

LABOUR MARKET PROFILE

Armenia

2026



Key Labour Market Indicators



Population
3 mio



Workforce
1.5 mio



Informal Employment
76%



Trade Union Rights Violations
3 out of 5

LABOUR MARKET PROFILE

Armenia 2026

FACT SHEET



Labour Force Participation Rate

65%

49%

of population covered by at least one social protection benefit

Trade Union Density

16%



19%

of employees covered by CBAs



Child Labour Rate

4%

14%

Working-age population (15-24 years)

24%

Poverty Rate



20%

of youth not in education, employment or training

PREFACE

The Danish Trade Union Development Agency (DTDA) is the development organisation of the Danish trade union movement. DTDA's work aligns with the International Labour Organization's global Decent Work Agenda (DWA), based on its four pillars: creating decent jobs, guaranteeing rights at work, extending social protection, and promoting social dialogue. The overall development objective is to eradicate poverty and support the development of just and democratic societies by promoting the DWA.

The DTDA collaborates with trade union organisations in Africa, Asia, Eastern Europe, Latin America, and the Middle East. The programmes' immediate objective is to assist the partner organisations in becoming change agents in their own national and regional labour market context, capable of achieving tangible improvements in the national DWA conditions and the labour-related Sustainable Development Goals (SDGs).

The labour market profile brings insights to the labour market model and its trends, status, and challenges. It is prepared in collaboration with national partner organisations, providing annual narrative progress reports as part of programme implementation and monitoring. National statistical institutions and international databanks (e.g., ILOSTAT and NATLEX, World Bank Open Data, and other internationally recognised labour-related global indexes) are also used as sources of data and information.

The profile is regularly updated to reflect the latest developments. Labour Market Profiles for more than 20 countries are available on DTDA's website, ensuring stakeholders have access to the most recent information:

<https://www.dtda.dk/>.



DTDA – Fagbevægelsens Udviklingssamarbejde
Islands Brygge 32D
DK-2300 Copenhagen S
Denmark
Telefon: +45 33 73 74 40
<https://www.dtda.dk/>

Cover Photo: Armenal factory in Armenia, photographed by Mr. Johan Bøgh.

If you have any comments about the profile, please contact Mr. Kasper Andersen (kan@dtda.dk) from DTDA.

EXECUTIVE SUMMARY

Shifts in Armenia's economic structure have boosted the service sector; however, this has not generated sufficient productive jobs or contributed significantly to poverty reduction. The wage system is largely market-driven, with a statutory minimum wage that demonstrates some real growth. The apply of a flat personal income tax and mandatory pension contributions is undermined by the widespread informal economy, leading to fiscal constraints that limit effective redistribution. The high unemployment rate declined at the beginning of the 2020s but has lost momentum due to political turbulence.

Armenia's labour market is protected by a broad legal framework, but implementation remains uneven. Industrial relations continue to face legal barriers and restrictions that limit workers' ability to exercise their rights. Central trade agreements have driven legal and institutional reforms affecting migration dynamics, rather than delivering notable improvements in wages or unionisation. The country is ranked 3 out of 5 (where 5 is the worst) on the Global Rights Index, reflecting regular interference by governments and/or companies in collective labour rights.

Social dialogue tends to be advisory rather than binding, including agreements often lack strong enforcement mechanisms. Key challenges include limited representativeness of trade unions and employer organisations, and high informality dominance. Digital forms of work contribute to hybrid employment statuses, increasingly questioning traditional labour institutions, not to mention driven by growing labour market flexibility and the expansion of non-standard employment.

Trade union density is declining but remains significantly higher than the regional average. The collective bargaining rate is substantially low due to inadequate company-level bargaining and legal obstacles. Although the labour dispute resolution system operates under a hybrid model, it remains strongly tilted towards judicial resolution.

An ageing population, fluctuating labour migration, and employment shifts towards the service sector are forming the labour market landscape. Some instances of child labour persist, and weaknesses in the labour inspection system limit progress in addressing the exploitation of children. Although Armenian women are becoming more active in the labour market, they continue to face hurdles, reflecting in a high gender wage gap and a low share of women in management positions.

Armenian workers are increasingly attaining higher levels of education, but despite a shrinking youth population, they continue to face high youth unemployment. This reflects a structural mismatch between the education system and labour market needs. An oversupply of graduates in social sciences and humanities contrasts with shortages in technical and vocational skills. Although the country has experienced an increase in technical and vocational education and training (TVET) enrolment, it remains well below the regional average.

The social protection system demonstrates low access to social security benefits. Key difficulties include high informality and an undeveloped tax system exposure, which slows the progress of comprehensive social protection. A disturbing trend is the decline in retirement pension coverage.

COUNTRY MAP



Source: National Online Project.

TABLE OF CONTENTS

PREFACE	I
EXECUTIVE SUMMARY	II
COUNTRY MAP	III
ECONOMIC PERFORMANCE	1
LEGAL FRAMEWORK.....	3
Ratified ILO Conventions	4
SOCIAL PARTNERS.....	4
Government.....	4
Trade Unions	5
Employers' Organisations.....	7
SOCIAL DIALOGUE.....	7
Industrial relations dispute system	8
STATUS OF WORKING CONDITIONS	9
TRENDS THAT AFFECT THE LABOUR MARKET	10
THEMATIC DIMENSIONS SETTING THE WORKFORCE.....	11
Informal economy	11
Migration	13
Child Labour.....	14
Gender	15
Youth	16
EDUCATION AND TRAINING	17
Vocational Training.....	18
SOCIAL PROTECTION	19
APPENDIX: ADDITIONAL DATA	22
REFERENCES.....	24

Tables

Table 1: Main State Labour Governance Agencies.....	5
Table 2: Key indicators for employed gender gaps in Armenia, 2023.....	15
Table 3: Brief view of Armenia’s education reforms connected to labour-market dynamics	18
Table 4: Brief overview of Armenia’s social protection system	20
Table 5: Proportion of population covered by social protection services in Armenia and Europe & Central Asia (ECA), %, 2021	20
Table 6: Legal reservations in Armenia concerning the rights to organise, collective bargaining, and strikes.....	22
Table 7: Status of ratified ILO Conventions in Armenia	23

Figures

Figure 1: Gross domestic product, inflation, and unemployment growth trends in Armenia, %, 2015-2027..	1
Figure 2: Level of national compliance with labour rights among Armenia and neighbouring countries, 2024	4
Figure 3: CTUA membership rate and trade union density trends, 2013-2025	6
Figure 4: Nominal Monthly Minimum Wage (Armenian dram) and Its Real Growth (%) in Armenia, 2015-2027	10
Figure 5: Share of employment by economic activity in Armenia, %, 2008-2017	11
Figure 6: Informal employment share of total employment in Armenia, %, 2008-2017	12
Figure 7: Net migration and personal remittance in Armenia, 2010-2025	13
Figure 8: Proportion of women in management positions in Armenia and neighbouring countries, %, latest data	16
Figure 9: Proportion of youth (aged 15-24 years) not in education, employment or training in Armenia and neighbouring countries, %, latest year	17
Figure 10: Armenia’s employment by education, %, 2008-2023	18

Boxes

Box 1: Key Labour Legislation Reforms in Armenia.....	3
Box 2: Key Features of Trade Unions.....	6
Box 3: Key Factors of Employers’ Organisation.....	7
Box 4: Central Tripartite Institutions.....	8
Box 5: Characteristics of Wage System.....	9
Box 6: Structure of Informality in Armenia’s economy.....	12

ECONOMIC PERFORMANCE

Key Findings

- Moving towards modern, diversified economy → labour market turns more service oriented.
- Unemployment rate remains high → weakens wage bargaining for workers.
- Meagre poverty reduction → economy growth does not deliver productive jobs and inflation erodes incomes.
- Highly climate-vulnerable country → lacks a strong just transition plan.

Economic Development Model

Armenia is an upper-middle income country, and characterised as open economy, supported by diaspora. The current economic development agenda is focusing on structural reforms to strengthen competitiveness, enhanced regional and global economic integration, and targeted sectoral growth (tech, energy, infrastructure).

Impact of Political Turbulence

The country's political turbulence—especially conflict with Azerbaijan, refugee inflows, and geopolitical shifts—has several direct and indirect effects on the labour market. Although skilled immigration from Russia occasionally provides temporary labour-supply boosts, these impacts show up in unemployment in recent years, investment uncertainty, and fiscal pressures.

Shift Toward New Economic Paradigm

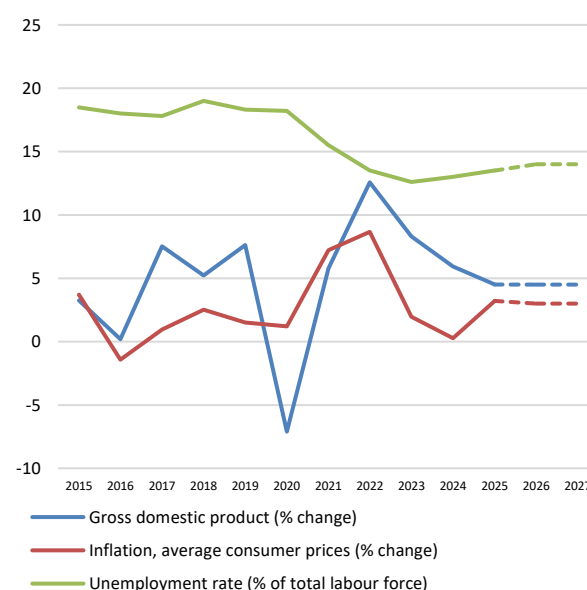
The country has delivered steady economic growth during the last decade, except a big rupture due to impact from the global COVID-19 pandemic (Figure 1). This growth is driven by a tech-led services boom, export revenues from mining, capital inflows and remittances. It leads the labour market more service-oriented and skill-intensive, with higher-paying in dynamic sectors besides more unequal and urban-focused. On the other hand, progression in manufacturing

employment has lost pace in recent years, supported by downturns in foreign direct investment inflows.

