TWINNING CONTRACT

AM/14/ENP/ST/15

Strengthening of the National Statistical System of Armenia – Phase II

MISSION REPORT

on

Labour Market Statistics

Activity 3.1: Assessment of the current status of wages / salaries and labour cost statistics

Mission carried out by

Mr. Steen Bielefeldt Pedersen, Statistics Denmark
Ms. Maria Boye, Statistics Denmark

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National Statistical Service
Republic of Armenia

Expert contact information

Steen Bielefeldt Pedersen
Statistics Denmark
Sejrøgade 11
DK-2100 Copenhagen Ø
Denmark
Tel: +45 39173101
Email: sbp@dst.dk

Maria Boye
Statistics Denmark
Sejrøgade 11
DK-2100 Copenhagen Ø
Denmark
Tel: +45 39173422
Email: mab@dst.dk

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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
LCS   Labour Cost Survey
LCI   Labour Cost Index
MFRA   Ministry of Finance of the Republic of Armenia
MF database Database of the Ministry of Finance of RA on individuals

1. General comments

This mission report was prepared within the Twinning Project "Strengthening of the National Statistical System of Armenia – Phase II". This was the first activity in component 3 and the actions planned for this activity were carried out as scheduled.

The purposes of the mission were:
  o   Assessment of current situation
  o   Assessment of methods and data sources
  o   Presentation on European and ILO standards
  o   To involve relevant stakeholders in the discussions

The consultants would like to express their sincere thanks to all officials and individuals met for the kind support and valuable information which they received during the stay in Armenia and which highly facilitated their work. The views and observations stated in this report are those of the consultants and do not necessarily correspond to the views of EU, NSSRA or Statistics Denmark.

2. Assessment and results

Earnings, also in Armenia, is something which for a long time has been of huge interest for both politicians and economists. This interest is reflected in a very comprehensive statistical system of labour cost.

The consultants have been given an insight into Armenian labour market statistics in general and in Armenian statistics on earnings and labour costs in specific. The consultants were given an informative presentation about earnings and labour cost statistics that gave a very good understanding of the current status of earnings and labour cost statistics in Armenia, and the strengths and weaknesses of the system.

The consultants were presented for the different questionnaires used in NSSRA in relation to collecting information on earnings and labour costs, which will be the basis for general discussions in later missions. To be able to have a more in-depth discussion concerning the questionnaires it was agreed that the guidelines which was presented for the respondents together with the questionnaires would be translated and send to the consultants before the next mission.

The consultants presented current ILO regulations, EU legislations on Earnings and Labour Cost statistics as well as Eurostat's so-called gentlemen agreements in this statistical area as well as the Danish statistics concerning labour costs and earnings.

The consultants will also note that NSSRA expressed wishes to have access to a database owned by MFRA, but so far the NSSRA are still negotiating with MFRA for access.
The database contains information on individual employees, something that is not currently collected by the earnings and labour cost surveys in NSSRA. If NSSRA wishes to live up to EU legislation on Structure of Earnings, then data on individual employees is needed. It is suggested that NSSRA is getting insight into the database. The insight could form the starting point of a discussion on the usefulness of the database in getting sufficient information on every individual. The consultants believe that getting information on individual employees is of high importance. It is therefore suggested that in each mission, time is used to evaluate the

current status of getting access to the database. The alternative, seen so far from the point of view of the consultants, is to add a new questionnaire which, if appropriate and relevant, also requires further discussion and investigation. Half of mission 3.4 is therefore recommended also to be committed to this.

The consultant also explained about their experience cooperating with stakeholders in general and with the biannual meeting specifically, where they meet with stakeholders to discuss, inform and share ideas on everything from methodological to dissemination issues. The communication is good and the feedback to Statistics Denmark is useful. In this way stakeholders feel involved and thereby also committed. An issue which is also discussed with stakeholders is quality, which is an issue that is of concern for them as well, as they use our statistical products as a tool in their daily work. It means that they have an interest in using their influence to solve the problems

The consultants feel that it is important to involve the stakeholders in this project. Involvement of stakeholders can improve the outcome of the result of component 3. It is therefore recommended to involve and inform the stakeholders throughout the missions.

