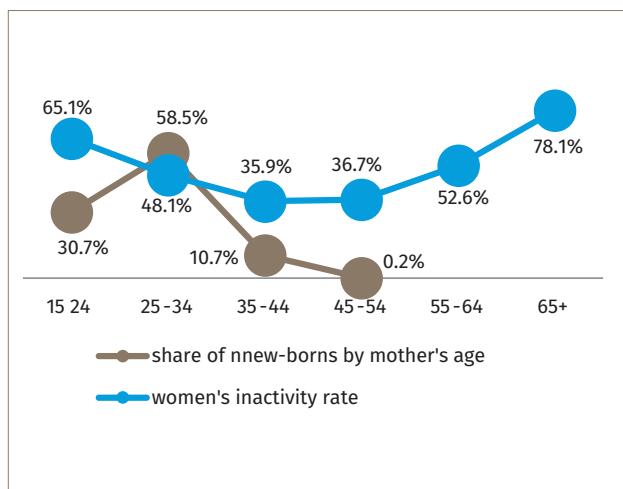
44 ARMSTAT 2020e, p. 72.

45 ILO 2017.

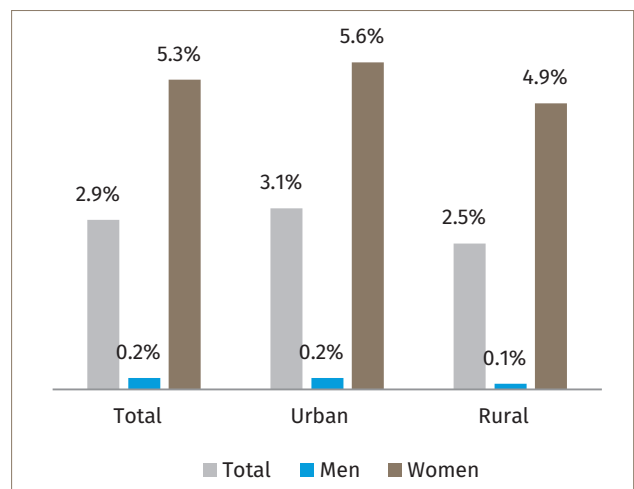
**Women are much more likely to be economically inactive than men** (see Figure 1.3), which is explained, among other factors, by caregiving and other family responsibilities. The gender gaps in

inactivity rates among the 25–34 age group coincides with the ages when women are more likely to have young children (see Figure 5 and Figure 6).

**Figure 5:**  
Share of newborns by mother's age and women's inactivity rate, by age group, 2019



**Figure 6:**  
Share of the population outside the labour force due to care reasons, by settlement type, 2019



Source: ARMSTAT 2020a, p. 65; ARMSTAT 2020b, pp. 36 and 99.

In 2019, the share of the population outside the labour force<sup>46</sup> was 40.1 per cent; furthermore, the share of women outside the labour force was 50.4 per cent versus 28.3 per cent of men.<sup>47</sup> The share of the population outside the labour force by gender

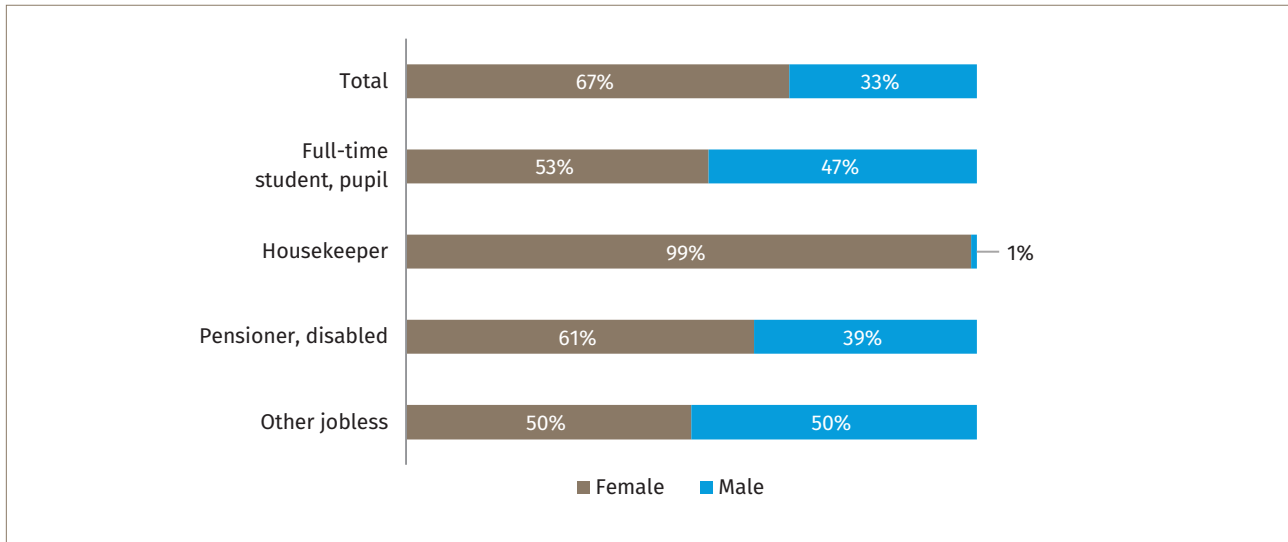
and category is presented in Figure 7. Although the share of women in all categories is high, it is worth mentioning their engagement in housekeeping: 99 per cent.

46 Calculated by ARMSTAT (2020b) as the share of the population outside the labour force to the total number in the working-age population.

47 ARMSTAT 2020b, p. 52.

**Figure 7:**

Share of the population outside the labour force, by category of participants, 2019



Source: ARMSTAT 2020b, p. 52.

If we consider the reasons why men and women who are outside the labour force are not looking for a job, the share of women outside the labour force due to

caring for a child or other family member was 14 per cent compared to 1 per cent for men (see Table 1).

**Table 1:**

Share of the population outside the labour force (15–74 age group), by reason for not seeking a job, 2019

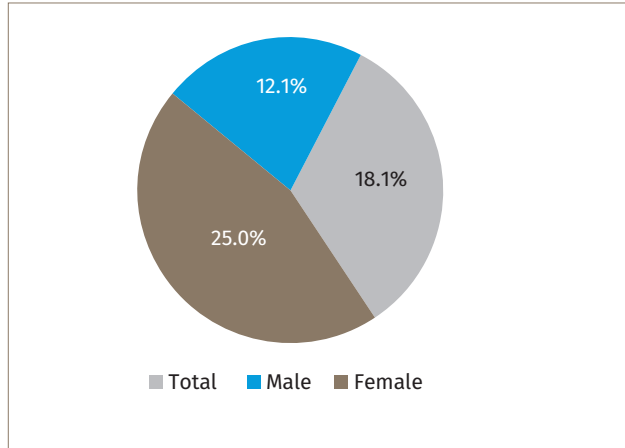
	Total	of which		Share in total	
		Male	Female	Male	Female
<b>Total</b>	100%	100%	100%	33%	67%
<b>Family circumstances</b>	17%	1%	24%	2%	98%
<b>Full-time students or pupils</b>	17%	24%	13%	47%	53%
<b>Illness, disability</b>	18%	22%	17%	39%	61%
<b>Childcare</b>	8%	0%	12%	1%	99%
<b>Caring for a sick, disabled or elderly family member</b>	2%	1%	2%	11%	89%
<b>Discouragement (failure to find a job)</b>	16%	19%	15%	38%	62%
<b>Other</b>	22%	34%	17%	49%	51%

Source: ARMSTAT 2020b, p. 52.

**Underemployment is a challenge** for working Armenians: one in six workers (or 18.1 per cent) in 2019 worked part-time, but the share of women

working part-time was double that of men (see Figure 8 and Figure 9).

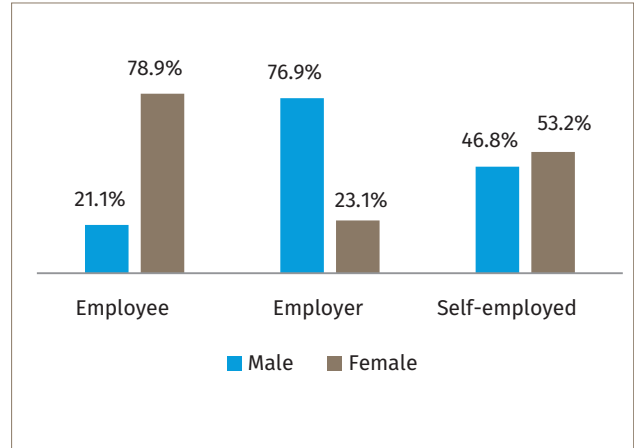
**Figure 8:**  
Share of the employed usually working part-time, by gender, 2019



Source: ARMSTAT2020b, p. 74.

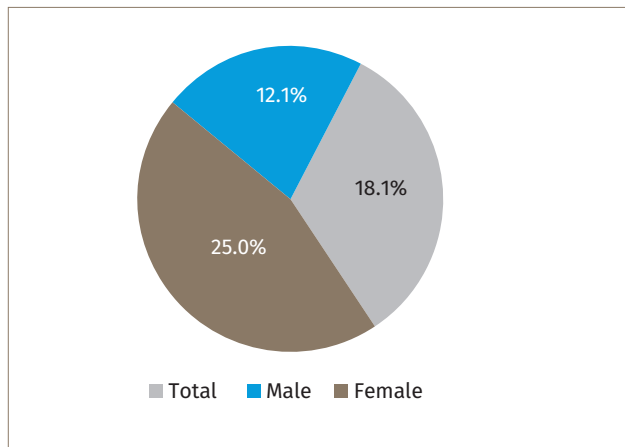
According to the 2019 LFS data, 48.8 per cent of the respondents employed part-time reported that such work was a forced choice for them—due to their care duties or not being able to find a full-time job or

**Figure 9:**  
Share of the employed usually working part-time, by employment status, 2019



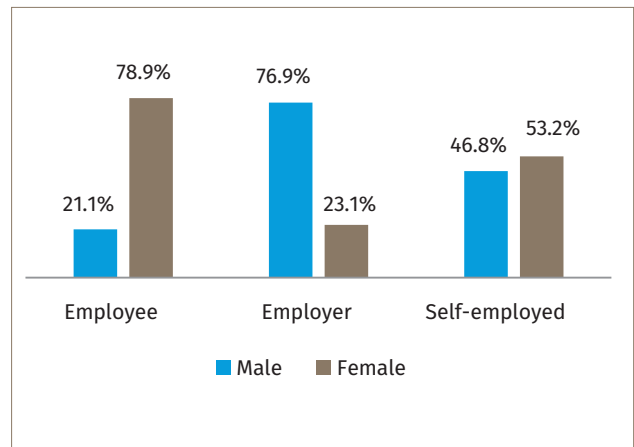
by their employer's initiative. Among all employed part-time workers (due to the above-mentioned reasons), 61.7 per cent were women (see Figure 10 and Figure 11).

**Figure 10:**  
Share of the workers forced into part-time employment among all of those employed part-time, by gender, 2019



Source: ARMSTAT 2019.

**Figure 11:**  
Share of the workers forced into part-time employment, by reason, 2019





The share of women among respondents not engaged in a gainful activity during the surveyed period because they are engaged in household chores, family responsibilities or childcare (62 per cent) is about double that of men (38 per cent).