Inflation Drives Uneven Incomes

Moderate inflation in consumer prices in recent years helped avoid large price shocks, which is generally positive for economic stability (Figure 1). However, because food and essentials inflation tends to be higher, workers still face financial strain, particularly since wage increases are slow. Real income gains are uneven across sectors and income groups with low-income households are more vulnerable to price hikes (see more in the Working Conditions section).

Figure 1: Gross domestic product, inflation, and unemployment growth trends in Armenia, %, 2015-2027



Source: International Monetary Fund, World Economic Outlook Databases.

High Unemployment Stalled

Armenia's unemployment rate experienced a decline at the beginning of the 2020s but it lost some pace (Figure 1). This rate stays high, mainly due to a gap between education and labour market needs due to limited vocational/technical training and oversupply of graduates in some

fields. Other factors concern limited industrial diversification, regional disparities, and informal labour structure. These conditions negatively affect the labour market; for instance, weakens wage bargaining for many workers, encourages outward migration, and increases imbalance. In addition, a traditional unemployment insurance benefit scheme is not available like those found in other European & Central Asia countries (see also Table 5 in the Social Protection section).

Limited Poverty Reduction

Based on Armenia's poverty headcount ratio at national poverty line registered one out of four (24%) of population in 2023 and falling slowly.¹ Economic growth does not deliver sufficient productive jobs and inflation stymied real incomes. These aspects stick with high informality and inequality persist, and fiscal constraints limit effective redistribution. Without stronger productivity growth in labour-intensive sectors and expanded social protection, growth does not translate into broad-based poverty reduction.

Simple Income Tax System

Armenia's income tax on wages applies a flat 20% personal income tax (PIT) rate to employment income, as well as mandatory funding pension contribution. The country has also been rolling out a universal health insurance scheme with payroll deductions for some salaried residents (see more in the Social Protection section).

This flat 20% income tax is simple and predictable, but the overall labour tax burden (including social deductions) can influence employment incentives and participation in formal work. For instance, it leads to limited redistribution, revenue pressures, and a weak ability to address labour-market inequalities. Many workers and firms operating informally outside the tax base, creating unequal treatment between formal and informal workers (see more in the Informal Economy sub-section).

Just Transition Agenda

A Highly Climate-Vulnerable Country

Armenia is considered a highly climate-vulnerable country, particularly due to its geography, water dependence, and economic structure. Flooding, mudflows, and landslides already cause infrastructure damage and local economic disruption. Particularly, a significant share of rural employment depends on climate-sensitive farming, where drought and temperature shifts reduce yields and rural incomes. However, none internally displaced persons associated with disasters are registered.

National Green Jobs Strategy

The country's climate policy architecture includes green jobs and just transition principles, particularly in the Nationally Determined Contribution (NDC 3.0) and related strategies, aiming to balance environmental goals with employment and social inclusion. The setup yet lacks a fully standalone national green jobs strategy or just transition plan. The labour market impact could end to be positive in emerging sectors if complemented with effective skills and social policies, but risks remain for workers tied to outmoded high-carbon activities without adequate transition support.

Trade Unions in Just Transition Agenda

Trade unions in Armenia are becoming involved in climate change and just transition debates, mainly through seminars and partnerships locally and internationally. For example, in Just Transition dialogues they focused on securing labour rights, safety, and decent wages during the country's shift to renewable energy and green industries.² Generally, their engagement is growing — particularly in the energy transition — but it remains more consultative and capacity-building rather than fully embedded in national climate policy structures.

LEGAL FRAMEWORK

Key Findings

- Strong labour legal framework but uneven enforcement → reforms are in process.
- Few trade agreements with labour provisions → mostly effect in rules and enforcement capacity and migration dynamics.
- Compliance with fundamental labour rights is stable → industrial relations still face legal barriers and restrictions.

A Solid Labour Market Legal Framework

In Armenia, the labour-related legal framework is covered by several laws, primarily governed by the Labour Code for employment and labour relations. It directs individual and collective employment relationships, including rights and obligations of employers and workers, workplace conditions, and employment contracts. Also, the Employment Law complements the Labour Code by regulating employment policies, job search rights, state services, unemployment assistance, and public-private partnerships regarding employment promotion.

Labour inspection mechanism was re-established in recent years after a period of weakened oversight. The Health and Labour Inspection Body (HLIB) is responsible for monitoring compliance with labour legislation. However, this system faces limited human, and financial resources restrict systematic monitoring and enforcement.

Laws Protects Workers' Rights

In Armenia, workers' basic rights to freedom of association and to strike are enshrined in the Constitution. Both parts are linked with the Labour Code and the Law on Trade Unions, which further prohibits anti-union discrimination. The right to collective bargaining is recognised by law.³

Legal Labour-Related Reforms in Progress

Armenia aims to modernising both labour law provisions and labour market institutions, updating protections and adapting to new forms of work. However, the implementation still faces challenges in digitalisation and enforcement.

Box 1: Labour Legislation Reforms in Armenia

- Digital employment contract system (mandatory delayed to mid-2027).
- Labour Code updates on employment scope, remote work, parental leave, anti-discrimination, and overtime rules.
- Emerging proposals on working time reduction and modern work arrangements.
- Policy reforms expanding public employment services, unemployment support, and active labour market measures.
- Reforming the Law on Employers' Unions is in progress.

Hurdles to Fully Realise Trade Agreements

Armenia is participating in a wide range of trade agreements, but only two have some labour provisions: the European Unions – Armenia and the Eurasian Economic Union (EAEU) - Viet Nam.⁴ These two latter trade agreements have affected the labour market indirectly, such as by pushing legal and institutional reforms and by shaping labour mobility. Impacts are mostly in rules and enforcement capacity and migration dynamics, rather than an attributable in wages or unionisation.

Strong Legal Frame, Uneven Enforcement

Armenia's labour legislation is broadly aligned with international labour standards. In practice, implementation is uneven due to institutional capacity limitations, high levels of informality, weak collective representation, and limited enforcement reach. Thus, the central issue is not the absence of legislation, but the effective

enforcement and extension of protections to vulnerable workers. Industrial relations still face specific legal barriers and restrictions for workers to practice their rights (see Appendix Table 6).⁵

Ratified ILO Conventions

International Labour Organization (ILO) conventions enumerate international principles and rights at work. Appendix Table 7 shows that eight out of ten Fundamental Conventions and three of four Governance Conventions have been ratified, and 15 of 178 Technical Conventions are up-to-date and actively promoted. The latest ratified convention was the Violence and Harassment Convention (C190) in 2025, which was two decades ago they last ratified an ILO convention. This ratification is primarily normative and advocacy-based rather than structural.

CEACR Observations

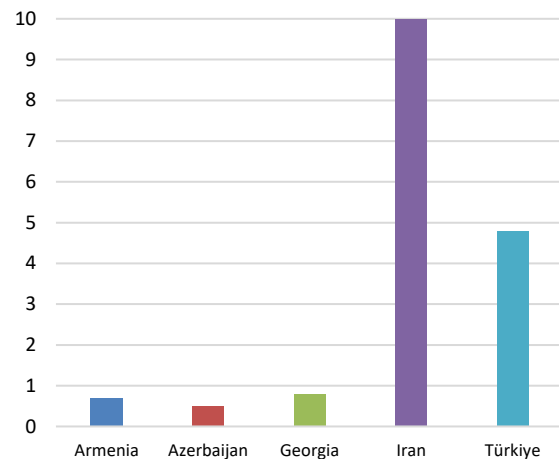
The ILO's independent supervisory system body – the Committee of Experts on the Application of Conventions and Recommendations (CEACR) – has observations and direct requests for conventions. Recently, the committee urged Armenia's government to take necessary measures to amend the Law on Trade Unions to ensure that several sidelined groups – employees of the Prosecutor's Office, judges, civilians employed by the police and security services, self-employed workers, and workers in the informal economy – can establish and join organisations. The Constitutional Court even decided in 2023 that the Law on Trade Unions is unconstitutional concerning an absolute ban on freedom of association for several employees' groups.

Labour Rights Compliance

The Sustainable Development Goals indicator 8.8.2 measures compliance with fundamental labour rights. Based on ILO textual sources and

national legislation, Armenia's scoring has improved in recent years, landing better than several other neighbouring countries (see Figure 2).

Figure 2: Level of national compliance with labour rights among Armenia and neighbouring countries, 2024



Note: The value ranges from 0 to 10, with 0 being the best possible score (indicating higher levels of compliance with freedom of association and collective bargaining (FACB) rights) and 10 the worst (indicating lower levels of compliance with FACB rights based on ILO textual sources and national legislation).

