



## AUA Policy Development Research Fund (PDRF)

### REQUEST FOR PROPOSAL

#### **THEME: MAKING ACTIVE LABOR MARKET POLICIES WORK: BEST INTERNATIONAL PRACTICES AND THEIR IMPLICATION FOR ARMENIA**

Through this Request for Proposal (RFP), the AUA Policy Development Research Fund seeks an established researcher based in an Armenian university and/or team of researchers (with the project leader based in an Armenian university) with a proven experience and ability to analyze the policy framework and labor market policies of the Armenian Government. A strong research background reflected by a record of publications and/or practical past experience with policy making, program evaluation, experience in labor market regulation/service delivery, as well as experience in general public policy advisory is highly desirable.

### 1. BACKGROUND

Inclusive growth is a basic policy guideline in the Republic of Armenia that calls for active engagement of all citizens in the labor market, thus making it imperative to ensure that the most vulnerable citizens also have employable skills and can utilize job opportunities.

The objective of an effective activation policy is to give more people access to the labor force and good jobs. This requires:

- Enhancing motivation and incentives to seek employment.
- Improving job readiness and help in finding suitable employment.
- Expanding employment opportunities.

Internationally, the effectiveness of active labor market policies (hereafter ALMPs) in improving labor market outcomes, particularly for low-skilled individuals, is highly contested in the literature. Much has been written about the effectiveness of activation measures measured both in terms of reducing unemployment, as well in terms of increasing employment and participation.

Internationally, the success of ALMPs has not been universally positive. Some argue for a positive effect on finding employment, while others argue that these effects tend to be relatively small, and call for stricter cost-benefit analysis. Moreover, whether activation measures can address longer-term matters such as skills and employability, are still a domineering question.

The Government of Armenia has over the last 20 years has developed several active labor market policies, which were regularly questioned in terms of their effectiveness, and in 2017-18 they were reduced in number, concentrating on the most efficient ones. Still, the effectiveness and efficacy of the programs have not been independently assessed or evaluated. For this reason, in December, 2019



the Government adopted the “Work Armenia” strategy which, among other activities, targets revision of ALMPs and proposes development of new policies with a specific focus on youth.

## 2. OBJECTIVE

The objective is to assist Government of Armenia in evidence-based policy design for improving the existing ALMPs and designing new ones for young people and 1<sup>st</sup> time labor entrants. There is a need to examine the Armenian labor market, especially in the regions of Armenia and broadly assess the current labor market conditions, both long-term and short-term productivity and skills mismatch for selected regions and industries. Based on this analysis, recommendations should be proposed on a) effectiveness and efficiency of the existing ALMPs; and b) policies best suiting labor market conditions of Armenia, based on international experience

## 3. SCOPE OF THE WORK

The high-level scope of the policies and tools that should be discussed in regard to their general efficacy and applicability to Armenia are those identified by OEDC:

- **Training:** Consists of targeted training programs including institutional, workplace and integrated training and special support for apprenticeships.
- **Job rotation and job sharing:** Includes measures that promote the full substitution of an employee by an individual (unemployed or not) from another target group for a fixed period. Job sharing schemes include all measures that encourage the partial substitution of employees by an individual (unemployed or not) from another target group.
- **Employment incentives:** Includes recruitment and employment maintenance incentives.
- **Supported employment and rehabilitation:** Consists of subsidies for the hiring of individuals with a long-term or permanently reduced capacity to work, and for the vocational rehabilitation of people with a reduced working capacity.
- **Direct job creation:** Includes measures aimed to create additional jobs for the long-term unemployed or individuals otherwise difficult to place. Jobs created are usually of community benefit and are usually located in the public or non-profit sectors. This should not include support for lifetime protected work in a non-productive environment.
- **Start-up and innovation incentives:** Includes measures that encourage entrepreneurship among unemployed and other target groups.
- **Self-employment support:** Providing means of production (such as facilities, machinery, tools, infrastructural capital and natural capital) to individuals or other solutions.
- Others (if applicable).

### Tasks and deliverables

#### Task 1. General Overview of Labor Market and potentially growing industries of Armenia

The Researcher(s) should analyse, based on secondary and primary data, the structural characteristics of the Armenian labor market, differentiating by selective industries and regions of Armenia (outside Yerevan city) with a particular focus on the Shirak region (with the highest unemployment rate).



#### Task 2. Evaluation of ALMPs over the years

The Researcher(s), should study and incorporate the findings and results of the evaluation of Armenian ALMPs (being carried out within the WB Social Protection Administration Program) in their analysis with a view to design new ALMPs for a) young people and b) 1<sup>st</sup> time labor entrants.

#### Task 3. International Experience of ALMPs based on PES-local authority collaboration

The Researcher(s) should study the respective international experience and identify the types of ALMPs, where there is an instrumental collaboration between the PES and local authorities (city and regional and local authorities) through beneficiary, resource, program interplays and role divisions with a view to propose recommendations for the Government to strengthen some of its existing ALMPs.

#### Task 4. Application to Armenia

The Synthesis part relates to the task of quantifying arguments, and based on broader analysis, to finding the best suit of ALMPs applicable to the realities of Armenia.

#### **Key policy documents to consult**

In their analysis, the researcher(s), amongst other strategies and programs, should explore and duly refer to the 2019-2023 Employment Strategy (to be available as of January 2020), “Work Armenia” Concept, and the Government of Armenia program for 2019-2023.

#### 4. LOGISTICS AND TIMING

The research team will be responsible for its own logistics (including getting to/from meetings and site visit locations as required.).

#### 5. REQUIREMENT TO DESIGNATE A POLICY LIAISON

The applicant must identify a team member who will be acting as the project Policy Liaison. The Policy Liaison, who shall be an integral part of the project team (and could be the principal researcher), will ensure continuous contact between research project and the responsible government body for which the policy research is being conducted. The role of Policy Liaison is to facilitate the integration of research results and findings into national policies and programs. The Policy Liaison should help to prepare a final report reflecting on the successes and barriers to engage and integrate project results. The Policy Liaison designee shall have experience and demonstrated capabilities in performing her/his prescribed responsibilities.



## 6. EXPERTS REQUIRED QUALIFICATIONS AND EXPERIENCE

### **Eligibility**

- Strong research background reflected by a record of publications and/or practical past experience with labor market regulations and policies in Armenia
- Availability of liaison officer/expert in the team familiar with the MLSA and PES policy-making.

### **Competitive selection**

- Funds are awarded on the basis of a competitive selection process that ranks applicants according to their research price/outputs/methodology and relevant professional experience.
- The PDRF funding is administered by the American University of Armenia in collaboration with the Armenian Government and Swedish Government.