**Due to prevailing social and cultural norms, the burden of family household responsibilities and the need to leave the labour force due to care reasons seem to be an issue exclusively affecting women—either keeping them out of the labour market or forcing them to opt for involuntary part-time work.** This in turn results in low earnings or reduced income, thereby putting families and individuals at risk of falling into poverty.

**The unemployment rate is high for both men and women;** since the 2010s, the unemployment rate in Armenia has hovered around 18–19 per cent—for example, 17.5 per cent for men and 19.3 per cent for women in 2019. However, more disturbing—and unaffordable for Armenia—is the high inactivity rate; the share of the population (aged 15–74) outside the labour force in 2019 comprised 40.1 per cent.<sup>48</sup> Women in Armenia are disproportionately affected by inactivity; the share of women outside the labour force was 50.4 per cent in 2019, almost double that of men (28.3 per cent). The underlying reasons are complex and vary among different groups, such as youth and women: as many as 47.5 per cent of young women not active in the labour force gave childcare as their reason for not taking paid employment, compared with only 3 per cent of young men.<sup>49</sup>

The 2019 IMF research on selected issues in the Republic of Armenia reveals that being married has a negative and significant association with female labour force participation; furthermore, women's childcare responsibilities are an important constraint to their labour force participation. This negative relationship is particularly strong for the youngest group of children (aged 0–3) in all regions of the

country and for the group of children aged 4–5 in rural and secondary cities. The presence of disabled family members also weighs on women's decision to participate in the labour force.<sup>50</sup>

**The social norms and gender-based discriminatory perceptions assign to women the responsibility for childcare, eldercare and overall household duties,** which, when paired with other factors, narrows down their opportunities to work by their choice, in conditions of dignity, safety and fairness. The UN Women/ARMSTAT joint study on the gender pay gap and gender inequality in the labour market in Armenia supports this statement: women spend large amounts of time doing unpaid domestic work, including spending comparatively more time than men on household chores, caring for sick, elderly and disabled family members, and caring for children. The gender gap, according to the study, is maintained in the hours spent on these domestic activities. Namely, women spend most of their time on household chores and childcare, indeed more than twice the time that men spend. Overall, women spend 58.5 hours weekly on domestic work, while men only spend 28.4 hours. Meanwhile, the hours that women spend on unpaid domestic work vary across labour market statuses, but that does not apply to men: employed women spend 27.5 hours weekly on domestic work, while inactive women spend over a third more (37.5 hours); on the other hand, men spend about 11 hours weekly, irrespective of their labour market status.<sup>51</sup> The study also reveals that Armenian women work less than men by about 14.3 per cent, which explains a third to half of the gender pay gap when calculated with monthly wages (40 per cent).<sup>52</sup>

### 1.3.2.2 Care and persons temporarily absent from work

**According to the 2019 LFS data,<sup>53</sup> 4.3 per cent of the entire working-age population in Armenia were absent from work and expected to return,**

48 ARMSTAT2020e, p. 72.

49 Save the Children Armenia2018, p. 12.

50 IMF2019, p. 24

51 UN Women and ARMSTAT 2020, p. 39.

52 Ibid., p. 44.

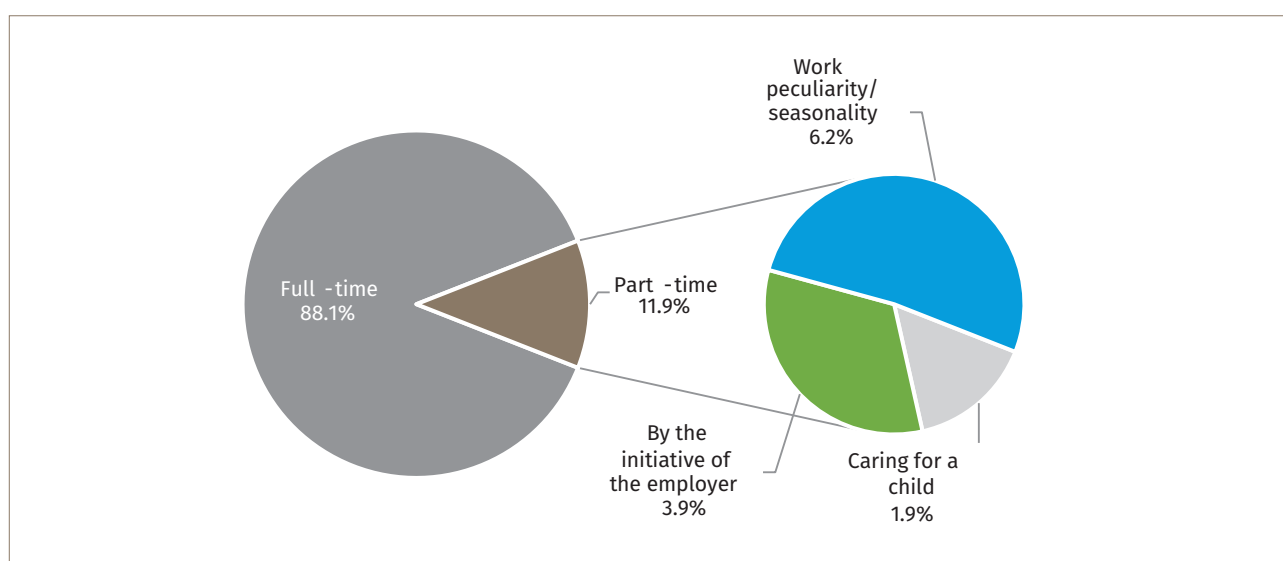
53 ARMSTAT 2019.

**at the time the survey was conducted.** The reasons for their absence vary: for the sheer majority of absent workers (59 per cent), their seasonal work ended; the next most important reasons were childcare (12.8 per cent) and vacation (11.2 per cent); pregnancy/parental care accounted for 3.3 per cent of the population, while caring for the sick

and elderly amounted to only 0.3 per cent. In total, 88.1 per cent of workers who were absent due to pregnancy/delivery work full-time; yet, of the small share working part-time, only 1.9 per cent reported doing so because of childcare, while the rest did so due to the requirements of the job (see Figure 12 below).

**Figure 12:**

Time duration of working hours and reasons for part-time work of currently absent workers for child delivery



Source: ARMSTAT 2019.

Interestingly, when part-time employed workers were asked why they personally took care of their child or a sick, disabled or elderly family member, their answers were almost exclusively unrelated to the actual institutional set-up of care in Armenia: 51.8 per cent did so because their child was very young, 33.4 per cent wanted to do it themselves and only 1.6 per cent did so because institutional care services were not available in the area. Similar observations could be obtained by looking at the employed individuals who worked a fewer number of hours in the week preceding the interview than the amount they typically work (which should be a reflection of the expected number of working hours as stated in their contract) - only 7.3 per cent

of employed individuals worked actual hours than usual in Armenia. The reasons for working lower actual hours are as such: the largest reason is the end of the seasonal work (47.2%), followed by lack of clients and customers (15.3%), the reasons for care of children and other persons are low ranked, whereby childcare features with 4.9%, while care for elderly and sick persons with a negligible 0.1%.

**The 2019 LFS data analysis reveals that more than two thirds of individuals who embarked on a leave period of up to three years to take care of a child were absent for more than six months** which indicates that the legislative possibility of taking unpaid leave to care for a child for up to three

years is utilized in its prescribed span. Indeed, 94.2 per cent of all childcarers up to a three-year period reported a wage of zero, suggesting that such a leave has indeed been unpaid. Around 47.5 per cent of children taken care of this way have not yet reached the age of 1, 33.2 per cent have been 1 year old, and the rest (19.3 per cent) have been 2 years old. This suggests that the utility of the possibility of taking leave to care for a baby declines as the child grows.

**About half of the non-employed respondents reported that they had a job in the past, which they left.** However, a large share of them (63 per cent) have been out of work for two years or more, and these people are not asked for the reason why they quit their job, probably because it has been

a long time since they quit. The remaining 37 per cent are asked about their reasons for quitting their previous job, and the answers are provided in Figure 13. We observed that the key reason why the non-employed quit their previous job was that the seasonal work had ended (43.8 per cent), in addition to reasons on the side of the employer (such as the lack of customers, reorganization within the company, etc., at 17.3 per cent).

On the other hand, the FGD results (conducted with men and women workers with family responsibilities for this RIA) suggest that family responsibilities of childcare providers limit their ability to become engaged in economic activities.

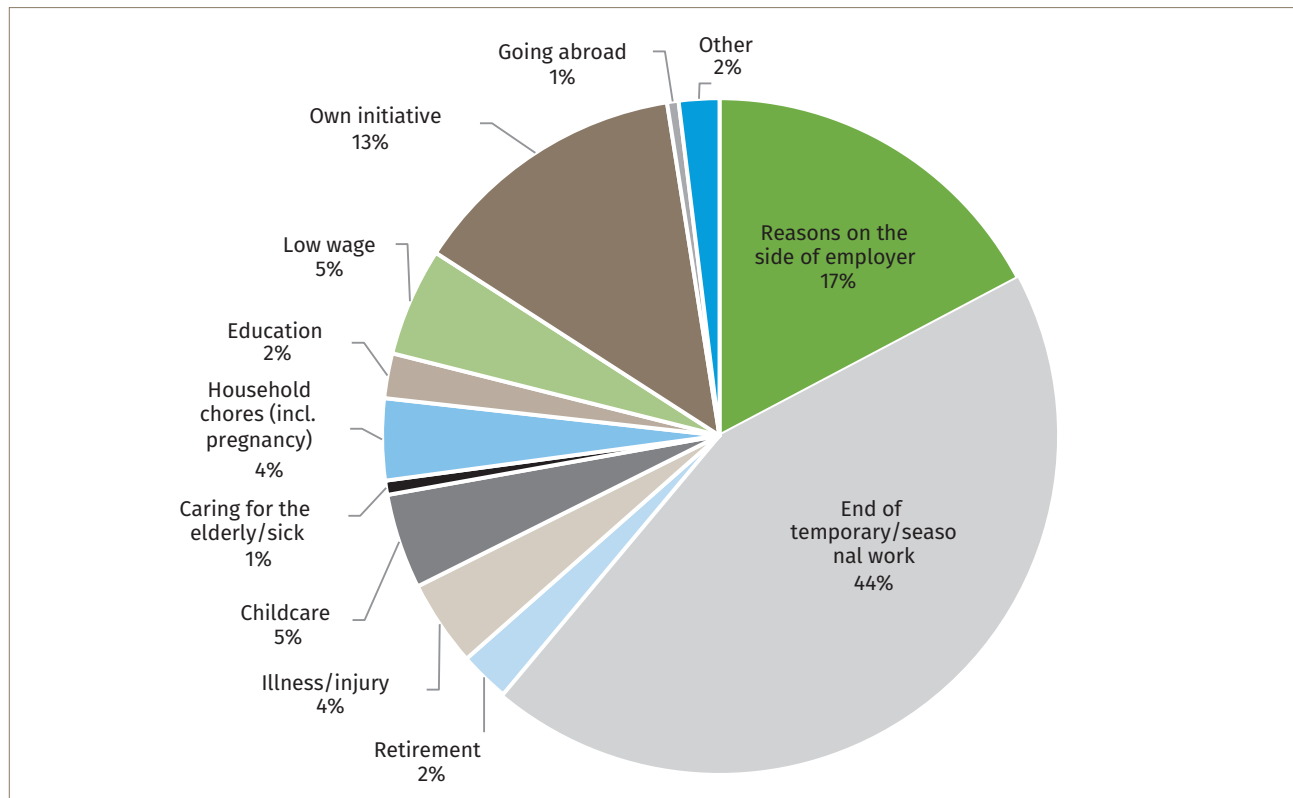
“I do work hard, but my wife, who could work, prefers to stay home and take care of the children, as we do not have anyone else to take care of them.”