Sources: International Labour Organization, Key Indicators of the Labour Market (KILM).

SOCIAL PARTNERS

Key Findings

- The labour market governance is relatively stable but institutionally underdeveloped.
- Trade union density is falling but hovering significantly above than OECD average.
- Employers' organisations encounters shifting industrial terrain.

Armenia's social partners constitute the tripartite labour governance system, and the central institutions are summarised below:

Government

Ministry with Authority for Labour Issues

The Ministry of Labour and Social Affairs (MLSA) in Armenia represents the government in the industrial relations system and remains the central policy-making body for labour issues. The ministry has a broad mandate, including development of labour policy, employment policy and labour market programmes, social protection and pensions, social dialogue coordination, and gender equality and anti-discrimination frameworks.

The MLSA functions effectively at the legislative and policy design level but encounters constraints in translating reforms into enforceable practice. Some central challenges are limited policy implementation capacity, budget constraints, and heavy focus on social assistance compared to labour market regulation.

Institutions Under MLSA and Coordination

The ministry is managing several central institutions with importance for the market's dynamics:

- **Unified Social Service (USS)** integrates multiple services into a single system of social protection administration.
- **State Employment Agency** manages employment policy implementation and labour market services.
- **Health and Labour Inspection Body** enforces labour legislation and occupational safety regulations.
- **Medical and Social Expertise Agency** evaluates disability status and work capacity.

The MLSA also coordinates with multiple ministries and institutions (Table 1).

Table 1: Main State Labour Governance Agencies

Institution	Formal Strength	Key Limitation
Ministry of Labour and Social Affairs	Strong policy mandate.	Limited implementation capacity.
Health and Labour Inspection Body	Legally empowered.	Insufficient staffing and enforcement power.
Unified Social Service	Operational and structured.	Limited scale and funding.
National Tripartite Commission	Formally active.	Advisory role only; weak binding authority.
Judiciary (Labour Disputes)	Legally accessible.	No specialised labour courts.

Source: DTDA data collection.

Institutional Governance Weaknesses

Although Armenia's labour market governance is relatively stable, it is institutionally weak compared with many European systems. This stance is echoed in underdeveloped collective bargaining structures and fragmented institutional coordination.

Trade Unions

Unionism is Protected by Laws

In Armenia, trade union rights are recognised in Armenia's legal framework and international commitments. Particularly, the Law on Trade Unions defines union registration, internal governance rules, rights of union representatives, and relations between employers and unions.

Trade Union Structure

Armenia's trade union system is organised through the national Confederation of Trade Unions of Armenia (CTUA), founded in 1992. Currently, 18 branch unions are affiliated with the CTUA, comprising 589 trade union organisations.⁶ This confederation is the pivotal trade union centre, representing affiliated sectoral unions and enterprise-level unions.

Regarding affiliated unions, sectoral unions exist in several areas, including education and science, healthcare, energy sector, transport and

communications, agriculture, public services and local government, and industry and construction.

Trade unions are recognised actors in social dialogue mechanisms, particularly through tripartite institutions involving government, employers, and workers' representatives.

Box 2: Key Features of Trade Unions

- Trade unions remain strongest in public services and former state-owned sectors.
- Many workers are employed in small enterprises, informal jobs, or self-employment, which limits union organisation.
- Collective bargaining occurs but is limited, mainly at the enterprise level rather than sectoral or national levels.

Trade Unions Face Challenges

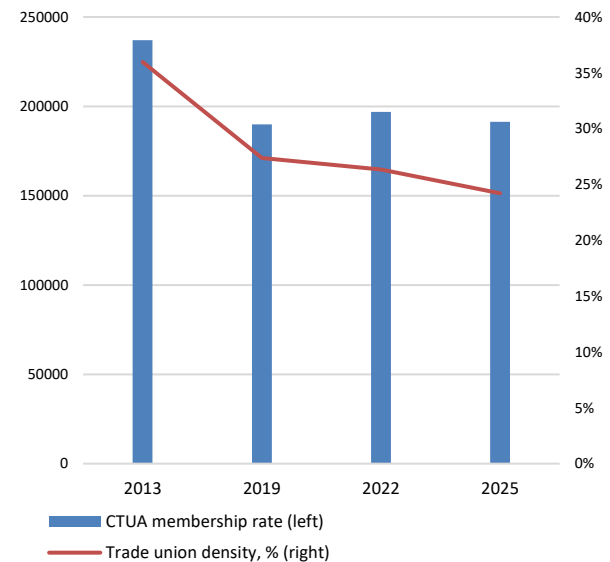
Several structural factors constrain the effectiveness of the trade union movement in Armenia. Some of the main issues concern the dwindling union density, particularly in private enterprises, echoing in limited sectoral collective bargaining structures (see more in the Social Dialogue section). Other factors – like high informal employment rate, growth of insecure protection, and employer resistance to unionisation in some sectors – also complicates trade unions affairs.

Falling Trade Union Rate and Density

The CTUA experienced a significant downturn in the membership rate during the 2010s that linked with private-sector evolution, retirement of legacy members, and weak organising in new industries. The affiliation rate rebounded at the beginning of the 2020s in the aftermath of the COVID-19 pandemic-driven worker concerns, stronger social dialogue, and stable public-sector unions. Currently, the affiliation rate slowly fell again due to gig economy expansion, organisational limits of

traditional union structures, and undergoing restructuring amidst significant migration shifts (see Figure 3).

Figure 3: CTUA membership rate and trade union density trends, 2013-2025



Source: ITUC; CTUA; own estimation of trade union density.

Trade union density in Armenia declined from nearly 90% in 2000 to 24% of employees in 2025 (or 16% of total employment) (Figure 3 above).⁷ This density is significantly higher than the closest neighbouring countries or the Organisation for Economic Co-operation and Development (OECD) estimated an average of 15%.⁸

Regular Violations of Rights

Armenia is ranked 3 out of 5 (5 is the worst) on the Global Rights Index in 2026 connected with governments and/or companies are regularly interfering in collective labour rights or are failing to fully guarantee important aspects of these rights.

There are deficiencies in laws and/or certain practices which make frequent violations possible. For example, anti-worker climate was detected in relation with the emergence of employer-dominated “yellow unions” in Armenia;⁹ i.e., trade unions that are controlled, influenced, or

supported by employers or the state rather than representing workers independently. In 2026, miners were facing serious occupational safety risks and labour rights violations in mines, prompting calls for urgent government intervention as workers seek protection, fair wages and safe working conditions.¹⁰

Employers' Organisations

Organised Employers are Legally Supported

Organising employers are legally supported by the Law on Employers' Associations, the Labour Code, and the national tripartite social dialogue system. These frameworks allow it to represent employers in labour policy discussions, influence employment regulations, and participate in negotiations affecting Armenia's labour market.

It is worth mentioning that the minimum membership requirements set up in the mentioned Law on Employers' Associations help ensure that employer unions are representative, stable, and capable of participating in national social dialogue. However, they may also limit the formation of smaller employer organisations and concentrate representation in larger associations. For instance, these minimum membership requirements have been considered too high by ILO's CEACR, preceding to Armenia's government to initiate a reform of this law's regulations.¹¹

Employers' Organisations' Structure

The Republican Union of Employers of Armenia (RUEA), founded in 2007, is the primary organisation representing employers in the country. A fast overview of the employers' organisations' structure is summarised below:¹²

Box 3: Key Factors of Employers' Organisation

- The organisation has registered 1,411 member companies, representing about 20% of the businesses operating in the country in nearly all sectors.
- RUEA estimates that about 40% of total employees in the private sector are employed in member companies.
- RUEA unites 32 sectoral and territorial unions, which represent different sectors of the economy in all regions of Armenia.

Navigating in Shifting Industrial Terrain

In Armenia, employers' organisations encounter a flow of economic diversification, shifting toward information technology, services, and tourism, which are dominated by small and medium enterprises (SMEs). Although they are focus on attracting firms from new economic sectors and expand sectoral employer unions, many new businesses remain outside formal employer associations. Furthermore, the associations face contests related to low employer participation, which is haunted by the SME dominated widespread informal economy, mirroring in weak collective bargaining (see more in the Social Dialogue section).

SOCIAL DIALOGUE

Key Findings

- Social dialogue tends to be advisory rather than binding.
- A relatively low collective bargaining agreement (CBAs) coverage.
- The labour dispute resolution system with a hybrid model → it is strongly tilted toward judicial resolution.

The role of social dialogue in addressing labour-related socio-economic issues encompasses negotiation, consultation, and the exchange of

information among governments, employers, and workers. Its functioning depends on mutual trust, institutional capacity, and an enabling legal environment.

Social Dialogue Institutional Basis

Armenia's labour market model features a formal tripartite social dialogue system with consultative influence via several central forums (see Box 4).

