TWINNING CONTRACT

AM/14/ENP/ST/15

Strengthening of the National Statistical System of Armenia – Phase II

MISSION REPORT

on

Labour Market Statistics

Activity 3.6: Follow-up on achievements and recommendations for the future

Mission carried out by

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12-15 June 2017

Final version

National Statistical Service
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List of Abbreviations

EU	European Union
NSSRA	National Statistical Service of the Republic of Armenia
DST	Statistics Denmark
SES	Structure of Earnings Survey
LCI	Labour Cost Index
LCS	Labour Cost Survey
ISCO	International Standard Classification of Occupation

1. General comments

This mission report was prepared within the Twinning Project " Strengthening of the National Statistical System of Armenia – Phase II".
It is the final mission to be completed within Component 3 of the project.

The purposes of the mission were:
- To discuss the status regarding the component at the beginning of the project
- To discuss the status of the project results
- To prepare recommendations regarding the sustainability of the achievements
- To prepare recommendations for future work of NSSRA after the project finishes
- To identify outstanding issues and needs for further support, if any

The MS Experts would like to express their thanks to all officials and individuals met for the kind support and valuable information which was received during the stay in Armenia and which highly facilitated the work of the MS Experts.

This views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of EU, NSSRA or Statistics Denmark.

2. Status at the beginning of the project

When the project started NSSRA collected information on earnings on enterprise level on a monthly basis and labour costs on enterprise level on an annual basis. From this collection of information NSSRA published a monthly wage indicator and annual labour cost indicators.

Information on earnings for individual employees was not collected, but NSSRA expressed great interest in collecting this information. They also mentioned that there was the possibility to get the information from an administrative register owned by the State Revenue Committee of RA.

Furthermore, the NSSRA only had very limited contact with their stakeholders.

3. Status of project results

The NSSRA has conducted a pilot study of the SES and will publish a news release with some of the results from the pilot study by the end of June 2017. The pilot study was conducted to show NSSRA and their stakeholders the possibilities of a full scale survey. Therefore the results of the pilot study cannot be used as facts about Armenia, but gives NSSRA and their stakeholders' information about indicators and analysis that a full scale survey can give. The NSSRA are now familiar with the methodology and contents of the SES by having studied the EU regulation on the survey and implemented the regulation on the pilot study.

For the majority of the project NSSRA tried to get access to the State Revenue Committee of RA's database, which has information on earnings on individual employees. If access had been granted and the NSSRA had the possibility to evaluate the information in the database, the database could possibly be used as an administrative register for the SES. Unfortunately access was not granted during the twinning project and NSSRA conducted the pilot study instead. Currently it seems that the collaboration with State Revenue Committee of RA is improving and NSSRA maybe soon will get access to data. Also the State Revenue Committee

of RA has expressed the possibility of adding variables to the database that is relevant for statistical purposes which the experts approve of. NSSRA has also promised that if granted access to the database and the quality of information in the database is acceptable, they will replace the monthly questionnaire and reduce the annual questionnaire with the information from the database. This will mean a great reduction in the burden for enterprises reporting to NSSRA.

Before the project, the NSSRA collected and published yearly figures on total labour costs, but this was without any concern on how the content fulfilled the EU-regulation on this area. NSSRA's annual survey has been evaluated and the experts found that the survey correspond to the demands in the regulation. Only a few changes to the questionnaire has to be made and NSSRA has to see if some variable are applicable to Armenia. The NSSRA are now familiar with the regulation regarding the LCS and know which steps it needs to take to comply with the regulation.

By combining data for the wage index with results from the annual survey on labour costs, the NSSRA have now developed a labour cost index on a quarterly basis. The index can now be used to compare developments in labour costs on an aggregate level in Armenia with the European countries. The NSRRA has also been taught how to seasonally adjust their index using Demetra and will for the first time publish an index series of wages and labour costs that have been seasonally adjusted.

The NSRRA has during the project held many successful meetings with the stakeholders and will continue to do so in the future. The stakeholders are now up to date with the work of the NSSRA and contribute with feedback and support, which is seen as crucial for the outcome of the project and ensure that the earnings and labour cost statistics made by the NSRRA live up to the needs of the main users.

4. Sustainability of the achievements

The NSSRA should continue working on getting access to the State Revenue Committee's database. Currently NSSRA is in dialogue with the State Revenue Committee, which they have held several meetings with. The NSSRA should continue this dialogue and hopefully get the chance to see what the database contains in order to establish how the data can be used instead of, or in addition to, current or future surveys. If the database contain information that is requested in the SES, then using the database instead of a survey will reduce the burden of both the enterprises and possibly also the NSSRA staff, as they will not have to conduct a full-scale survey. The next year for the SES is 2018, which means that if the NSSRA is not granted access to the database, they should get prepared to collecting data on their own using their experience from the pilot study. As the SES 2018 will be the first full-scale survey on earnings that the NSSRA has conducted, they should also make sure to make their users aware of its publication, e.g. by holding an event with the SES is in focus.