—FGD male participant

“If a young family doesn’t live with the parents [of the husband or wife, which is common in Armenia] and there is no third person [such as a grandmother or nanny] who could help in taking care of the children, then one of the parents, mainly the mother, is forced to stop her economic activity or work in night shifts [as I do myself].”

—FGD woman participant

**Figure 13:**  
Respondents' reasons for quitting their previous job



Source: ARMSTAT 2019.

**Here, care is represented through three categories:** childcare (4.6 per cent of the respondents quit their job for this reason), household chores (including pregnancy, 3.9 per cent) and caring for the elderly/sick (0.7 per cent). The share of the non-employed who quit their job to do the same is not large but is in line with the previous observations for people absent from work and for employed individuals who work less (i.e. part-time or with fewer hours).

We observed some characteristics of the workplace of persons quitting their job due to care work. Interestingly, among the three care categories (childcare, elderly/sick care and household chores), half were employed in member cooperatives; among the currently employed, 31.3 per cent were employed in member cooperatives, suggesting that more frequently they are quitting their job to undertake care tasks. The next interesting thing is that, among

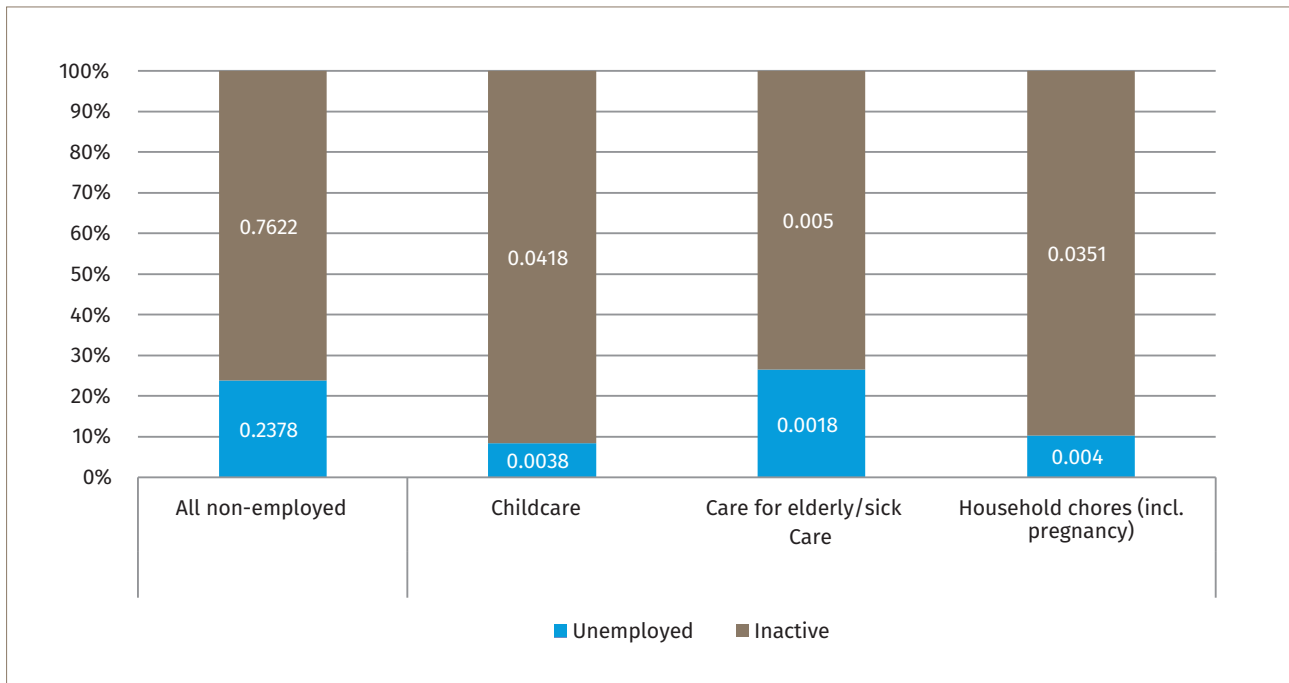
those who undertook care for the elderly/sick, 27.2 per cent were informal workers before (albeit the size of this sample was very small). The share of quitters who undertook household chores and who were informally employed before is also non-negligible, at 13.2 per cent<sup>54</sup>.

**Unsurprisingly, non-employed carers are more frequently inactive (that is are not employed and are not looking for a job) than unemployed carers (that is are not employed but actively searching for a job)** (Figure 14). We observe that about a fourth of all non-employed are considered unemployed, whereas among childcarers, this percentage drops to 8.3 per cent, and among persons doing household chores, it amounts to 10.2 per cent. It is only among carers for the elderly/sick where the share is similar to that of the entire non-employed working-age population.

54 ARMSTAT 2019.

**Figure 14:**

Non-employment status of persons quitting their job to undertake care responsibilities



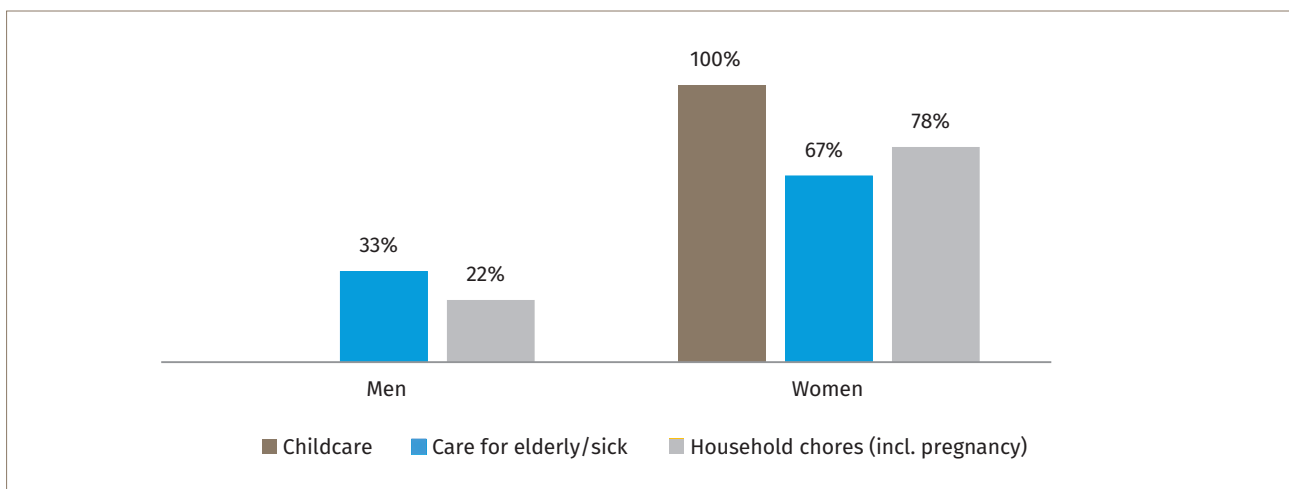
Source: ARMSTAT 2019.

Before we examine the inactive population in more detail, we provide some basic personal characteristics of the quitters who did so to undertake care responsibilities. Contrary to the previous groups of carers (i.e. absentees from work and part-time workers), the quitters who undertook care tasks are

predominantly but not exclusively women (Figure 15), except those providing childcare (all of whom are women). Namely, about 30 per cent of the carers for the elderly/sick are men, as well as about 20 per cent of those taking care of the household.

**Figure 15:**

Gender structure of the non-employed who quit their job to undertake care responsibilities

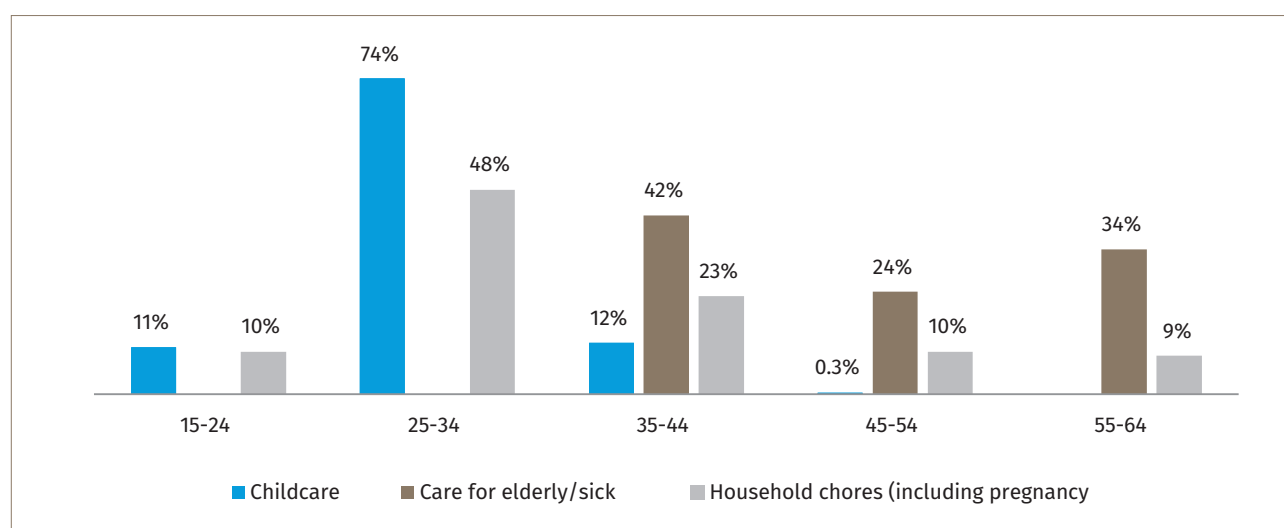


Source: ARMSTAT 2019.

Age structure brings interesting insights (Figure 16). Most of the childcarers (all women in this case) are concentrated in the 25–34 age group, which is the reproductive age cohort, suggesting that these are the mothers who quitted their job to take care of their children. The age distribution of the carers for the household tilts slightly towards older age, despite the 25–34 age group still being dominant, likely reflecting the role of pregnancy (because the category

of household chores includes pregnancy). On the other hand, the non-negligible shares of persons who quitted their job to undertake household tasks in the 45–54 and 55–64 age groups clearly points to doing tasks like cooking and cleaning. The carers who quitted their job to take care of the elderly/sick are clearly distributed among older ages, with strong representation in the 45–54 and 55–64 age groups.

**Figure 16:**  
Age distribution of the non-employed who quit their job to undertake care responsibilities



Source: ARMSTAT 2019.