Box 4: Central Tripartite Institutions

- **Tripartite Commission on Social Partnership (TCSP)** is a forum for discussing labour legislation reforms, advise on employment and social policies, review minimum wage adjustments, and promote cooperation between employers and workers.
- **Sectoral and Regional Social Partnership Councils** are present in some sectors and regions at a more local level. These bodies are less institutionalised and less influential than the national commission.
- **Policy Consultation Platforms** under the Ministry of Labour and Social Affairs organises consultations with social partners when developing labour legislation, social protection reforms, and employment programmes.
- **Advisory Bodies in Employment Policy** occurs in bodies related to employment policy and labour market programmes, particularly those connected to public employment services and labour policy reforms.

This system is preparing labour policy issues discussed centrally by social partners, while real employment decisions are mostly made individually at the workplace level rather than

through broad collective agreements. Thus, unlike many European industrial relations systems, Armenia's social dialogue tends to be more advisory rather than binding; for instance, agreements often lack strong enforcement mechanisms. Social dialogue has therefore more influence on discussion than on direct regulation of labour conditions.

Status of Social Dialogue and Its Hurdles

Armenia has active tripartite institutions and ongoing efforts to strengthen social dialogue, but progress is uneven effectiveness across sectors. Limited influence and representation in some policy areas is another factor. Tripartite agreements and legal acts empower tripartite commissions have a rather broad set of competencies but not include informality or social security.¹³

Hurdles to social dialogue include that many organisations do not represent enough workers or employers to bargain effectively or legitimately, as well as the presence of a large informal economy. Digital work structures further challenge traditional labour institutions, driven by increased labour market flexibility and the expansion of non-standard employment.

The social dialogue's scope is reflected by its relatively low collective bargaining agreement (CBAs) coverage: latest data available showed that almost one out of five (19%) of employees (i.e., paid employment) were covered, with a declining rate, not to mention 15 percentage points lower than OECD average at 34%.¹⁴

Industrial Relations Dispute System

Mixed Industrial Relations Dispute System

The labour dispute resolution system in Armenia is primarily regulated by the Labour Code. This legislation provides several mechanisms for

resolving disputes, including negotiation, mediation, conciliation, and court proceedings. Alternative Dispute Resolution (ADR) mechanisms — such as mediation and arbitration — are gradually developing. Although traditionally used in commercial matters, ADR tools are increasingly being applied to labour and employment disputes as more flexible and cost-effective alternatives to court litigation; visually see below.



Status of the Labour Dispute System

Most labour conflicts fall into individual labour disputes. Collective disputes are relatively rare because formal mediation and arbitration are seldom used linked with collective bargaining coverage is low. To improving the system, the Ministry of Labour and Social Affairs drafted a law, introducing a new out-of-court mechanism for resolving labour disputes, which is work in progress. Both employees and employers are aimed to have the opportunity to present their cases to this commission if they encounter problems with one another.¹⁵

The dispute system faces an overreliance on courts, which can slow dispute resolution, and limited mediation infrastructure. The widespread informal economy added, reducing collective dispute mechanisms coverage, along with low awareness of dispute procedures among workers further complicate the system.

STATUS OF WORKING CONDITIONS

Key Findings

- The wage system is market-driven with limited collective bargaining.
- Aggregated real minimum wage grew in recent years.
- High informal employment leads to weak taxation and social protection coverage.

Working conditions directly affect workers' well-being, productivity, and job satisfaction. The state of these conditions has broader implications for the labour market, influencing economic performance, employment patterns, and social stability.

Market-Based Wage System

Armenia's wage system is largely market-driven with a statutory minimum wage and limited collective bargaining. Wages are closely linked to the tax system through automatic payroll deductions. Box 5 below brings a short view of the wage system characterises.

Box 5: Characteristics of Wage System

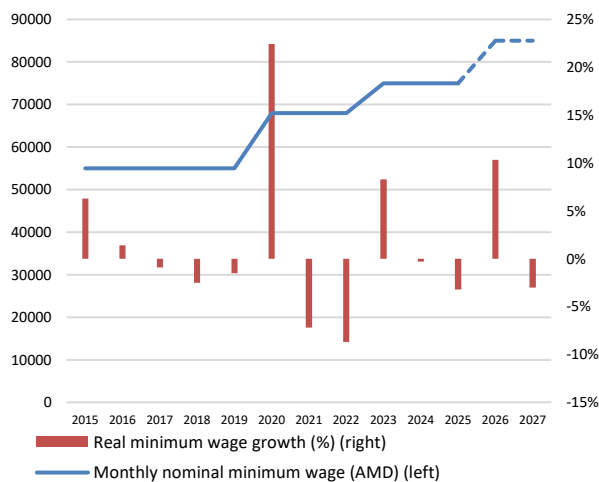
- **Minimum wage:** Set nationally by law and periodically adjusted by the government.
- **Sectoral wage setting:** Most wages are determined through individual employment contracts rather than sector-wide collective bargaining.
- **Public sector wages** are set through government pay scales and budget regulations.
- **Private sector wages** are negotiated between employers and employees.

Source: DTDA research.

Real Minimum Wage Gains

The minimum wage is not yearly adjusted in Armenia. It applies mainly to full-time employees, which is meant as a legal floor, rather than a benchmark for average wages. The latest adjustment of the minimum wage was in 2023, grabbing monthly AMD 75,000 (US\$191) and projected to AMD 85,000 (US\$224) in 2026.¹⁶ There was an aggregated yearly increase of 3% in minimum wage real growth (reducing inflation in consumer prices) during the 2020s, so far, especially saved by a big hike in 2020 (Figure 4).

Figure 4: Nominal Monthly Minimum Wage (Armenian dram) and Its Real Growth (%) in Armenia, 2015-2027



Note: Real minimum wage is based on nominal minimum wage growth deducted of inflation in consumer prices.

Source: Trading Economics; DTDA estimations on real minimum wage growth

Wage System Weaknesses

Armenian workers operate with low wage levels compared with many European and upper-middle-income countries. The widespread informal economy further brings many workers often are not covered by labour regulations, taxation, or social contribution.

The wage-setting system relies heavily on individual employment contracts, while sector-wide collective bargaining remains limited. This

factor not only brings wage coordination across industries weak, but also trade unions have a relatively small role in wage determination, as well as wage disparities between sectors and occupations can widen.

Although the introduction of a flat personal income tax and mandatory pension contributions have increased transparency in wage reporting, it raised discussions about the overall tax burden on formal employment, which may affect incentives for wage formalisation in some sectors.

TRENDS THAT AFFECT THE LABOUR MARKET

Key Findings

- The demographic decline and ageing population → stalled workforce growth.
- Structural transformation is incomplete and slower than in many emerging economies.
- The widespread informal economy still haunts the realisation of workers' rights.
- Digital or platform-based work reshuffle the traditional employment structures.

Armenia's workforce is shaped by a combination of structural challenges and evolving global trends. The following contemporary issues influence employment dynamics, job quality, and labour market inclusivity:

Workforce Growth is Stalled

The population in Armenia represented 3.0 million in 2025, with a slight increase due to positive net migration, despite a declining birth rate. The population is projected to drop to between 2.4-2.8 million in 2050.¹⁷

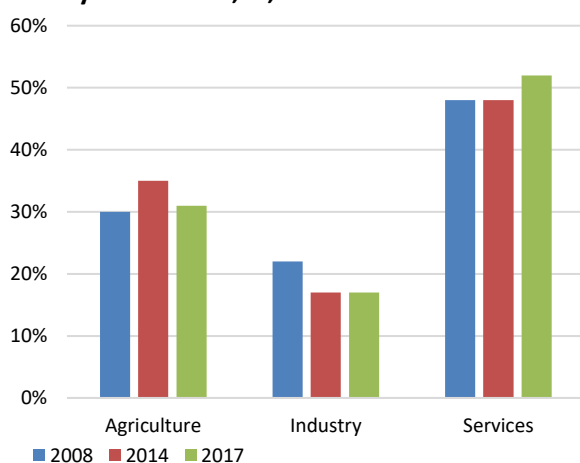
The workforce has remained relatively stable, reaching 1.5 million people in 2025.¹⁸ The labour force participation rate – measuring the active

portion of the working-age population – has been slightly volatile during the last decade, landing at 65%. This trend mainly reflects fluctuating labour migration, demographic decline and ageing, economic shocks and recovery cycles, and gradual shifts in female labour participation. This situation contributes to various factors, such as shifting labour supply, increased labour market sensitivity to external shocks, and sectoral labour shortages and skills gaps, among others.

Workforce Structural Shifts

Armenia's workforce has gradually undergone a structural transformation, reflected in a declining share of employment in agriculture and industry, while a growing concentration in services (see Figure 5).

Figure 5: Share of employment by economic activity in Armenia, %, 2008-2017



Source: Armenia Labour Force Surveys.

These shifts have contributed to changes in labour demand, with increasing requirements for higher skills and urban-based employment, particularly in sectors such as trade, construction, and information technology. While the transition can support productivity improvements and economic diversification, it also poses challenges related to skills mismatches, regional employment disparities, and the absorption of workers leaving low-productivity sectors.

4IR is Reshaping Armenia's Labour Market

The Fourth Industrial Revolution (4IR)—characterised by artificial intelligence (AI), digitalisation, automation, and advanced connectivity—has begun to reshape Armenia's labour market. This advance is primarily through the expansion of the digital economy and rising demand for advanced skills. Yet the transformation is uneven, and many workers remain vulnerable to technological disruption. For example, digitalisation may produce labour-market polarisation, where high-skill workers benefit from technological change while low-skill workers face stagnating wages or unemployment. In addition, the country maintains a state-run social protection system, which is designed primarily for traditional employment structures, not for digital or platform-based work (see more on the Social Protection section).