The LCI is comparable to the aggregate LCI made by the EU countries, but the index is currently not available at disaggregated levels on singlet economic industries. This would increase the value of the index to the users and would make it even more comparable to the LCI's of the EU countries.

The LCS is already an integrated statistics in the NSSRA. As the NSSRA is planning on changing the frequency in which they collect and publish the LCS, they should also make sure to infirm the users on this change in frequency.

To keep on the cooperation between stakeholders and NSSRA it is recommended that NSSRA at least once a year has a stakeholders meeting with Labour Costs and Earnings as the theme.

5. Recommendations for the future (short and long term)

It is recommended that the NSSRA produces a SES every fourth year, which should correspond to the same years as for the EU countries, namely 2018, 2022 etc.

The NSSRA should continue working on getting access to the State Revenue Committee's database to be able to see whether the data can be used instead of, or in addition to, some of their own surveys. Depending on variables in the database and their quality NSSRA should consider maybe adding a questionnaire to complement the database. If access is not granted, the NSSRA will have to develop their own questionnaire based on the experience they have gained from the pilot study.

It also recommended that the NSSRA continue to publish a LCS at least every fourth year, preferable the same year as the EU countries, 2016, 2020, etc. The NSSRA should also consider adding the changes to the questionnaire as suggested by the MS experts.

Regarding the LCI the NSSRA should consider adding individual NACE sectors, as this may make the LCI more attractive for the users.

For all the variables the NSSRA is requesting, it should keep searching for administrative sources instead of collecting the variables by questionnaire. This also applies to surveys where only some of the variables may be collected from administrative sources. To complete the set of variables in the survey, a small survey can be conducted to collect the last variables.

The NSSRA should keep on holding regular meetings with its stakeholders. This will make sure that there is a platform for constructive dialogue about the statistics, which will not only improve the usability of the statistics, but can also mean that the stakeholders help spread the word that the statistics are of a good quality.

6. Identification of needs for additional support

In case the NSSRA get access to the State Revenue Committee's database, the MS experts believe that NSSRA would benefit from support from a country that like NSSRA are using administrative data for the structure of earnings survey.

The support should focus on:
- Validation.
- Imputations.
- Corrections.
- Handling data and constructing the requested variables based on the available variables.

7. Outstanding issues

The only outstanding issues are that the NSSRA should publish a press release on the pilot SES before the end of June 2017 and that figures from the LCI should be published before the end of July 2017.

Annex 1: Terms of Reference

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Terms of Reference

EU Twinning Project AM/14/ENP/ST/15

12-15 June 2017

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Component 3: Labour Market Statistics

Activity 3.6: Follow-up on achievements and recommendations for the future

0. Mandatory results and benchmarks for the component

Mandatory results:

- Labour cost, labour cost index, structural statistics on wages calculated and published (July 2017)

Benchmarks:

- Labour cost and labour cost index calculated and published (July 2017)
- Structural statistics on wages calculated and published (July 2017)
- Staff of NSSRA trained on issues related to the labour cost, labour cost index, structural statistics on wages (July 2017)

1. Purpose of the activity

- To discuss the status regarding the component at the beginning of the project
- To discuss the status of the project results
- To prepare recommendations regarding the sustainability of the achievements
- To prepare recommendations for future work of NSSRA after the project finishes
- To identify outstanding issues and needs for further support, if any

2. Expected output of the activity

Labour Market Statistics component follow up (for each topic in the component):

- Status at the beginning of the project
- Status of the project results
- Sustainability of the achievements
- Recommendations for the future (short and long term)
- Clarification of outstanding issues

3. Participants

<u>**NSSRA**</u>
Component leaders
- Mr. Gagik Gevorgyan
- Ms. Lusine Kalantaryan

Other staff
- Ms. Susan Hunanyan, Senior Specialist, Labour Statistics Division;
- Ms. Anya Soghomonyan, Senior Specialist, Labour Statistics Division;
- Ms. Jemma Avoyan; Leading Specialist, Labour Statistics Division;
- Ms. Anahit Simonyan; 1st class Specialist, Labour Statistics Division;
- Ms. Karine Sargsyan; 1st class Specialist, Labour Statistics Division;
- Ms. Siranush Zeynalyan; 1st class Specialist, Labour Statistics Division;
- Ms. Lusya Khachatryan, Head, Macroeconomic Indicators and National Accounts Division;
- Mr. Vardan Arevshatyan, Business register, Sampling and Classifications Division.