**Hence, it can be concluded that, although the share of temporarily absent or part-time workers or those who quitted their previous job is modest, the gender gap is obvious.**

### 1.3.2.3 The enabling environment

Creating favourable working conditions to combine work and family responsibilities depends on a number of factors and circumstances. When society fails to provide proper solutions to support the reconciliation of the dual roles of work and child/family member care responsibilities, negative outcomes follow—both for the economy and for families.

Working families and particularly working women in Armenia often face serious challenges when reconciling work with family responsibilities. Finding the right balance is particularly difficult, particularly for low-income families as they often lack resources and/or have limited access to care services. The fact that gender norms in Armenia associate women with domestic tasks rather than income-generating roles has a major impact on their time poverty (see Box 2).<sup>55</sup> Hence, it could be concluded that women in Armenia experience time poverty due to their combined economic and domestic roles, especially as males migrate and women assume more responsibility for unpaid work on family farms and/or in informal home-based enterprises.

55 Asian Development Bank 2015, p. 3.

## Box 2. Time poverty

Time poverty is when there is no discretionary time, and perhaps not even enough necessary time, available to a person, and choices need to be made regarding the allocation of time between essential activities.

In other words, time poverty is the burden of competing claims on an individual's time that reduce their ability to make unconstrained choices on how they allocate their time, leading to increased work intensity and to trade-offs among various tasks.

### **The international evidence suggests that support for childcare and eldercare affects women's labour market participation.**

According to ARMSTAT, in 2019 only 34.7 per cent of children aged 0–5 were enrolled in preschool education or kindergartens (39.6 per cent in urban areas and 25.4 per cent in rural areas). Furthermore, the situation is even worse in regard to nursery-kindergartens providing services to children up to 3 years old: in total, preschool institution nursery-kindergartens comprise 7.7 per cent, kindergartens comprise 77.4 per cent (providing services to children aged 3–5), and the remaining 14.9 per cent are alternative or school kindergartens (set up for small communities and providing services to 5-year-old children).<sup>56</sup> In fact, children aged 2–3 are not covered.

A World Bank study on the role of childcare and eldercare in Armenia reveals that for Armenian families with children aged 7 and below, the combination of informal and formal childcare arrangements is the most common arrangement: 57 per cent of such families reported using a combination of formal and informal<sup>57</sup> childcare services. Furthermore, the qualitative data (from 2014) indicate the existence of gaps between the supply and demand for childcare in Armenia, where the current provision of care services does not appear to meet the actual and potential needs for such services. FGD participants (conducted within the same study) voiced concerns

linked to accessing providers located in certain urban and rural areas. In addition, issues of capacity and overcrowding contribute even further to the gap between the supply and demand for childcare services, particularly in urban areas.<sup>58</sup> It is also worth mentioning that despite having a free public childcare system, many Armenian families express concerns about the high cost of quality childcare services, particularly in urban areas, as they look for alternative private providers due to the perception that the quality of free public childcare services has declined.

One of the key informants (representing employers' point of view) stressed the fact that issues in terms of assuring equal opportunities for men and women with family responsibilities are largely driven by the lack or imperfection of necessary infrastructure (starting with transportation traffic jams and ending with available and affordable quality care services), rather than by gaps in the current legislation.

According to the key informant, on the one hand, the Government encourages births by providing lump-sum childbirth benefits (which varies based on the newborn's birth order among the applicant's previous children), while on the other hand, very little or nothing is done to ensure equal opportunities for these women to re-enter the labour market.

56 ARMSTAT2020c, p. 7.

57 Informal care refers to unpaid care. Informal caregivers are usually family members, friends or relatives of the care recipient. Regarding childcare, mothers are seen as 'natural' primary caregivers. Others, such as grandparents, fathers and siblings, can also be informal caregivers.

Regarding eldercare, unlike informal childcare, there is no 'natural' primary caregiver for eldercare. This role is often, though not always, taken by the elder's children, spouse and/or household members.

58 World Bank 2017b, pp. 13 and 16.

### Box 3. Kindergartens – The situation at a glance

The number of kindergartens and the number of enrolled children in Armenia has decreased dramatically since 1990: the economic crisis, exacerbated by armed conflict, strongly affected communities' capacities to keep kindergartens functioning during the ensuing years.

With the adoption of the Law on Local Self-Governance (early childhood development (ECD) became the responsibility of communities, funded from local budgets and fees paid by parents. However, local self-governance bodies' managerial, professional and financial capacities were not satisfactory to ensure the operation of kindergartens. Therefore, the decrease in the capacity of kindergartens did not stop after 1996. Only starting in 2010, a stabilization and some degree of recovery was registered (see the table below).

Number of kindergartens and number of enrolled children in Armenia

Year	Number of kindergartens	Number of enrolled children (thousands)	Share of the number of children of relevant age
1990	1,192	113.3	...
2000	764	46.3	17.2%
2005	717	72.4	28.6%
2010	639	58.3	24.4%
2015	717	72.4	28.6%
2019	906	82.1	34.7%

Source: Statistical Yearbook of Armenia for relevant years, section on "Education and Culture".

All FGD participants (both employees and employers) agree that it is particularly challenging to combine work and family responsibilities outside of Yerevan—in small cities and rural areas—due to the limited or lack of resources and the availability and affordability of proper care services, be that childcare or eldercare.

**As for the eldercare services**, according to ARMSTAT publications, in 2019 there were nine institutions providing social services to elderly and disabled persons; these institutions were known as retirement homes (of which five were state and four were non-state institutions, with 1,380 and 183 elderly and persons with disability).<sup>59</sup> Note that social norms and perceptions regarding the role of adult children on the care of their ageing parents are one of the main

factors determining demand for eldercare services in Armenia. **The FGDs conducted within the World Bank study on childcare and eldercare in Armenia made clear that family-based, at-home eldercare is not only preferred but is viewed as an obligation.** Interviews conducted within the study showed that 75 per cent of households utilize informal eldercare only, and only 2 per cent use a combination of formal and informal care. Meanwhile, it is worth mentioning that the interviews conducted within the World Bank study suggest that 97 per cent of households where eldercare was provided or received had a female caregiver.<sup>60</sup>

**The existing gaps in the policy and legal frameworks in terms of supporting workers**

59 ARMSTAT2020c, p. 518.

60 World Bank 2017b, p. 27.



**with family responsibilities** are due to, on the one hand, incomplete/imperfect policies encouraging employers to adopt measures to facilitate sharing work and family responsibilities. On the other hand, these frameworks are paired with high unemployment, with underemployment forcing men and women (but mainly women in Armenia, as they bear an unequal share of all family responsibilities including caring for children or family members) to forgo opportunities for decent work (and face the risk of working precarious and/or informal employment or opting for self-employment or being an unpaid family worker in the family business, often informally) or interrupting their employment. According to 2019 LFS data, 34.5 per cent of all employed were self-employed, of whom 37.9 per cent were women; and 13 per cent of those temporarily absent from work were absent because they were taking care of a sick,

disabled or elderly family member or have been taking childcare leave, and all of them were women. Moreover, 58 per cent of all part-time workers were women, 6.3 per cent of whom obtained a part-time job because they were taking care of a child or a sick, disabled or elderly family member; 25.5 per cent could not find a full-time job; and the rest worked part-time due to other reasons (e.g. not interested in working full-time, had an illness, etc.).

The employer representatives participating in the FGD assured that all guarantees provided by the legal framework and national policies are strictly met in the state sector of the economy, but the challenges in this regard in the private sector are still present, particularly for those who are vulnerable - informal/not registered employees, whose rights generally are not protected.

All guarantees provided by the labour legislation are preserved. So far, [there have been] no issues related to childcare or maternity leave. However, issues related to family responsibilities arise, and if the person has to work fewer hours, it results in a pay cut.”

—FGD female participant

“We see a lot of unregistered workers around us; their rights are violated in this regard. They work 12–13 hours per day—this means they cannot fully fulfil their family responsibilities, regardless of whether they are a woman or a man.”

—FGD female participant

The FGD with employers’ representatives revealed that in some sectors, such as information technology and others where it is possible to work remotely, generally while hiring personnel, the preference is given to professional qualifications; family responsibilities are not taken into consideration. However, the FGD participants agreed that generally there is discrimination based on family responsibilities; in the majority of cases, the employer asks questions about the applicant’s family status and responsibilities during the hiring process. In Armenia, it is not rare when a man or a woman to are rejected to get hired because the work schedule would be incompatible with their family responsibilities. Not all sectors of the economy or all types of employment

allow implementing a flexible work schedule; all exceptions from the generally accepted rules are subject to individual arrangements. This statement was confirmed by one of the key informants as well.

Thus, by taking measures aimed at availing themselves of more flexible working hours, these workers often forgo opportunities for work that is not only productive and provides a fair income but also ensures security in the workplace and social protection for families, as well as better prospects for personal development and social integration. Here, it is worth mentioning that gender gaps in Armenia go beyond labour force participation, even though the legislation provides for equal economic opportunities

among men and women. Armenia ranks 98 out of 153 countries in the World Economic Forum's Global Gender Gap Index with its general score of 68 per cent (matching the global average), suggesting that there is a 32 per cent gender gap to close. Regionally, while Armenia has the highest score for the subcomponent on education attainment (0.998), its rank on economic participation and opportunities<sup>61</sup> for women is at the bottom of the regional group (0.673).<sup>62</sup>

**Internationally, it is recognized that key barriers to work are often related to the conflicting demands of men's and women's time for care and work activities.** These barriers generally result in

low labour participation and employment, reduced earnings and greater inequalities. The Armenian legislation is currently in place to provide 140 days of paid maternity leave; furthermore, the legislation ensures the opportunity for women to 'bounce back' in the labour market. While significant in its provisions, if not combined with access to quality childcare and with incentives for fathers to bear a share of the time devoted to care, this legislation can reinforce the traditional gender roles that limit women's workforce participation after birth. Unpaid parental leave for childcare that may be taken by the father is considered; however, there is little incentive for fathers to use it and share care responsibilities.

"The employee has to work night shifts, and if he/she has a child who needs parental care, what should we do? Yes, once in a while, we can make concessions, but the production cycle doesn't allow us to do it on a permanent basis, so what can we do?"

—FGD participant, employer

"In Armenia, we do not have a civilized culture of hiring yet, and people with family responsibilities face discrimination in all areas of employment."

—FGD male participant

"The legal framework provides several provisions that allow workers to, for instance, work shorter hours [the pay is being cut, of course], but our discussions with employers revealed that many of them will get rid of such employees, as the production process requires full engagement."

—Key informant

#### Box 4. FGD with working men and women with family responsibilities

According to discussion participants, the guarantees in terms of ensuring equal opportunities set forth by the acting legislation and implemented policies are better or mainly preserved in state institutions.

*"In our system, all legal requirements are followed. For instance, nursing mothers are allowed to go home two hours earlier; if the mother is on childcare leave, after she 'bounces back', her position and remuneration rate is preserved."*

—FGD male participant

61 World Economic Forum 2019, p. 45. The economic participation and opportunities sub-index contains three concepts: the participation gap, the remuneration gap and

the advancement gap.

62 World Economic Forum 2019, p. 45.

In state institutions, the legal requirement of providing paid leave (five days) to a father within 30 days after the child was born is also preserved; however, it is important to note that due to the social norms typical to Armenian society, Armenian men do not use this leave.