THEMATIC DIMENSIONS SETTING THE WORKFORCE

Cross-cutting issues notably affect the labour market when intersecting with various economic, social, and environmental dimensions, impacting workers and employers across multiple sectors.

Informal economy

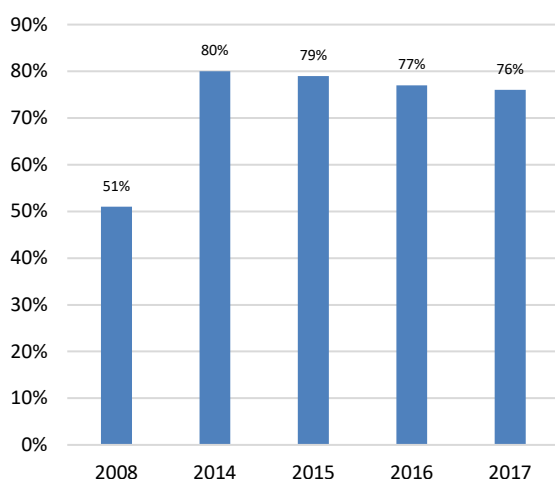
The informal economy plays a dual role in labour markets – providing employment opportunities and creating challenges related to wages, worker protections, and economic stability.

Informality Dominates the Labour Market

Armenia's informal employment rose sharply in the early 2010s and then declined only gradually due to a combination of post-crisis economic restructuring, labour-market weaknesses, and slow institutional reform. According with the available labour force survey data, which are

based on an international broader informality definition, about 76% of employment in Armenia operated in the informal economy during the 2010s (see Figure 6).

Figure 6: Informal employment share of total employment in Armenia, %, 2008-2017



Source: Armenia Labour Force Surveys.

Box 6: Structure of Informal Economy

The informal economy is a critical employment buffer, but a structural constraint on labour productivity, wages, and social protection:

- Agriculture employs a large portion of the population, often in subsistence or family farming that is not formally registered.
- Micro and small enterprises dominate the economy and often operate partially or fully outside formal regulatory frameworks.
- Limited industrial diversification means fewer stable formal jobs.

Initiatives to Formalise the Labour Market

Armenia has implemented a range of initiatives to formalise employment, including national employment strategies, active labour-market policies, education reforms, and international cooperation programmes. These initiatives are

gradually improving labour-market outcomes by encouraging formal job creation and improving worker protections. Nevertheless, the impact has been incremental rather than transformative, as structural characteristics of the Armenian economy continue to sustain relatively high levels of informal employment (revisit Figure 6).

Tripartite National Informal Economy Forum

The country is actively promoting mechanisms such as a tripartite national informal economy forum to organise informal workers and encourage their transition into the formal economy. The forum aims to identify the drivers of informal employment and provides a space where informal workers' concerns can be represented in national policy discussions.¹⁹

The forum works alongside several other initiatives designed to reduce informality, such as labour-inspection reforms, simplified tax systems for small businesses, social protection reforms, and active labour-market programmes.

Despite these initiatives, the impact is limited since informal workers remain difficult to organise, as well as structural factors (such as agriculture and small enterprises) continue to generate informal jobs.

Organising Informal Workers

Trade unions in Armenia do not have a long track record in organising informal workers, largely because the legal framework restricts union membership to workers with formal contracts and because informal employment is concentrated in fragmented parts, such as agriculture and small services. While the mentioned new tripartite initiatives and programmes aim to strengthen worker representation, organising workers from the informal economy remains very low.

Migration

Migration flows significantly influence Armenia's labour market by shaping labour supply and demand, wage levels, skills distribution, and social dynamics.

Legal and Policy Status for Labour Migration

Armenia's migration legislation regulates both emigration and immigration. The country's migration governance is guided by several policy documents, guiding the transition from a purely emigration-driven country toward a more balanced migration management system.

In August 2026, significant immigration law reforms will be launched, including to establish a work visa system; removing labour market testing for work authorisations; introducing a quota on foreign workers; introducing new notification rules for temporary residence permit holders who change employers.²⁰

Labour Migration Flows

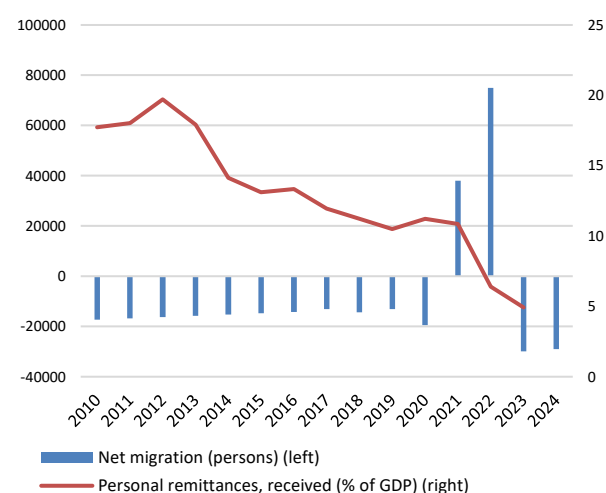
A large share of Armenian migration involves workers moving abroad, particularly to Russia and other Eurasian Economic Union (EAEU) countries. This situation is supported by membership in the EAEU allows Armenian citizens to work in member states without work permits.

Data show that the country has experienced significant outward migration since the 1990s, which has reduced the domestic workforce (Figure 7). It is worth mentioning that a positive net migration in 2021/22 was mainly due to geopolitical shocks, pandemic-related return migration, and economic relocation flows, particularly from Russia and neighbouring countries.

Another influence is that migration has generated substantial remittance inflows, supporting

household consumption, reduce poverty, and stabilise the economy during downturns (see Figure 7). On the other hand, these inflows have gradually fallen, mainly because of economic instability in Russia, declining labour migration, permanent settlement of migrants abroad, and structural changes in Armenia's economy. While remittances remain significant, their role in the economy is slowly diminishing as Armenia diversifies its economic base.

Figure 7: Net migration and personal remittance in Armenia, 2010-2025



Source: The World Bank, World Development Indicators.

Migration Impact on the Labour Market

Migration has profound effects on the labour market in several ways. The significantly negative net migration has brought effects, such as shrinking working-age population, labour shortages in certain sectors, and slower economic growth potential. This flow has further experienced that demographic pressure has become more serious in recent years due to low birth rates and ageing.

Another feature is that highly skilled workers often migrate to pursue better employment opportunities abroad, leading to a brain drain, particularly in engineering, healthcare, and science and research sectors. The loss of skilled

labour can limit Armenia’s ability to develop advanced industries and adapt to technological change.

New Immigration Trends

Recent geopolitical developments have brought new migrants to Armenia, including Russian professionals relocating after geopolitical tensions and refugees from regional conflicts. These migrants have contributed to growth in sectors such as information technology, services, and entrepreneurship, increasing economic dynamism in urban centres.

Trade Unions and Labour Migration

The Armenian trade union movement currently plays a modest role in shaping migration-related labour market outcomes. Migration remains a structural labour market adjustment mechanism, while, as previously mentioned, trade unions focus mainly on protecting workers’ rights domestically, advocating improved protections for migrant workers, and participating in social dialogue on employment policies. Nevertheless, the combination of high emigration and elevated informal economy constrains the unions’ capacity to influence migration flows directly.

Child Labour

Child labour has several adverse effects on the labour market. It provides a source of cheap labour, allowing employers to pay lower wages. This factor is often connected with a lack of decent wages and job opportunities, forcing families to rely on child labour for survival. These child labourers grow into unskilled adults and are more likely to remain in low-paying, unstable jobs.

Legal Framework for Combating Child Labour

Armenia’s legal framework broadly complies with international standards on child labour prevention (revisit Appendix Table 7). The government

adopted an amended Labor Code to include child labour provisions that now fully covers and protects all children, including those working in the informal economy, and aligns the minimum age for work law with international standards.

The country’s government also promotes policies against child labour through social protection programmes and compulsory education policies, which is considered a central mechanism to reduce early entry into the labour market. Notwithstanding, effective enforcement and monitoring—particularly in the informal economy—remain critical challenges.²¹

Trade Unions and Child Labour

In Armenia, the trade union movement plays a supportive role, mainly through advocacy, participation in social dialogue, and cooperation with international labour organisations. They appear playing a relatively limited role in directly activities to combating child labour.

Child Labour is Relatively Low

Child labour (i.e., economic activity) in Armenia is not widespread in the formal economy, but it persists particularly in informal and family-based activities. Most working children are in unpaid or informal employment and cannot benefit from the protection of the legislation on child labour.

Data suggest that 4% of Armenian children aged 5–17 are in economic activity, which is one percentage points higher than the Europe and Central Asia average of 3%.²² Despite this relatively low child labour it still signals that some gaps persist in the labour regulations.

Assessments suggest that Armenia has made only minimal advancement in the fight against child labour because labour inspectors lack full legal authority to conduct unannounced inspections, which may leave potential violations of child

labour laws and other labour abuses undetected in workplaces.²³ In addition, as the minimum age for work at age 16 is lower than the compulsory education age of 18, children may be encouraged to leave school before the completion of compulsory education.