<u>**MS experts**</u>
- Ms. Maria Boye, Expert, Statistics Denmark
- Ms. Hege Hauglund, Expert, Statistics Denmark

<u>**Other stakeholders taking part in the activity**</u>
Staff from Social Partners will also be invited:
- Ministry of Labor and Social Affairs of RA
  - State Social Security Service under the Ministry of LSA of RA
  - National Institute of Labor and Social Research under the Ministry of LSA of RA
  - State Employment Agency under the Ministry of LSA of RA
- Ministry of Economy of RA
- Ministry of Finance of RA
- Central Bank of RA
- Confederation of Trade Unions of Armenia
- Republic Union of Employers of Armenia
- Armenian State University of Economy
- ''Armenian National Agrarian University'' Foundation
- Ministry of International Economic Integration and Reforms
- Ministry of Territorial Administration and Development
- RA Government
- The Union of Manufacturers and Businessman of Armenia
- United Nations Development Program (UNDP)

Annex 2. Programme for the mission

Time	Place	Event	Purpose / detail
Monday, afternoon *(12/6)*	NSSRA	Meeting with RTA	To discuss the programme of the week
	NSSRA	Meeting with BC Component Leader and BC Experts	Assessment of situation and presentation by BC of the work conducted since last mission
Tuesday, morning *(13/6)*	NSSRA	Meeting with BC Component Leader and BC Experts	Follow-up on outstanding issues Identification of needs for additional support
Tuesday, afternoon *(13/6)*	NSSRA	Meeting with BC Component Leader and BC Experts	Discussion of status of project results Discussion on how to ensure sustainability of the achievements
Wednesday, morning *(14/6)*	NSSRA	Meeting with stakeholders	Meeting with stakeholders
Wednesday, afternoon *(14/6)*	NSSRA	Meeting with BC Component Leader and BC Experts	Discussions of the way forward after the Twinning project and what to be recommended for the future (short and long term)
Thursday, morning *(15/6)*	NSSRA	Meeting with BC Component Leader Ad-hoc meetings	Preparation of final conclusions, recommendations and Mission Report
Thursday, afternoon *(15/6)*	NSSRA	Debriefing with BC Project Leader	Discussion of MS Experts' findings and agreement on the reached conclusions De-briefing and presentation for BC Project Leader

Annex 3: Persons met

NSSRA:

- Stepan Mnatsakanyan, President of the NSS RA
- Anahit Safyan, Member of the State Council on Statistics of RA
- Gagik Gevorgyan, Member of the State Council on Statistics of RA
- Lusine Kalantaryan, Head of Labour Statistics Division
- Jemma Avoyan, Leading Specialist, Labour Statistics Division
- Susan Hunanyan, Senior Specialist, Labour Statistics Division
- Anna Soghomonyan, Labour Statistics Division
- Karine Sargsyan, First Class Specialist, Labour Statistics Division
- Siranush Zeynalyan, Labour Statistics Division

External stakeholders:

- Armine Matosyan, Ministry of Labour and Social Issues of RA
- Arpine Sahakyan, NSSRA Shirak regional agency
- Karine Madoyan, Confederation of Trade Unions of Armenia
- Tatevik Stepanyan, RA Government staff
- Tereza Hayrapetyan, NSSRA Vayots Dzor regional agency
- Zhanna Harutyunyan, NSSRA Syunik Marz Kapan regional agency
- Lusine Simonyan, RA Ministry of Territorial Administration and Development
- Armine Hovhannisyan, UNDP
- Astghik Movsisyan, ANAU Chair of Statistics and Biometrics
- Ghazaryan Hasmik, ANAU Chair of Statistics and Biometrics
- Keshishyan Gevorg, ANAU, Chair of Statistics and Biometrics
- Vardanyan Nina, ANAU, Chair of Statistics and Biometrics
- Samvelyan Abik, ANAU, Chair of Statistics and Biometrics
- Nalbandyan Yevgenia, ANAU, Chair of Finance and Credit
- Melkumyan Lusine, ANAU, Chair of Finance and Credit
- Yengibaryan Anahit, NSSRA Tavush regional agency
- Margaryan Samvel, RA Ministry of Finance
- Lambaryan Rubik, NSSRA Lori regional agency
- Lapyan Gor, RA Central Bank
- Gayane Avetisyan, RA State Revenue Committee, Statistics, Analysis and Risk Management Department
- Hasmik Tadevosyan, State Employment Agency
- Lyudmila Soghomonyan, RA Ministry of Economic Development and Investments
- Gayane Saghatelyan, National Institute of Labour and Social Research
- Anahit Mnatsakanyan, ANAU, Chair of Statistics and Biometrics
- Lusine Kostanyan, ANAU, Chair of Statistics and Biometrics
- Armen Ktoyan, Armenan State University of Economics Chair of Statistics

RTA Team:

- Peter Bohnstedt Anan Hansen, Resident Twinning Adviser
- Liana Atoyan, RTA Assistant
- Anush Poghosyan, RTA Language Assistant