In the private sector, the legal requirements are preserved as well, but much depends on how well the working men and women with family responsibilities are aware of those guarantees. It is noted that the awareness level is low, with people generally not aware of their rights in this regard.

*"[You] start getting information when the need [or] problem arises. Only then are you interested in getting acquainted with some laws to know where your rights were violated. In all other cases, we simply do not know that [guarantees are] available to us."*

—FGD female participant

According to the FGD participants, although the guarantees ensuring that all men and women have equal opportunities to become engaged in economic activity are enshrined legally, the services that would create a favourable environment are limited. According to FGD participants, the services provided by the State are not accessible and affordable—or in fact are missing. And if the family cannot afford to obtain paid services from private sector providers, one of the parents or adult family members is forced to quit working to provide care for the child or other family member.

According to FGD participants, it is hard to realize their right to free choice of employment: in state institutions, the strictly defined work schedule imposes difficulties for workers with family responsibilities.

*"The working parent has to be at his/her workplace at 8:00 a.m. [while the kindergartens/schools also begin at 8:00 a.m.]. It would've been great if the work day for [parents with young children] started at, say, 10:00 a.m."*

—FGD male participant, father of two children

In some cases, the private sector allows for a flexible work schedule, especially in the service sector. However, according to discussion participants, it is not a rare occurrence for employees' rights—which are enshrined by law—to be violated; and given the tense labour market situation, employees are often forced to adjust to unfavourable work conditions to not lose their job.

*"I am aware of many cases when people did not voice the problems related to their work terms and conditions in order to not lose their jobs. The work schedule is often violated: people work seven days per week, without any required days off."*

—FGD male participant

Also common are the cases when the employer creates a situation forcing the employee to quit his/her job voluntarily.

*"...for instance, if a breastfeeding mother with a child under 1 year old has to refer to her supervisor every time to take her breastfeeding break and every time have to wait 20–30 minutes for an answer, that mother is indirectly forced to quit her job."*

— FGD male participant

**Gender discrimination by employers plays an additional role in limiting women’s workforce participation.** Although any gender discrimination is prohibited by Armenian legislation (such as the RA Constitution and Labour Code), there are no prohibitions on employers asking prospective employees about their family status. Indeed, discrimination may partly explain the persistence of gender gaps in Armenia. At the same time, there is no publicly available information or statistics

on discriminatory employment practices of those with family responsibilities, particularly women. However, experts suggest that there exists such discrimination in almost all key areas of labour relations—recruitment, remuneration, promotion, dismissal, etc. The results of FGDs (conducted within this RIA) with working men and women with family responsibilities also evidence the existence of gender discrimination when hiring (see also Box 4).

In the service sector, employers are generally discriminatory towards women; when hiring, they consider [women’s] family/marital status and family responsibilities. For instance, in our community, women with young children wouldn’t be hired to work in a supermarket. Generally there is no equality. If you have a young child, you are not getting hired. Even if the woman is pregnant, [employers] do not hire.”

—FGD woman participant, a municipality operator and caregiver of a spouse with disability

“In [combining work and] family responsibilities, a very important factor is the presence of a third person who could become engaged in childcare. In this case, the parents are able to combine their family and work responsibilities.”

—FGD woman participant

According to FGD participants (working men and women with family responsibilities), their family responsibilities are a key barrier while looking for a job; however, once hired, discrimination based on family responsibilities is generally absent. According to the discussion participants, it is easier to deal with the conflict between work and family responsibilities in private and particularly in the service sector, where a flexible work schedule can more easily be applied; in state institutions, the requirements for maintaining the work schedule set by the contract are generally stricter.

Men’s and women’s preference and decision to participate in the labour market, as well as their access to quality jobs, are affected by a number of factors and often are conditional on how social policies are integrated into the country’s macroeconomic framework to prioritize strong support for workers, particularly working women with family responsibilities. To that end, the Armenian legal framework does not exactly recognize workers with family responsibilities as a separate

category, although it still contains certain important guarantees for men and women with responsibilities in relation to their dependent children and other family members. However, participants of the FGDs (conducted within this RIA) found the provided social guarantees insufficient to ensure equal employment opportunities. According to discussion participants, often the system of guarantees operates through social connections. Workers’ low awareness level also plays a negative role in this regard, so in the absence of additional social networks and connections, the social guarantees provided by the State are not enough to ensure equal opportunities for all.

As regard to specific guarantees for employees with family responsibilities, most of these guarantees are limited to childcare. One such guarantee is the **childcare benefit** that is provided to a parent on leave to take care of a child up to 2 years old and is regulated by the Law on State Benefits<sup>63</sup> (Articles 27, 28 and 28.1) and by RA Government Decision No. 1566-N of 29 December 2015 on “Approval of the Procedures for Assigning and Paying a Childcare

63 Republic of Armenia 2013a.

Benefit for Children under Two Years of Age”.<sup>64</sup> The RA Labour Code and the Law on the Rights of the Child contain clauses about the State’s obligation to pay benefits for childcare. It should be noted that the childcare benefit is a cash transfer and has a **contributory legal base**: only parents in formal employment are entitled to this benefit. As of the end of 2019, the number of children under 2 years of age (in fact, the number of parents almost entirely women—taking care of children) who were granted childcare benefits was 12,845,<sup>65</sup> and the amount of monthly benefits was AMD 18,000 (equal to 75.7

per cent of the food poverty line in 2019).<sup>66</sup> Funds allocated for this programme comprised 0.6 per cent (or AMD 2.7 billion) of all funds allocated for social protection in 2019.<sup>67</sup>

While discussing to what extent the existing SP guarantees (e.g. family allowance, maternity allowance, childcare allowance and guardianship allowance, as well as the availability and quality of community-based services) directly or indirectly meet the needs of employees with family responsibilities, all participants questioned the adequacy of cash transfers.

“The childcare benefit is definitely not enough. We have cases in which the mother has to return to work even before the child is 1 year old; at work, she constantly thinks about the child, so as a result, both the childcare and the work responsibilities suffer.”

—FGD participant, human resources manager

The RA Law on Temporary Incapacity to Work and Maternity Benefit provides some guarantees and benefits payable to the protected person (employed in the formal sector of the economy) in the event that he/she is providing care to a sick child or, to some extent, to a family member (the gender of the protected person is not specified).<sup>68</sup> In 2019, 2.7 per cent of all funds allocated for social protection (or AMD 12.3 billion) were directed to replace the lost income of employees due to temporary incapacity to work, including for those taking care of a sick child or family member.

From the perspective of the Convention, special emphasis should be placed on the families with members, including children with a disability, where the caregivers wish to become engaged in employment and, on the availability of measures/programmes that tackle the set of barriers limiting the access to decent work, so that they (caregivers) can exercise their right to become engaged in employment without conflict between their employment and family responsibilities. As of the end of 2019, there

were 192,013 registered persons with disabilities (or 6.4 per cent of the total population) in Armenia (the number will increase due to the second Nagorno-Karabakh war). Among them, 8,623 were children, who make up 1.1 per cent of the child population of the country (although anecdotal evidence suggests that the real number is higher). The families that have members with disabilities often face poverty not only due to the higher expenses required to afford basic needs but also due to the reduced opportunities to earn an income or the restricted possibilities of preparing for, entering, participating in or advancing in economic activity.

### 1.3.3 Problem definition

The legal framework analysis presented above suggests that the Armenian legislation provides a number of specific guarantees to workers with family responsibilities, such as the right to request part-time arrangements to take care of a child, to choose a shift where the employer is able to ensure such an opportunity to take care of a child under the age of 14, the prohibition to engage employees

64 Republic of Armenia 2015.

65 ARMSTAT 2020c, p. 474.

66 The size of all types of benefits in Armenia are defined by Government Decision.

67 Ministry of Finance of RA 2019, annex 1, table 2.

68 Republic of Armenia 2010, art. 3.

taking care of a child under the age of 3 in night-time work, the priority right of employees taking care of a child under the age of 14 or taking care of a sick or disabled person at home to choose the timing of their annual leave, etc.

However, the analysis of the current legislation allowed for the identification of a number of gaps that need to be addressed (such as amendments to the RA Labour Code<sup>69</sup> in terms of providing clear definitions of the terms ‘immediate family members’ and ‘family responsibilities’ in accordance with the scope of the Convention, as well as extending guarantees set forth in the Labour Code for childcare to the care of other family members) in order to harmonize the current legislation with the requirements of the Convention.

The RA Law on Employment<sup>70</sup> is considered the basis for the development and implementation of Annual employment regulation state program aimed at creating conditions for the sustainable and effective employment of the population by implementing ALMPs. The legal framework analysis highlighted the need for amending the Law on Employment and ensuring that the criteria for assessing a ‘suitable job’ consider the specific needs arising from family responsibilities, in particular the distance of the offered work from the workplace of the spouse and from the place of education of the children, as well as other circumstances related to other family responsibilities.

### 1.3.4 Conclusion

Beside the gaps requiring regulatory solutions, the socioeconomic analysis allowed the RIA team to come to the following conclusions:

- Although the guarantees ensuring that all men and women have equal opportunities to become engaged in economic activity are enshrined legally, the realization of their right to free choice of employment is still challenging due to existing discriminatory practices and gendered roles.
- The services that would create a favourable environment are limited; particularly challenging is the access to quality and affordable care services.
- Discrimination based on family status/responsibilities during the hiring process limits the opportunities for equal workforce participation.
- The insufficient level of awareness of the rights and regulations, as well as the persistent social norms, create significant gender gaps in terms of equal opportunities for women’s involvement in the labour market.

While discussing the issues to be addressed at this stage, the RIA team had not found it a matter of central concern to choose the regulatory/legal changes and instead considered it important to focus on policy and socioeconomic dimensions. Accordingly, **the RIA team identified the two specific objectives and respective policy options:** enhancing the enabling environment for workers with family responsibilities, particularly through developing quality and affordable community childcare services, and raising public awareness and advocacy efforts aimed at overcoming persistent social norms creating gender gaps in terms of equal employment opportunities for men and women, bringing about broader public understanding of the principle of equal opportunity and treatment for men and women workers and of the problems faced by workers with family responsibilities.

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69 Republic of Armenia 2004. Particularly in terms of the following articles: 142 (Work Time Regime), 144 (Limitations of Overtime Work), 148 (paragraph 4: considering pregnant women, women taking care of a child under 3 years of age while being assigned to night work), 149 (paragraph 4: pregnant women and employees raising a child

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under 3 years of age, may be appointed to be on duty at the organization or at home only upon their consent), 156 (Holidays and Commemoration Days), 164 (Procedure of Granting Annual Leave) and 209 (Guarantees and Compensation in the Case of Business Trips).

70 Republic of Armenia 2013b.

The background features a solid blue upper half and a solid green lower half. Overlaid on these are several large, semi-transparent, curved shapes in lighter shades of blue and green, creating a layered, abstract effect.

# METHODOLOGY AND OBJECTIVES OF THE STUDY

## 2.1 Methodology of the RIA

The current study attempts to answer the following questions:

- 1) What is/are the problem(s) to be addressed?
- 2) What is/are the specific policy objective(s) to be achieved through the identified interventions?
- 3) What are the different ways of achieving the objective(s) and the cost (such as the budgetary, administrative, economic and social implications

of various modalities of the problem's solution) of those achievements?