Factors Stick with Child Labour

In Armenia, child labour is mainly linked to household economic vulnerability, rural agricultural work, labour migration dynamics, and informal employment structures. While national legislation prohibits hazardous child labour and prioritises education, informal family-based work remains the primary area where child labour risks persist.

Gender

Gender shapes labour market dynamics, affecting employment opportunities, wages, job security, and economic growth.

Gender Equality is Challenged in Practice

Armenia demonstrates strong political commitment to gender equality in law, supported by constitutional provisions, gender equality legislation, and ratification of international conventions. Although this vow is signed, several structural factors limit the impact of gender equality legislation, such as high burden of unpaid care work, limited childcare infrastructure, and persistent traditional gender norms.

Trade Unions and Gender Equity

Trade unions in Armenia have formally integrated gender equality into their organisational frameworks, though implementation varies across sectors. For example, CTUA has established women's committees or gender focal points within some union structures, and generally gender equality is recognised as part of the broader decent work agenda. Trade unions have

also engaged in several gender-related initiatives, including training programmes on gender equality and labour rights and support for maternity protection and work–family balance, among others. These initiatives are not yet systematic across all unions, though.

Another aspect is that gender equality provisions are not consistently integrated into collective agreements; for instance, provisions addressing equal pay, career advancement, or work-life balance policies are less common.²⁴

Employment-Related Gender Disparities

The main characteristics of employment-related gender disparities in Armenia reflect a significant lower women employment participation, while more equal of other key employment structures (see Table 2).

Table 2: Key indicators for employed gender gaps in Armenia, 2023

Indicator	Men	Women
Employment-to-population ratio	71%	52%
Employment share	52%	48%
Unemployment rate	7.2%	9.4%
Employees rate	66%	64%
Self-employed rate	34%	36%
Employers rate	1.2%	0.4%

Source: International Labour Organization, ILOSTAT.

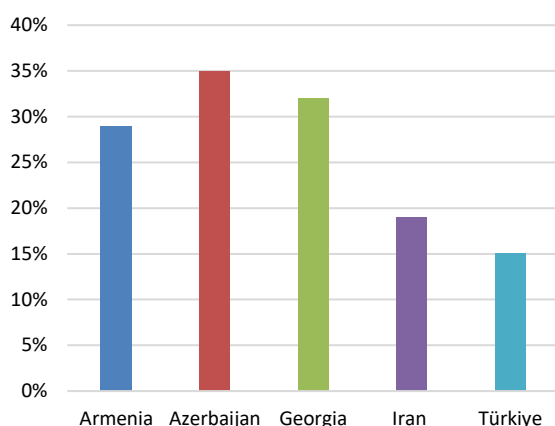
Additional stark feature is marked by persistent gender wage gap of 21%.²⁵ Disparities are further linked with strong occupational segregation, including women-dominated sectors like education, healthcare, social services, and public administration. Higher levels of economic inactivity and informal employment among women supplementary led factors continue to shape gender inequality in Armenia's labour market.

Status of Progress in Women's Leadership

Armenian women are underrepresented in managerial positions, which is similarly with the

neighbouring countries (see Figure 8). While women account for almost half share of total employment, their representation in management has encountered a declined trend, reflecting the mentioned occupational segregation and structural barriers to career advancement.

Figure 8: Proportion of women in management positions in Armenia and neighbouring countries, %, latest data



Source: International Labour Organization, ILOSTAT.

Youth

Youth is the labour market's future backbone, playing a central role in shaping employment trends, productivity, and economic growth.

Youth Working-Age Population Falls

Armenia is undergoing demographic ageing and youth population decline, which has important implications for the labour market. This pattern moved towards a shrinking workforce, leading to potential labour shortages in some sectors.

Data reveal that the youth working-age population (aged 15-24 years) share of total total fell by six percentage points during the last decade, landing at 14% in 2023 or 276,000 persons.²⁶ This trend is supported by the fact of many young Armenians migrate abroad for employment, costing a loss of skilled labour.

Basic Policies to Support Youth

Armenia has established a basic institutional and policy framework to support youth entering the labour market, including employment services, active labour market programmes, and vocational education reforms.

In March 2025, a new Youth Policy Law was launched, closing the gap of no youth-related regulatory documents in place for almost ten years. This law covers a range of measures, concerning social inclusion, educational access, and cultural engagement. However, the scale and effectiveness of these initiatives remain constrained, and youth continue to face challenges related to labour demand, skills mismatch, and migration.

Youth Job Demands Push Pressure

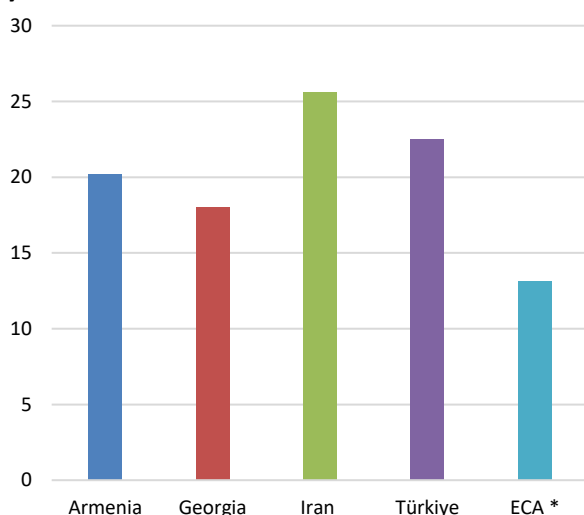
Armenia's youth employment-to-population ratio is slowly rising, mainly due to demographic changes, labour migration, and gradual labour market recovery, rather than a large expansion of youth employment opportunities. It is worth mentioning that moderate job growth in services and the expanding digital sector has created some employment opportunities for younger workers. Government initiatives have contributed to improving youth employment outcomes, but these programmes have limited scale, so they are not the primary driver of the increase.

The country experienced a steady falling youth unemployment rate, grasping to 21% in 2023.²⁷ Although youth unemployment is dwindling, it remains relatively high compared with the Europe and Central Asia average at 14%. This condition signals the Armenian youth face mismatch between education and labour market demand, limited high-quality job creation, and barriers to school-to-work transitions.

Relatively High NEET Rate

In Armenia, the not-in-education, employment, or training (NEET rate) dropped, landing at a middle level compared with the neighbouring countries (see Figure 9). The youth unemployment rate exceeds the NEET rate because unemployment is calculated only among youth participating in the workforce, while the NEET indicator covers the entire youth population. Many young Armenians remain in education, lowering the NEET rate despite elevated unemployment among those actively seeking work.

Figure 9: Proportion of youth (aged 15-24 years) not in education, employment or training in Armenia and neighbouring countries, %, latest year



* Europe and Central Asia.

Source: International Labour Organization, ILOSTAT.

Trade Unions and Youth

The trade union movement in Armenia is actively engaging with youth labour issues in multiple ways, such as empowering young workers with awareness of rights, building union capacity, and youth leadership. They also advocating on broader labour market policies that affect youth employment, as well as addressing structural issues like child labour and informal work that affect young people's entry into decent employment.²⁸

Generally, youth participation in Armenia remains limited, with reports highlighting the need for more structured dialogue and noting that existing mechanisms have not led to substantial changes in youth involvement in decision-making processes.²⁹

EDUCATION AND TRAINING

Key Findings

- Started to improve the connection between education and labour-market → results are incremental rather than transformative.
- Shifts in employment by education, especially an upsurge at the advanced level.
- Upsurge in TVET enrolment, but the dominance of small informal firms leads to weak employer–education linkages.

Education connection to the labour market refers to the relationship between the education system, vocational training programmes, and the market's needs. It highlights how education and skills development prepare individuals to meet employers' demands, improve employability, and support economic growth.

Reforming the Education System

Armenia has undertaken several reforms of its education and vocational training system since the mid-2000s with the aim of improving the link between education outcomes and labour market needs (see Table 3).

The reform process has produced institutional improvements but has only gradually translated into labour market outcomes. Some of the main achievements include a modernised legal and institutional framework, updated vocational curricula, and improved quality assurance in higher education.

Table 3: Brief view of Armenia's education reforms connected to labour-market dynamics

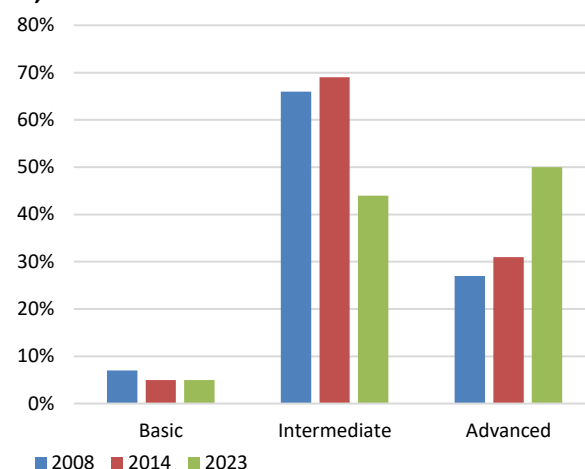
Dimension	Current Status	Labour Impact
TVET modernisation	Competency-based curricula introduced; several vocational colleges upgraded	Improved practical skills training, though participation remains low
Sector Skills Councils	Councils established with employer participation in defining occupational standards	Better alignment between training programmes and industry needs, but varies by sector
Dual education initiatives	Pilot programmes combining school-based learning with workplace training	Increased opportunities for work-based learning; still limited in scale
Higher education reform (Bologna Process)	Bachelor–Master–PhD structure and ECTS credit system implemented	Greater international compatibility of degrees; graduate skills mismatch in some fields
Quality assurance framework	National accreditation and quality assurance mechanisms operational	Improved monitoring of education quality and institutional accountability

Source: DTDA research.