The first involvement was a stakeholder meeting in this mission, where the stakeholders were informed both about the project and about the statistics calculated in the Labour Statistics Division. The stakeholder meeting was a success. The stakeholders were actively participating in discussions on many different subjects from methodology and break in time series to indicators and access to data.The willingness of the Labour Statistics Division to listen and to have an open discussion on the questions raised by the stakeholders have impressed the consultants. The consultants believe that involving the stakeholders can be an asset in the coming missions.

3. Conclusions and recommendations

The impression is that the NSSRA is very concerned with problems and needs of the users and respondent both on a national and regional level. Such concern supports the overall impression of NSSRA as a professional body with a statistical system of earnings and labour costs which is of fairly high quality. This also means that in respect to the question on compliance with international standards it is the overall impression that NSSRA, has a system which can definitely comply if a few changes and some initiatives are introduced. Such changes and initiatives will be the focus on the next missions.

Focus on the next mission will be on the Structure of Earnings Survey. More specifically:

- In-depth discussion of the strengths and weaknesses of the present questionnaires in complying with international standards.

- The way of distinguishing between earnings and labour costs in an international context could be different on some points from the way it is distinguished in Armenia.

- Information on earnings is not collected on individuals at the moment.

- For the small and micro companies it is not mandatory to collect data on a monthly basis.

- Possible use of the database owned by MFRA.

Based on the information gained during the mission, the consultants evaluated the mission plan, and suggest on a few changes to the plan. The suggested mission plan is outlined below.

One important reason for change the mission plan is the need to get access or at least information about variables in database of MFRA. Getting information and access to information belonging to another organization can be a slow process. A mission in April where at least a list of variables from the database should be available might therefore be too optimistic. Secondly to ensure the best expects can participate in the missions on LCI a rescheduling of the next missions is needed.

The remaining 5 missions are suggested to have the following outline:

Mission 3.2 will have focus on the SES and evaluating possible sources for the SES including the database from MFRA. The mission will take place in May 2016.

Mission 3.3 will be a study visit to Denmark in DST. The mission is proposed to take place in September 2016.

Mission 3.4 will have focus on Structure of Earnings Survey (SES) and Labour Cost Index (LCI). For the Structure of Earnings Survey focus will be on source and calculation. For the LCI focus will be on living up to EU regulations and calculating the LCI which is not currently calculated in Armenia. The mission is proposed to take place in November 2016.

Mission 3.5 will have focus on Labour Cost Survey (LCS) and LCI where the calculation of LCI is a key component. Also plan for publication will be discussed. The mission is proposed to take place in February 2017.

Mission 3.6 will evaluate the progress of the different statistics as well as a seminar for external stakeholders informing them about earnings statistics and international guideline. NSSRA will chair the seminar. The mission is proposed to take place in April 2017.

For Mission 3.2 the following deadlines for the mission have been suggested. The deadlines are for the work that has to be done before the missions.

Mission 3.2: Structure of earnings survey (SES) May.

Action	Deadline	Responsible person
Translation of guidelines to the questionnaires.	May 15th 2016	NSSRA
Identifying which variables are available in the MFRA database and translation of a variable list	May 15th 2016	NSSRA
Working actively to get access to the MFRA database	May 15th 2016	NSSRA
In-depth presentation on current collection of data, calculation and publication	May 15th 2016	NSSRA

Examine the possibility to have a presentation from the Ministry of Finance concerning their database. The presentation would be for the consultants and the NSSRA employees working with labour cost. Focus should be on how the data is collected, what is collected, and the quality of data	May 15th 2016	NSSRA
Presentation of current EU legislation	May 15th 2016	DST
Comparison of current NSSRA set-up with the EU legislation	May 15th 2016	DST

Annex 1: Terms of Reference

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Terms of Reference

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

19-22 January 2016

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Component 3: Labour Market Statistics

Activity 3.1: Assessment of the current status of wages / salaries and labour cost statistics

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

- o Assessment of current situation
- o Assessment of methods and data sources
- o Presentation on European and ILO standards
- o To involve relevant stakeholders in the discussions

2. Expected output of the activity

- o Current situation assessed
- o Overview of methodology and data sources
- o A lining up of work programme for the next activity (3.2 is scheduled to 23-27 May 2016)

3. Participants

NSSRA
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.