The assessment was supported by the relevant data collection (through a desk review, existing statistical and administrative data, FGDs and KIIs) and the analysis of alternative modalities to solve the problem and achieve the objective, as well as an analysis of the expected effects or consequences of the suggested policy change options conducted. The following incorporated steps were taken to fulfil the RIA:

**Figure 17:**  
Stages of a Regulatory Impact Assessment





Once the selection of the particular option is made, meaning that it has been decided what action the Government is likely to take to address the problem at an acceptable cost (besides direct regulation, which is a tool that policymakers often consider), the team suggests alternative policy tools for consideration in order to identify whether there are other non-regulatory approaches that better fit the specific solution and/or circumstances of the problem.

## 2.2 General and specific objectives

The **general objective** was to ensure productive employment and decent work for all men and women with family responsibilities by providing them with equal opportunities and equal treatment by means of the creation of an enabling environment, awareness-raising and changes to discriminatory social norms.

Most of the problems identified in the preceding sections are faced by all workers in Armenia; however, these problems are aggravated when family responsibilities are assumed. There is a need to improve the conditions for workers with family responsibilities by enhancing and implementing measures responding to their special needs.

To that end, the following <sup>specific objectives</sup> were defined:

- **Specific objective 1:** Reduce the risk of discrimination associated with family responsibilities by enhancing the enabling environment, particularly focusing on

developing quality and affordable community childcare services to ease the burden of family responsibilities and create equal opportunities with workers bearing no family responsibilities.

At this stage, the team decided to focus on the enhancement of childcare services for two reasons:

- a) As previously mentioned, the kindergarten enrolment rate for children aged 0–5 is as low as 34.7 per cent; furthermore, the situation is even worse in regard to nursery-kindergartens, with only 7.7 per cent of kindergartens providing services for children aged 2–3.
  - b) A well-developed childcare sector is expected to contribute to enhancing the economic participation opportunities for men and women.
- **Specific objective 2:** Increase the awareness level of all workers, including those with family responsibilities, about their rights, as well as promote overcoming persistent social norms creating gender gaps in terms of equal employment opportunities for men and women.

The specific objectives and corresponding indicators foreseen for measuring the suggested policy options' implementation progress are presented in Table 2 below.

**Table 2:**  
Specific objectives and corresponding indicators to measure the progress

Objectives/measures	Quantitative and qualitative indicators	Key actors/responsible parties	Timing
<b>Specific Objective 1</b> – Reduce the risk of discrimination associated with family responsibilities by enhancing the enabling environment, particularly focusing on developing quality and affordable community childcare services to ease the burden of family responsibilities and create equal opportunities with workers bearing no family responsibilities			
1.1. Implement measures at the expansion of childcare services provided by state and private institutions	<ul style="list-style-type: none"> <li>a. Gradual increase in the number of childcare institutions</li> <li>b. Gradual increase in the child enrolment rate</li> <li>c. Number of groups in kindergartens with extended hours of services (exceeding parents' working hours), and the number of children in these groups</li> </ul>	MLSA, MESCS, local self-governing bodies (municipalities)	Five years
1.2. Implement public subsidies to provide private childcare, including non-formal services (e.g. starting with a revision and redesign of the so-called 'nanny' programme with the perspective of expanding its coverage and overcoming the shortcomings identified in Box 1.4)	<ul style="list-style-type: none"> <li>a. Redesign of the nanny programme</li> <li>b. Gradual increase in the number of beneficiaries (triple between 2021 and 2025)</li> <li>c. Share of women/parents reporting full-time engagement in economic activity</li> <li>d. Subsidy size</li> </ul>	MLSA	<ul style="list-style-type: none"> <li>a. Within one year maximum</li> <li>b. Within five years</li> </ul>
1.3. Carry out a comprehensive facility mapping of community care services for children, linking it with the specific needs of workers with family responsibilities	<ul style="list-style-type: none"> <li>a. Assessment of the key constraints on the supply (quantity and quality) and demand for childcare services</li> <li>b. Identification of the policy directions</li> </ul>	MLSA, ARMSTAT	The time frame is not considered while assessing the costs and revenues
1.4. Target vocational training programmes to men and women taking care of a child—those who lost or never had skills and are not competitive in the labour market—to facilitate their participation in the labour market and their access to employment opportunities	<ul style="list-style-type: none"> <li>a. Redesigned or newly designed vocational training programme</li> <li>b. Number of men and women enrolled in programmes (fivefold increase over five years)</li> <li>c. Number of suitable job offers</li> <li>d. Number of accepted jobs</li> </ul>	MLSA, SEA	<ul style="list-style-type: none"> <li>a. Within one year maximum</li> <li>b. Within five years</li> </ul>

**Specific Objective 2** – Increase the awareness level of all workers, including those with family responsibilities, about their rights, as well as promote overcoming persistent social norms creating gender gaps in terms of equal employment opportunities for men and women

<p>2.1. Implement long-term and systemic awareness-raising and behaviour changing campaigns and strategies, especially to:</p> <ul style="list-style-type: none"> <li>i. Increase the level of public awareness</li> <li>ii. Advocate/promote the equal participation and sharing of family responsibilities by changing the perception of social norms in this regard</li> <li>iii. Promote non-discrimination and favourable working conditions for men and women with family responsibilities, focusing on promoting flexible arrangements for working schedules (where possible)</li> </ul>	<ul style="list-style-type: none"> <li>a. Number and frequency of social advertisements aimed at increasing the awareness on the issue and behaviour changes</li> <li>b. Number of TV programmes referring to the special needs of workers with family responsibilities</li> <li>c. Number of posts shared through social media and official channels by the responsible institutions</li> <li>d. Number of consultations conducted by the responsible institutions regarding reducing the risk of discrimination associated with family responsibilities</li> <li>e. Share and number of men and women showing that they are aware of their rights and/or registered a change in perception (baseline and endline surveys, with additional simple online surveys in the interim focusing on selected issues)</li> </ul>	<p>MLSA, other relevant institutions</p>	<p>Annually</p>
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DEVELOPMENT OF  
INTERVENTION SCENARIOS

### 3.1 Status quo or baseline situation

The status quo scenario assumes no change in the current situation: the gaps, particularly gender gaps in economic activity conditional on women's care obligation, stay unchanged; the discriminatory approach towards men and women with family responsibilities is a norm and is not spoken out against due to the fear of losing one's job or due to the low level of awareness on how to realize the equal opportunity rights enshrined by law.

The awareness level and public perception of such rights and family responsibility sharing stay unchanged and low.

The status quo scenario does not assume any associated opportunity, while the **risks** are as follows:

- Workers with family responsibilities, as a group, are still vulnerable in terms of their access to the labour market, promotions, employment and, therefore, a dignified/adequate standard of living.
- Gender discrimination by employers while hiring is still limiting women's workforce participation.
- Poverty reduction efforts ineffective due to the fact that job opportunities have not improved.
- The provision of affordable, quality childcare and eldercare services is still limited, and the burden of family responsibilities on women is not eased.
- The social norms assign to women the responsibility for childcare, eldercare and overall household duties, which, when paired with other factors (such as a high unemployment rate, a high rate of informal work, etc.), narrows down their opportunities to work by their choice, in conditions of dignity, safety and fairness. Therefore, women in

Armenia still experience time poverty due to their combined economic and domestic roles (working hours and therefore earning less).

### 3.2 Policy Option 1: Creating/enhancing the enabling environment

As highlighted in the policy and socioeconomic analysis (see Chapter 1), there is an inherent gender gap in labour force participation and in employment in Armenia that represents a misallocation of the country's potential for human resources. According to World Bank calculations, women's lagging participation in employment and entrepreneurship results in a loss in economic output equivalent to 14 per cent of Armenia's GDP in 2014.<sup>71</sup>

One of the gaps highlighted in the above-mentioned analysis is that the country's policy efforts to create equal opportunities for all—and particularly for men and women with family responsibilities—are not accompanied by policies addressing care needs. Hence, women tend to reduce their labour supply as the market, despite the existing regulations and policies, and social norms push them towards fulfilling their caregiving duties in the household. Career interruptions or reductions in working hours in the long run may have a negative impact on women's lifetime income and may affect their household's current living standards as well as future well-being due to reduced pension wealth.

**Therefore, Policy Option 1 envisages strengthening the access to a quality childcare system and programmes to ease the care burden on women.**

Besides the measures aimed at cutting the existing gap between the supply and demand for childcare services provided by state/community and private institutions (as the attendance rate of children aged 0–5 in kindergartens or preschool education in 2019 was only 34.7 per cent), Policy Option 1

71 World Bank 2017a, p. 1.

also suggests introducing an alternative type of affordable and quality childcare programme known as a 'neighbourhood' programme. It assumes the subsidized provision of childcare services by family members, friends, neighbours, babysitters and nannies.

In 2018, the so-called 'nanny' programme was introduced in Armenia. The concept underlying the programme and its design, with some exceptions, is quite close to the 'neighbourhood' programme concept. Therefore, if redesigned to ensure the expansion of the programme to larger groups of women/parents, the programme may become an effective childcare option that fits the needs of a child and family.

As for eldercare, the prioritization of day-care provisions and at-home support policies and the expansion of the coverage may be one of the solutions. However, in this RIA, the suggested policy options do not refer to this issue; unlike the suggested family, friend and neighbour programme, at-home care and treatment of the elderly require having efficient and professional workers capable of working with elderly people and with their families. This may require a more complex approach in terms of creating education and accreditation opportunities as well as training programmes to prepare caregivers and care entrepreneurs and to develop a system and plan to increase the quality of services with attention to costs, as well as to revise the legal framework to be adaptable to the demands and expectations of care.

Policy Option 1 is associated with the following **opportunities**:

- It is likely to have a high employment impact for those who are prevented from participating in the labour market due to childcare duties.
- A well-developed childcare sector will not only contribute to increased economic participation opportunities for women but

also implies potential improvements in school readiness for children through better coverage of early childhood education.

Policy Option 1 is associated with the following risks:

- Lack of the provision of flexibility in terms of service characteristics (e.g. hours of operation, year-round service, etc.) to respond to the needs of working women/parents and families
- Lack of effective targeting mechanisms while providing public subsidies to private formal and non-formal childcare providers

### 3.2.1 Policy Option 2: Awareness-raising and changes to discriminatory social norms

Policy Option 2 is suggested based on the findings of the secondary data and qualitative analysis (i.e. FGDs and KIIs) analysis.

It is also supported by the past research evidence showing that despite having work skills, young women (aged 25–30) are more likely to be left out of the labour market due to family responsibilities or childcare than their male counterparts,<sup>72</sup> and in the case of marriage, the responsibilities of carrying out unpaid family work and care are viewed as the woman's priority.<sup>73</sup>

Hence, this scenario envisages long-term and systemic awareness-raising and behaviour changing/advocacy campaigns and strategies to:

- Increase public awareness about equal opportunity rights and regulations
- Advocate for and promote equal participation in the sharing of family responsibilities between men and women by changing the social norms and, accordingly, public behaviour in this regard

72 Save the Children Armenia 2018, p. 13.

73 USAID 2019.

- Promote non-discrimination and favourable working conditions for men and women with family responsibilities

Policy Option 2 assumes minimization of the risks listed under the status quo scenario.