Positive Structural Education Shifts

The country's labour market performance is influenced by several educational factors that shape workforce readiness, skills alignment, and employment outcomes. They have achieved near-universal participation in basic education and rising enrolment in higher education, reflecting improvements in access and education policy reforms. This situation is further illustrated in significant shifts in employment by education, especially an upsurge at the advanced level (see Figure 10 below).

The increase in employment among workers with advanced education reflects a transition toward a more skills-intensive labour market. While this strengthens the country's human capital base and supports emerging sectors such as information and communications technology (ICT), it also highlights structural challenges, including skills mismatches, uneven labour demand across fields of study, and the continued need to strengthen vocational education and labour market alignment.

Figure 10: Armenia's employment by education, %, 2008-2023

Source: Armenia Labour Force Surveys.

Trade Unions and Education System

Trade unions in Armenia play a role in policy dialogue related to skills and education, particularly through tripartite institutions and consultation on vocational training reforms. On the other hand, their institutional influence on the governance of the education and training system remains relatively limited, and employer participation often plays a larger role in shaping vocational education reforms.

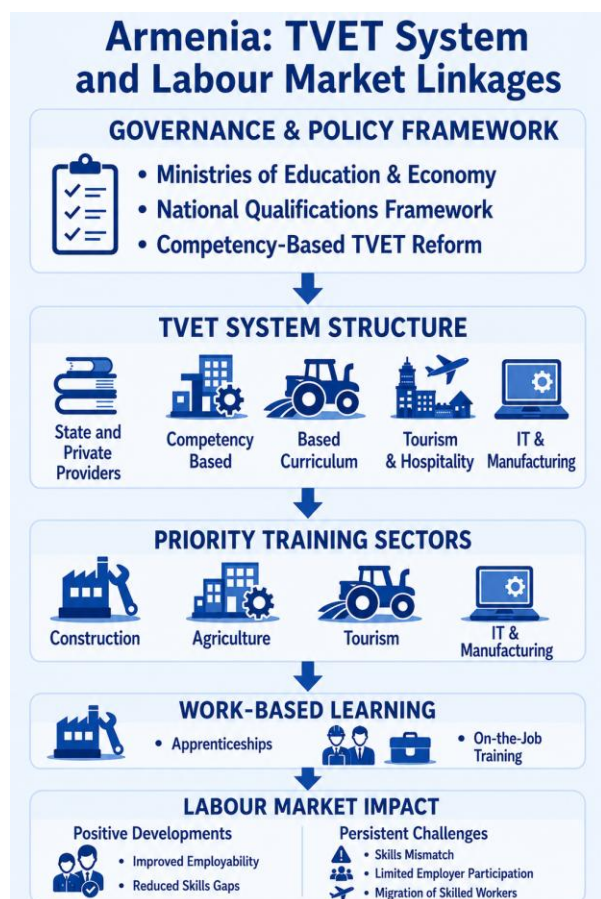
Vocational Training

Reforming TVET System

Armenia's technical and vocational education and training (TVET) reforms have been guided by several national strategies, driving modernising TVET curricula to align with labour-market needs and expanding work-based learning and apprenticeships, among others. In addition, employer engagement has been promoted through sector skills councils, though implementation varies by sector.

These reforms have driven a growing share of TVET programmes. There has also been increased recognition of vocational pathways. Pilot

apprenticeship and dual-training models have also been introduced, such as workplace placements, employer-supervised training modules, and internship programmes. An overview of Armenia's TVET ecosystem is summarised below.



Source: DTDA research.

Enrolment in TVET is Increasing

TVET enrolment in Armenia has grown significantly; for instance, proportion of 15–24-year-olds enrolled in vocational education increased from 2.5% in 2010 to 8.2% in 2019, ended with no gender gap. On the other hand, this proportion remains ten percentage points below the Europe & Central Asia average of 18%.³⁰ This statistical split supports the fact that the country has a relatively high share of students progressing to higher education, but demand for vocational pathways has not gained sufficient pace, linking with weaker relations to employers and

perception that vocational qualifications offer lower career prospects.

As indicated, Armenia did introduce pilot apprenticeship and dual-training schemes starting at the end of the 2010s. Other data show that the share of firms offering formal training remained low and even declined in the early 2020s, suggesting that these programmes have not yet trickled down into the labour market structure. This circumstance is due to economic shocks, the dominance of informal small firms, weak employer–education linkages, and labour-market structural issues.

Trade Unions with Weak TVET Management

Although trade unions in Armenia have a formal role in the TVET system, their actual influence and measurable results remain limited. Their involvement mainly occurs through social dialogue institutions, consultation processes, and policy discussions, rather than direct management of training programmes. Additionally, low union density in the private sector and strong state control of education further influences their practical and measurable outcomes in the TVET system remain limited.

SOCIAL PROTECTION

Key Findings

- Social protection reforms have had mixed but noticeable effects on the labour market.
- Relatively weak access to social security benefits.
- Drops in central social protection coverages due to structural labour market dynamics.

Social protection and the labour market are closely connected to develop a country's welfare, as social protection programmes play a central

role in enhancing the well-being of workers, promoting job security, and reducing poverty.

Reforming Social Protection System

Armenia's social protection system is primarily governed by a combination of framework laws and programme-specific legislation (see Table 4). The system is administered mainly by the Ministry of Labour and Social Affairs (MLSA). The core legislative framework was set at the beginning of the 2010s, supported by a Social Protection Strategy in 2014, which has not been updated.

Table 4: Brief overview of Armenia's social protection system

Pillar	Main schemes
Social insurance	Pensions, maternity benefits.
Social assistance	Family benefit programme, poverty support.
Labour market support	Employment services and training programmes.
Social services	Disability support, elderly care.

Spending With Fiscal Constraints

In Armenia, social protection spending represents a moderate share of government expenditure: the social protection spending (excluding healthcare) reached 6.5% of GDP, which was close with several other countries in Central Asia.³¹

Public spending on social protection in Armenia remains constrained by the fiscal capacity. Budget pressures from public debt, defence spending, and economic volatility restrict the ability to expand welfare programmes. This situation leads benefit levels are often kept relatively low to maintain fiscal sustainability, not to mention a persistent trade-off between coverage expansion and fiscal stability.

Poor Progress on Social Protection Coverage

Armenia's social protection system provides basic support through pensions and targeted social

assistance, but coverage remains strongly linked to formal employment. Data reveal that one out of two (51%) Armenian workers still do not have access to any form of social protection.

Table 5 below provides an overview of central social protection coverage, illustrating that the country significantly lags compared with the European & Central Asia averages. This stance links with many informal and self-employed workers have limited access to social insurance benefits. On this background, trade unions in Armenia raised concerns about the reluctance of most informal economy trade union members to contribute to the scheme.³²

Table 5: Proportion of population covered by social protection services in Armenia and Europe & Central Asia (ECA), %, 2021

Indicator	Armenia	ECA
Population covered by at least one social protection benefit	49%	85%
Persons above retirement age receiving a pension	82%	97%
Persons with severe disabilities collecting disability social protection benefits	100%	91%
Unemployed receiving unemployment benefits	0%	48%
Mothers with newborns receiving maternity benefits	61%	79%
Employed covered in the event of work injury	34%	78%
Children/households receiving child/family cash benefits	32%	76%
Poor persons covered by social protection systems	32%	-
Vulnerable persons covered by social assistance	21%	66%

Source: International Labour Organisation, *Key Indicators of the Labour Market (KILM)*.

The decline in Armenia's social protection coverage in recent years is a worrisome trend, reflecting structural labour market dynamics rather than a dismantling of the system. Persistent informality, outward migration, demographic

change, and tighter targeting of social assistance have all contributed to lower measured coverage levels, particularly among the working-age population.

Tripartite Representation in Social Protection

Although Armenia has a formal tripartite dialogue structure, the role of social partners in social protection governance remains limited.³³ The government retains primary authority over policy design and administration, while trade unions and employer organisations participate mainly in consultation through the Republican Tripartite Commission on Social and Labour Issues.

Falling Pension Coverage

Armenia is transitioning toward an ageing demographic structure. The share of people aged 65 and above has already reached roughly 14% of the population and is projected to rise to over 20% by mid-century.³⁴ This trend is expected to place increasing pressure on the labour market and social protection systems.

The country operates a multi-pillar pension system – state labour pension (PAYG) financed

from the state budget, mandatory funded pension pillar for formal-sector workers, and voluntary private pension savings schemes – which is one of the largest social protection programmes and provides basic income security for elderly citizens.