MS experts
Mr. Steen Bielefeldt Pedersen, Expert, Statistics Denmark
Ms. Maria Boye, Expert, Statistics Denmark

Other stakeholders taking part in the activity
Staff from Social Partnerswill also be invited:
- Ministry of Labour and Social Issues 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

Annex 2: Programme for the mission

Time	Place	Event	Purpose / detail
Tuesday, noon	Hotel / NSSRA	Meeting with RTA	To discuss the programme of the week
Tuesday, afternoon	NSSRA / Meeting room	Meeting with BC Component Leader and BC Experts	Assessment of current situation Presentation on European and ILO standards
Wednesday, morning	NSSRA / library	Meeting with BC Component Leader and BC Experts	Presentation on European and ILO standards continued Assessment of methods and data sources
Wednesday, afternoon	NSSRA	Meeting with BC Component Leader and BC Experts	Preparation of meeting with stakeholders
Thursday, morning	NSSRA / Meeting room	Meeting with stakeholders	Meeting with stakeholders
Thursday, afternoon	NSSRA	Meeting with BC Component Leader and BC Experts	Preparation of final conclusions, road map and Mission Report
Friday, morning	NSSRA	Meeting with BC Component Leader	Presentation of MS Experts' findings and agreement on the reached conclusions
Friday, morning	NSSRA	Ad-hoc meetings	Final clarifications with BC Experts, preparation of report and presentation for BC Project Leader
Friday, afternoon	NSSRA	Debriefing with BC Project Leader	Conclusions and decisions and their consequences for the next activity and the implied work programme for BC Experts

Annex 3: Persons met

NSSRA:

- Stepan Mnatsakanyan, President of the NSSRA
- Anahit Safyan, Member of the State Council on Statistics of RA
- Lusine Kalantaryan, Head of Labour Statistics Division
- Susan Hunanyan, Labour Statistics Division
- Varsik Senekerimyan, International Statistical Cooperation Division
- Jemma Avoyan, Labour Statistics Division
- Ruzanna Shaboyan, International Statistical Cooperation Division
- Vardan Arevshatyan, Business-register Division
- Karine Sargsyan, Labour Statistics Division
- Siranush Zeynalyan, Labour Statistics Division
- Lusya Khachatryan, Macroeconomic Indicators and National Accounts Division
- Nadya Astvatsaturova, Macroeconomic Indicators and National Accounts Division

External stakeholders:

- Levon Petrosyan, National Institute of Labour and Social Researches, RA Ministry of Labour and Social Affairs
- Gayane Saghatelyan, National Institute of Labour and Social Researches, RA Ministry of Labour and Social Affairs
- Hasmik Tadevosyan, State Employment Agency, RA Ministry of Labour and Social Affairs
- Tigran Baghdasaryan, Central Bank of Armenia
- Anahit Matinayan, Central Bank of Armenia
- Meri Markosyan, Labour Division, RA Ministry of Labour and Social Affairs
- Aida Mkhitaryan, Labour Division, RA Ministry of Labour and Social Affairs
- KarineMadoyan, Confederation of Trade Unions of Armenia
- Alik Sargsyan, RA Ministry of Economy, PAO
- Samvel Margaryan, Macroeconomic Policy Department, RA Ministry of Finance

RTA Team:

- Peter Bohnstedt Anan Hansen, Resident Twinning Adviser
- Sona Mirzoyan, RTA Assistant
- Anush Poghosyan, RTA Language Assistant