### 3.3 Conclusion

The gender gaps in economic activity conditional on women's care obligation, stay unchanged in Armenia; the discriminatory approach towards men and women with family responsibilities is a norm and is not spoken out against due to the fear of losing one's job or due to the low level of awareness on how to realize the equal opportunity rights enshrined by law. This is the status quo scenario which does not assume any associated opportunity, while the risks associated with it are as follows: workers with family responsibilities are still vulnerable in terms of their access to the labour market and standard of living;

gender discrimination by employers while hiring is still limiting women's workforce participation; poverty reduction efforts ineffective because job opportunities have not improved; the provision of affordable, quality childcare and eldercare services is still limited, and the burden of family responsibilities on women is not eased; the social norms assign to women the responsibility for childcare, eldercare and overall household duties, which, when paired with other factors (such as a high unemployment rate, a high rate of informal work, etc.), narrows down their opportunities to work by their choice, in conditions of dignity, safety and fairness. The application of the RIA methodology resulted in formulation of two intervention scenarios against the status quo: (policy option 1) creating/enhancing the enabling environment; (policy option 2) awareness-raising and changes to discriminatory social norms also aiming at promotion of non-discrimination and favourable working conditions for men and women with family responsibilities.



ANALYSIS OF THE IMPACTS  
OF THE INTERVENTION  
SCENARIOS



The implementation of any of the policy options described above assumes an impact on the labour market participation of men and women with family responsibilities. The suggested options will impact the social, economic and gender dimensions as well. State budget allocations will be required to implement the suggested policy options. Thus, in this section, we attempt to identify and assess the possible impacts, seen as gradual changes away from the status quo situation.

## 4.1 Identification of the possible impacts

### 4.1.1 Policy Option 1: Enhancing the enabling environment

#### **Employment and narrowing the gender gap**

It is expected that the implementation of Policy Option 1 will increase the labour force participation and productivity of men and women with family responsibilities—a goal that is vital for the country's sustainable development. As women spend more time engaging in unpaid, informal care work, they have less time to allocate to paid work. Hence, easing the burden of childcare responsibilities may lead to narrowing the gender gap in labour force participation. It is expected that at least 14 per cent of the total part-time working women and 12 per cent of women outside the labour force who reported the lack or high cost of relevant care services will have an opportunity to improve their long-term career and earning prospects.

Although developing or promoting childcare community services and/or programmes enable workers with family responsibilities to exercise their right, still, without strengthening institutional mechanisms to enforce the legislation on equal opportunities and labour issues, the full impact of the suggested policy option may not be realized.

The employment policy in Armenia provides a limited array of active labour market programmes (ALMPs). Although the ALMPs are the only instrument for protecting labour market participants from long-term

income losses, the supply of ALMPs for jobseekers trying to 'bounce back' in the labour market is limited. As women/parents with family responsibilities and childcare duties usually leave the labour market for a long period of time, the final impact of the suggested policy option is dependent on the supply of effective and well-targeted ALMPs and the proper promotion of skills development programmes.

The impact of the suggested policy option also largely depends on the extent to which the macro environment, business climate and regulatory framework (including labour regulations) in Armenia are conducive to formal job creation and the extent to which the access to those jobs is inclusive.

#### **Social dimension**

The career and earning prospects resulting from the suggested policy option may affect men's and women's pension accumulations (if they are mandated to join the funded pillar) and/or their years of service ensuring their eligibility for the state labour pension and, therefore, may improve their old-age welfare.

Improved job opportunities have been a significant instrument for poverty reduction in Armenia. The suggested policy option will improve job opportunities; however, without better jobs and improved access to productive inputs, poverty reduction efforts will stagnate.

The expansion of preschools or alternative programmes providing childcare services will positively contribute to the early childhood development of children under the age of 5. This in turn implies potential improvements in school readiness for those children via better coverage of early childhood education, which in the long run can translate into more human capital accumulation. However, it should be noted that this expected double benefit (improved employment opportunities alongside early childhood development and school readiness) is only guaranteed through the extension of formal care services.

## Public finance

Implementation of Policy Option 1 will increase the public revenues compared to the status quo: more income tax revenue will be collected. The increase in tax revenues will depend on the number of new entrants into the labour market and the number of switchers from part-time to full-time employment.

The expansion of preschools or programmes providing childcare services assumes an increase in public expenses. In the Government of RA 2019–2023 Programme,<sup>74</sup> one of the measures under the activities that are aimed at the proportional development of regions is the development and improvement of social infrastructure, including the renovation and construction of kindergartens.

**Therefore, under Policy Option 1, the state budget expenditures compared to the status quo scenario are assumed to increase in the following directions:**

- Increased allocation of the financial means for the redesigned nanny programme to make it available to a larger number of families: In 2019, for the financing of this programme, the Government allocated AMD 349.7 million, which is 20 per cent of the budget allocated for ALMPs or 0.1 per cent of the finances allocated for social protection. Having in mind that the monthly support per beneficiary of the programme is about AMD 65,000 on average, and assuming that the number of beneficiaries during the 2021–2025 period will increase from 500 to 1,500 (three times), the total cost of the programme will increase by about AMD 200 million annually, accounting for an additional 0.04 per cent of the total SP budget.<sup>75</sup>
- Targeted skills/capacity development training programmes for men and women who withdrew themselves from the labour market

a long time ago (due to childcare duties): For similar ALMPs in 2019, AMD 43.2 million or 0.01 per cent of the SP budget was allocated for 2019; this equates to nearly AMD 66,000 per month (the duration of the programme is up to six months) per beneficiary. If we assume a gradual increase in the number of beneficiaries from 200 to 1,000 between 2021 and 2025, the cost of the programme annually will increase on average by AMD 80 million billion or 0.02 per cent of the total SP budget. In 2010, Armenia was introduced to the multi-pillar pension system; the voluntary funded pillar came into force in 2013, and the mandatory funded pillar (all born on or after 1 January 1974 are mandated to join the funded pillar) started in 1 January 2014; the contribution rate is 10 per cent of gross wages, and the Government matches the mandatory funded pension contributions; the Government's matching rates are currently 6.5 per cent of salary; starting in 2022, it will reduce to 5.5 per cent; and starting January 2023, to 5 per cent (the defined contribution threshold is AMD 500,000). An increase in the number of entrants into the labour market or switchers from part-time to full-time employment assumes an increase in the mandatory funded pension pillar co-financing cost as well (for more details on the assumptions underlying the calculations, see Table 4.2).

- Expanded/redesigned 'nanny' and 'targeted skills/capacity development training' programmes' coordination and monitoring: In 2019, for the provision of coordination and monitoring services for nearly 87 SP programmes, AMD 2.7 billion was allocated, or 1 per cent of the total SP budget. As it is assumed that the two suggested ALMPs will be redesigned or the new programmes will be designed to fit the actual needs of working

74 Republic of Armenia 2019a.

75 In 2019, AMD 454 billion were allocated from the state budget to finance schemes the sphere of social protection.

men and women with family responsibilities, a slight increase in expenses is anticipated in this direction by about AMD 48.8 million annually, or 0.01 per cent of the SP budget.

**Under Policy Option 1, the source of the revenue increase** is the collection of income tax from the entrants into the labour market or switchers from part-time to full-time employment (for more details on the assumptions underlying the calculations, see Table 4.2).

#### 4.1.2 Policy Option 2: Awareness-raising and behaviour change

##### Socioeconomic and behavioural dimension

Policy Option 2 is expected to impact the disparities between women and men in Armenia, especially in the dimension largely influenced by social norms. It will address cultural barriers and the stereotyping of women's roles in society, business, the family and the public sector. It is expected that the measures under the suggested policy option will encourage, for instance, more equal sharing of parental leave and incentivize fathers to share childcare and other family responsibilities.

Long-term and systemic awareness-raising and behaviour changing campaigns and strategies will impact the family responsibility-based discrimination by employers. Generally, it is accepted that knowledge drives behaviour. Thus, raising people's awareness about the importance of having equal rights and opportunities for men and women in the context of combining work and family responsibilities is essential. As discussed, relevant awareness-raising and promotional activities can be integrated into the National Gender Strategy with expected results in behavioural changes.

To ensure the desired result within the suggested policy option, strong government leadership is required to integrate the behavioural change component into national policy implementation aimed at:

- Addressing the behavioural and structural barriers limiting women's access to labour because of the unequal distribution of family responsibilities and the low participation of men in childcare
- Establishing or strengthening institutional bodies to combat family situation-based discrimination and gendered social norms that are negatively impacting women's economic participation

##### Public finance

The implementation of Policy Option 2 assumes long-term measures and some increase in public spending in the following directions:

- Due to the uncertainty of what would make the behavioural change campaign a success and the prospect of a return on investments (such as an increase in the number of fathers sharing childcare responsibilities or taking paternity leave), we assume an increase in public awareness expenses by about AMD 4.5 billion maximum, which equals 1 per cent of the social protection budget.
- It is assumed that there will be an increase in the cost of state co-financing of the mandatory funded pillar contribution (see Policy Option 1).

As the two policy options are complementary, if pursued simultaneously, they may yield greater impact in terms of equal opportunities and employment improvements.

#### 4.2 Policy options: Scenarios and assumptions

The two suggested policy options complement each other, and a coordinated and well-thought-out implementation plan can result in better outcomes. A summary of the expected qualitative impacts of the policy options is presented in Table 3 below.

**Table 3:**  
Summary of the impact of the suggested policy options

Impact	Type of impact (direct/indirect)	Group(s) and/or relevant indicator affected	Expected direction (increase/decrease)	Expected alternatives influenced
<b>Economic</b>				
Labour force participation	Direct	Individuals outside the labour force	Increase	Option 1 Option 2 (uncertain)
Full-time employment	Direct	Part-time workers with childcare duties	Increase	Option 1 Option 2 (uncertain)
		Individuals outside the labour force due to childcare duties	Increase	Options 1 and 2 (more)
Enrolment rate of children in formal/informal care institutions/programmes	Direct	Children aged 0-5	Increase	Option 1 Option 2 (uncertain)
		Men and women with childcare responsibilities	Increase	Options 1 and 2 (more)
Family income	Indirect	Family	Increase	Option 1
<b>Gender equality</b>				
Women's economic empowerment	Indirect	Women with childcare responsibilities	Increase	Option 1 Options 1 and 2 (more)
Equal sharing of parental leave; fathers undertaking childcare responsibilities	Direct	Men and women with childcare responsibilities	Increase	Option 2 (uncertain)
<b>Social</b>				
Poverty	Indirect	Family	Decrease	Option 1
Cultural and social barriers; stigma of sharing childcare responsibilities	Indirect	Men and women with childcare responsibilities	Decrease	Option 2 (uncertain)
Discriminatory hiring policies by employers	Indirect	Employees	Decrease	Option 1 (uncertain) Options 1 and 2 (more)
<b>Public finance</b>				
Tax revenue (income tax)	Direct	Working men and women	Increase	Option 1 Option 2 Options 1 and 2 (more)
Co-financing of mandatory funded pension contributions	Direct	The State	Increase	Option 1 Option 2 Options 1 and 2 (more)
Expansion of the nanny programme to part-time workers and men and women outside the labour force	Direct	The State	Increase	Option 1
Programmes' coordination and monitoring costs	Indirect	The State	Increase	Option 1 Options 1 and 2 (more)

A cost-benefit analysis was conducted to quantify the expected outcomes of the suggested policy scenarios. Note that no forecasts were done in terms of the main indicators; instead, a simple exercise was conducted to quantify the expected incremental costs and benefits associated with the suggested policy options. Although the suggested policy options impact both working or willing-to-work men and women with childcare responsibilities and the Government, due to a number of limitations

and uncertainties (such as data, resources, etc.), the current analysis refers only to the costs and benefits for the Government. The sources of information used for the analysis included ARMSTAT, the Ministry of Finance, the Central Bank of Armenia and the UN Population Division.