The minimum pension helps reduce extreme poverty among older people, acting as a basic safety net. However, low benefit levels still limit its effectiveness in fully protecting pensioners from broader poverty, and many elderly individuals remain economically vulnerable. It is worth mentioning that a worrisome trend is that Armenians above retirement age receiving a pension is falling to 82%, which is significantly lower than the regional average (revisit Table 5).³⁵

Informal Social Protection

Informal social protection in Armenia—primarily through family networks and remittances—remains an important safety net, especially for households outside the formal social insurance system. These informal mechanisms provide uneven and often unstable protection, though; they cannot fully substitute for comprehensive formal social protection coverage.

APPENDIX: ADDITIONAL DATA

Table 6: Legal reservations in Armenia concerning the rights to organise, collective bargaining, and strikes

Right to organise
- Excessive representativity or minimum number of members required for the establishment of a union. - According to the Constitution, the right to freedom of association may be restricted to the employees of the Prosecutor's Office, as well as judges and members of the Constitutional Court. - Regarding the reorganisation and liquidation of trade unions, the Law on Trade Unions provides that "restructuring of trade unions shall not be allowed". - Self-employed workers do not have the right to organise (section 6 of the Law on Trade Unions).
Right to collective bargaining
- The law requires over 50% of the employees to grant representation for the purpose of collective agreements (Labour Code, Article 22). - The Labour Code provides that if an enterprise is privatised, the collective agreement is considered to be unilaterally terminated, irrespective of its validity period. - The Labour Code does not grant collective bargaining rights to workers of special services, persons holding political, discretionary and civil posts. - Pursuant to the Labour Code, in absence of trade unions in the company or if the existing trade union does not represent more than half of the company's workers, the staff meeting elects representatives, which enjoy the right to negotiate collectively and to sign collective agreements.
Right to strike
- Possibility to replace workers during lawful strike actions: Employers are allowed to hire new employees to guarantee the minimum services provided for in the law (Labour Code, Article 80(2)). - Excessive representativity or minimum number of members required to hold a lawful strike: To declare a strike, 2/3 of the employees must approve it by secret ballot. - Unreasonable or discretionary (i.e. without negotiation with social partners or absence of an independent authority in the event of disagreement) determination of the extent of the "minimum service" to be guaranteed during strikes in public services: Minimum service is determined by the state and local self-governance entities in the following activities, i.e., railway and public transport, civil aviation, communication, health care, food production, sewerage, waste disposal enterprises and other enterprises with continuous production cycles (Labour Code, Article 77(2)).

Source: International Trade Union Confederation, Survey of Violations of Trade Union Rights, Armenia Legal, March 2026.

Table 7: Status of ratified ILO Conventions in Armenia

Subject and/or right	Convention	Ratification date
Fundamental Conventions		
Freedom of association and collective bargaining	C087 - Freedom of Association and Protection of the Right to Organise, 1948	2006
	C098 - Right to Organise and Collective Bargaining Convention, 1949	2003
Elimination of all forms of forced labour	C029 - Forced Labour Convention, 1930	2004
	C105 - Abolition of Forced Labour Convention, 1957	2004
Effective abolition of child labour	C138 - Minimum Age Convention, 1973	2006
	C182 - Worst Forms of Child Labour Convention, 1999	2006
Elimination of discrimination in employment	C100 - Equal Remuneration Convention, 1951	1994
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1994
Occupational safety and health	C155 - Occupational Safety and Health Convention, 1981	Not ratified
	C187 - Promotional Framework for Occupational Safety and Health Convention, 2006	Not ratified
Governance Conventions		
Labour inspection	C081 - Labour Inspection Convention, 1947	2004
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
Employment policy	C122 - Employment Policy Convention, 1964	1994
Tripartism	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	2005
Technical Conventions (Up-to-date)		
Working time	C014 - Weekly Rest (Industry) Convention, 1921	2006
Social Policy	C094 - Labour Clauses (Public Contracts) Convention, 1949	2005
Wages	C095 - Protection of Wages Convention, 1949	2004
	C131 - Minimum Wage Fixing Convention, 1970	2005
	C173 - Protection of Workers' Claims (Employer's Insolvency) Convention, 1992	2005
Migrant workers	C097 - Migration for Employment Convention (Revised), 1949	2006
Industrial relations	C135 - Workers' Representatives Convention, 1971	1994
	C151 - Labour Relations (Public Service) Convention, 1978	1994
	C154 - Collective Bargaining Convention, 1981	2005
Migrant workers	C143 - Migrant Workers (Supplementary Provisions) Convention, 1975	2006
Labour administration	C150 - Labour Administration Convention, 1978	2005
Labour administration	C160 - Labour Statistics Convention, 1985	2005
Occupational safety and health	C174 - Prevention of Major Industrial Accidents Convention, 1993	1996
	C176 - Safety and Health in Mines Convention, 1995	1999
Equality of opportunity and treatment	C190 - Violence and Harassment Convention, 2019	2025

Source: International Labour Organization, NORMLEX, Armenia, March 2026.

REFERENCES

- ¹ World Bank Group, DataBank, Poverty headcount ratio at national poverty lines (% of population), World Development Indicators, January 2026.
- ² IndustryALL, Unions in Armenia discuss a Just Transition in the energy sector, April 12, 2022.
- ³ International Trade Union Confederation, Armenia: View legal profile, March 2026.
- ⁴ International Labour Organization, Labour Provisions in Trade Agreements Hub, March 2026.
- ⁵ International Trade Unions Confederation, Armenia, View legal profile, October 2025.
- ⁶ Confederation of Trade Unions of Armenia, About us: <https://hamk.am/en/story>
- ⁷ International Labour Organization, Decent Work Country Profile: Armenia, 2011.
- ⁸ International Labour Organization, ILOSTAT; Organisation for Economic Co-operation and Development, OECD Data Explorer.
- ⁹ International Trade Union Confederation, 2025 ITUC Global Rights Index: The World's Worst Countries for Workers, 2025.
- ¹⁰ IndustryALL, Safety and labour rights under threat at Armenia's Akhtala mining plant, January 30, 2026.
- ¹¹ International Labour Organization, NORMLEX: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) – Armenia, Observation (CEACR) - adopted 2023, published 112nd ILC session, 2024.
- ¹² Republican Union of Employers of Armenia, About RUEA: <https://www.employers.am/about-us/about>
- ¹³ International Labour Organization, Technical Brief: National social dialogue institutions in selected countries of Central Asia and the Southern Caucasus – Closing the knowledge gap, ILO brief, April 2024.
- ¹⁴ International Labour Organization, ILOSTAT; Organisation for Economic Co-operation and Development, OECD Data Explorer.
- ¹⁵ ARKA News Agency, Armenia introducing out-of-court system for resolving labour disputes, October 14, 2025.
- ¹⁶ Armenia National Assembly, Parliament Debates the Issue of Making the RA Minimum Monthly Salary 75.000 AMD from January 1, 2023, November 15, 2022.
- ¹⁷ Statistical Committee of Armenia, ARMSTAT, Populations, March 2026.
- ¹⁸ World Bank Group, World Development Indicators, Labor force, total, June 2026.
- ¹⁹ International Labour Organization, Tripartite Advisory Committee of ILO initiative holds inaugural meeting in Yerevan, April 10, 2025.
- ²⁰ Fragomen, Armenia: Significant Immigration Law Reforms Forthcoming, March 2, 2026.
- ²¹ U.S. Bureau of International Labor Affairs, Armenia, 2023 Findings on the Worst Forms of Child Labor, 2024.
- ²² United Nations Children Fund, Child labour data, March 2026.
- ²³ U.S. Bureau of International Labor Affairs, Child Labor and Forced Labor Reports: Armenia, 2024.
- ²⁴ International Labour Organization, Gender Equality and Social Dialogue in Eastern Europe and Central Asia 2018–2022.
- ²⁵ International Labour Organization, Average hourly earnings of employees by sex (local currency) – Annual, Key Indicators of the Labour Market (KILM), March 2026
- ²⁶ International Labour Organization, Working-age population by sex and age (thousands) – Annual, Key Indicators of the Labour Market (KILM), March 2026.
- ²⁷ International Labour Organization, ILOSTAT, Unemployment, youth total (% of total labour

force ages 15-24) (modelled ILO estimate), March 2026.

²⁸ Organization for Security and Co-operation in Europe, Awareness on the Role of Labor Rights and Trade Unions among Armenian Youth, 2009; Council of Europe, Youth work and youth policy in Armenia: <https://pjp-eu.coe.int/en/web/youth-partnership/armenia>

²⁹ EU4Youth Coordination and Support" Project Consortium, Contribution of Non-Programme Countries to the EU Youth Wiki – Chapter V: Armenia Participation, December 2022.

³⁰ World Bank Group, Education Statistics, Proportion of 15-24 year-olds enrolled in vocational education, both sexes (%), March 2026.

³¹ International Labour Organization, World Social Protection Report 2024–26: Universal social protection for climate action and a just transition, 2024.

³² Confederation of trade unions of Armenia: <https://hamk.am/en/>

³³ United Nations Children's Fund and the World Bank, Core Diagnostic of the Social Protection System in Armenia, 2020.

³⁴ United Nations Population Fund, Population matters – UNFPA in Armenia, March 2026.

³⁵ International Labour Organization, ILOSTAT, SDG indicator 1.3.1 - Proportion of population covered by social protection floors/systems.