The assessment was conducted for a five-year period (2021–2025) and supported with sets of assumptions, which are presented in Table 4 below.

**Table 4:**  
Major assumptions and variables used for the calculations

Variable name	Lower bound	Middle bound	Upper bound
Share of switchers from part-time employment (due to childcare duties) to full-time employment	10% annually (or 1,600 people) if only Policy Option 2 is applied	25% annually (or 3,900 people) if only Policy Option 1 is applied	50% annually (or 7,800 people) if Policy Options 1 and 2 are applied simultaneously
Share of persons outside the labour force due to childcare duties moving into full-time employment	10% annually (or 7,500 people) if only Policy Option 2 is applied	25% annually (or 18,700 people) if only Policy Option 1 is applied	50% annually (or 37,400 people) if Policy Options 1 and 2 are applied simultaneously
Income tax (assuming that all switchers became hired employees receiving the national average wage; for the tax rates, see the RA Tax Code <sup>76</sup> )	Tax rates: 23% in 2020 22% in 2021 21% in 2022 20% in 2023–2025		
National average wage, indexed by consumer price index	The national average wage in 2020 was equal to AMD 189,797		
Inflation rate, average consumer prices: annual per cent change (according to the IMF <sup>77</sup> )	3.9%		
Discount rate (percentage), taken equal to the weighted average interest rate of the RA Government debt (see the Ministry of Finance Report on Public Debt (2019 Annual) <sup>78</sup> )	4.8% as of 31 December 2019		

76 Available at <http://www.irtek.am/views/act.aspx?aid=150068>.

77 See also IMF 2020, p. 4.

78 Available at [https://www.minfin.am/en/page/annual\\_reports/](https://www.minfin.am/en/page/annual_reports/).

Variable name	Lower bound	Middle bound	Upper bound
<b>Associated additional expenses</b>			
1. Expansion of the nanny programme	Gradual increase in the number of beneficiaries between 2021 and 2025 (triple: from 500 to 1,500 people)		
2. Targeted skills/capacity development training programme (within ALMPs) for men and women who withdrew themselves from the labour market a long time ago (due to childcare duties)	Gradual increase in the number of beneficiaries between 2021 and 2025 (fivefold: from 200 to 1,000)		
3. State co-financing of the mandatory funded pillar contribution; for the sake of simplicity, it is assumed that all switchers are mandated to join the funded pension pillar	State co-financing rates: 6.5% in 2020 5.5% in 2021 5% in 2022–2025		
4. Public awareness and behaviour change campaign	1% of the SP budget annually		
5. Expanded/redesigned 'nanny' and 'targeted skills/capacity development training' programmes' coordination and monitoring	0.01% of the SP budget annually (or AMD 30 million billion annually)		

To simplify the calculations, the following assumptions were applied:

- The macro environment, business climate and regulatory framework (including labour regulations) in Armenia are conducive to formal job creation, and the access to those jobs is inclusive.
- All switchers (from part-time to full-time employment and from inactivity to full-time employment) are wage employees and work in the formal sector of the economy.
- Income tax revenue and the State's matching of the mandatory funded pension contribution for part-time switchers are calculated at 50 per cent of average wages, assuming the other 50 per cent is already paid .
- As the uncertainties on the impact of Policy Option 2 are high, the calculations were made assuming that the suggested two policy options are implemented simultaneously.
- The ALMPs will be enhanced in terms of both design and coverage in order to target men and women with family responsibilities.
- Finally, as the development and improvement of social infrastructure, including the renovation and construction of kindergartens, is the part of the Government of RA 2019–2023 Programme,<sup>79</sup> these expenses are not considered as additional and are not included in the calculations.

The number of men and women who are working part-time or are outside the labour force due to childcare responsibilities is estimated based on the number of men and women in corresponding groups for the 2018–2019 period (because the LFS methodology was revised and changed in 2018, it was not possible to look at the dynamics for a longer period of time). Hence, the estimated numbers of part-time workers and men and women outside the labour force due to childcare duties are presented in Table 5 below.

79 Republic of Armenia 2019a.

**Table 5:**

Estimated numbers of the population and labour market participants (thousands of people)

	2020	2021	2022	2023	2024	2025
<b>Total population (based on UN projections)</b>	<b>2,963.2</b>	<b>2,961</b>	<b>2,958</b>	<b>2,956</b>	<b>2,953</b>	<b>2,951</b>
men	1,394	1,395	1,396	1,397	1,399	1,400
women	1,569	1,566	1,562	1,559	1,555	1,551
<b>Labour resources (15–74 years old)</b>	<b>2,198</b>	<b>2,204</b>	<b>2,210</b>	<b>2,216</b>	<b>2,222</b>	<b>2,228</b>
men	1,023	1,026	1,029	1,031	1,034	1,037
women	1,175	1,178	1,181	1,185	1,188	1,191
<b>Employed</b>	<b>1,063</b>	<b>1,066</b>	<b>1,068</b>	<b>1,071</b>	<b>1,074</b>	<b>1,077</b>
men	603	605	607	608	610	612
women	459	461	462	463	464	466
<b>Worked part-time</b>	<b>50.6</b>	<b>57.9</b>	<b>0.0</b>	<b>54.2</b>	<b>54.3</b>	<b>54.5</b>
due to childcare duties	25.4	29.3	0.0	27.3	27.4	27.5
Men	0.3	0.3	0.3	0.3	0.3	0.3
women	15.3	15.4	15.4	15.5	15.5	15.6
<b>Outside the labour force</b>	<b>893</b>	<b>895</b>	<b>897</b>	<b>900</b>	<b>902</b>	<b>905</b>
Men	290	291	292	293	294	294
women	602	604	605	607	609	610
due to childcare duties	74.8	75.0	75.2	75.4	75.6	75.8
Men	0.9	0.9	0.9	0.9	0.9	0.9
women	73.9	74.1	74.3	74.5	74.7	74.9

Source: Authors' calculations based on ARMSTAT LFS 2018 and 2019 data and UN Population Projections.

In both policy options, the only benefit for the Government is the income tax revenue collected from switchers; the only difference is the size of the expected tax revenue, which is dependent on the number of switchers.

As for the costs/expenses, it varies in all three options; the costs associated with the policy options are presented in Table 6.

**Table 6:**  
Summary of policy options' associated government costs

Associated costs	Policy Option 1 (only enabling environment enhancement)	Policy Option 2 (only public awareness and behaviour change campaign)	Combination of Policy Options 1 and 2
Expansion of the nanny programme	✓	—	✓
Targeted skills/capacity development training programme (within ALMPs) for men and women who withdrew themselves from the labour market a long time ago (due to childcare duties)	✓	—	✓
State co-financing of mandatory funded pension contributions (assuming that all switchers are mandated to join the funded pillar)	✓	✓	✓
Public awareness and behaviour change campaign	—	✓	✓
Programme coordination and monitoring	✓	—	✓

### 4.3 Summary of scenarios

(2021–2025) for the policy options are presented in Table 7 below.

The net present value (NPV) over a five-year period

**Table 7:**  
Summary of benefits and costs (billions of AMD)

	Policy Option 1 (only enabling environment enhancement)	Policy Option 2 (only public awareness and behaviour change campaign)	Combination of Policy Options 1 and 2
Benefits	49.0	19.6	98.0
Costs	16.1	25.9	51.3
NPV (benefits less costs)	32.9	-6.3	46.7

As one can see, in the case of Policy Option 2, the cost of policy implementation outweighs the benefits received by AMD 6.3 billion, putting at question the viability of that policy option. In the case of Policy Option 1 and the simultaneous implementation of Policy Options 1 and 2, the benefits essentially

outweigh the costs of policy implementation; understandably, the greater positive outcome in terms of the cost-benefit difference is assured when combining the two policy options. Of course, this is an exercise based on a number of assumptions and the abstraction of many factors impacting labour market



and employment outcomes. However, it is clear that policies and programmes that create a favourable environment for working or willing-to-work men and women with family responsibilities positively impact their employment rates.

Hence, the analysis shows that Policy Option 1 (only enabling environment enhancement) and the combination of Policy Options 1 and 2 lead to improvement compared to the status quo scenario. However, because the return is larger in the case of combining Policy Options 1 and 2, the RIA team suggests choosing both options.

## 4.4 Conclusion

Policy option 1 (enhancing the enabling environment) envisages strengthening the access to a quality childcare system and programmes to ease the care burden for all workers with family responsibilities and particularly for women. A well-developed childcare sector will contribute to increased economic participation opportunities for women and will provide a better coverage of early childhood education.

Suggested policy option 1 is expected to increase the labour force participation and productivity of men and women with family responsibilities—a goal that is vital for Armenia’s sustainable development. Without strengthening institutional mechanisms to enforce the legislation on equal opportunities and labour issues, the full impact of the suggested policy option may not be realized. Implementation of Policy Option 1 will increase the public revenues compared to the status quo situation: more income tax revenue will be collected. The increase in tax revenues will depend on the number of new entrants into the labour market and the number of switchers from part-time to full-time employment. Therefore, under Policy Option 1, the state budget expenditures compared to the status quo scenario are assumed to increase in the following directions: the total cost of the programme will increase by about AMD

200 million annually, accounting for an additional 0.04 per cent of the total SP budget. An increase in the number of entrants into the labour market or switchers from part-time to full-time employment assumes an increase in the mandatory funded pension pillar co-financing cost as well.

The Policy Option 2 (Awareness-raising and behaviour change) is expected to impact the disparities between women and men in Armenia, especially in the dimension largely influenced by social norms. It will address cultural barriers and the stereotyping of women’s roles in society, business, the family, and the public sector. It is expected that the measures under the suggested policy option will encourage, for instance, more equal sharing of parental leave and incentivize fathers to share childcare and other family responsibilities. The implementation of Policy Option 2 assumes long-term measures and some increase in public spending in public awareness expenses by about AMD 4.5 billion maximum, which equals 1 per cent of the social protection budget. It is assumed that there will be an increase in the cost of state co-financing of the mandatory funded pillar contribution (see Policy Option 1).

As the two policy options are complementary, if pursued simultaneously, they may yield greater impact in terms of equal opportunities and employment improvements.

In the case of Policy Option 2, the cost of policy implementation outweighs the benefits received by AMD 6.3 billion, putting at question the viability of that policy option. In the case of Policy Option 1 and the simultaneous implementation of Policy Options 1 and 2, the benefits essentially outweigh the costs of policy implementation. Hence, the analysis shows that Policy Option 1 (only enabling environment enhancement) and the combination of Policy Options 1 and 2 lead to improvement compared to the status quo scenario. However, because the return is larger in the case of combining Policy Options 1 and 2, the RIA team suggests choosing both options.

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