



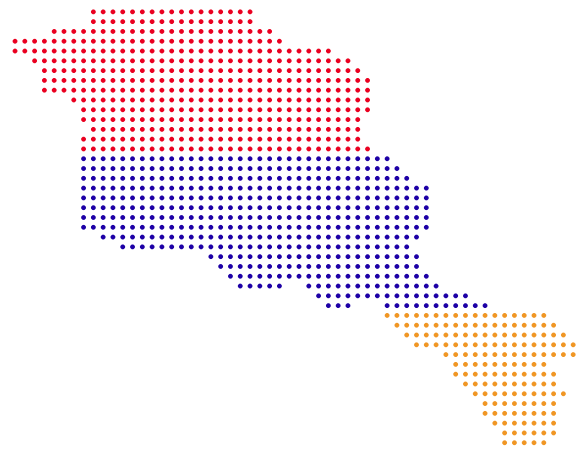
Intervention-based Case Study

CREATING OPPORTUNITIES FOR DECENT EMPLOYMENT OF WOMEN AND YOUNG PEOPLE



THROUGH NON-FORMAL SKILLS DEVELOPMENT

This case study tells the story of RECONOMY's journey in Armenia. We have written before about what RECONOMY is, what it does, and what its ambitions are. We cherish the term "starting afresh", which captures RECONOMY's mission to revitalize the economies in the Eastern Partnership (EaP) and the Western Balkan regions. Each of us at RECONOMY considers this fresh start when planning how to enable women and young people, in particular the disadvantaged groups, to raise their income and find decent work.



In these dynamic times, some of what has been learned need to be unlearned, while new information, implementation strategies, and engagement techniques are to be tested—starting afresh, that is.

To achieve the main goal, RECONOMY works along three workstreams:

- 1** To reduce the skill gap and enhance employment opportunities by improving formal and non-formal training programs;
- 2** To contribute to the creation of new economic opportunities by helping improve financial and business services; and
- 3** To empower the private sector and other target groups to advocate for better economic opportunities and participate in the development of policies and regulations.

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RECONOMY has used the inclusive systems approach – also known as the Market Systems Development (MSD) approach – to build initiatives that fit a specific country while examining how these can be adapted to other countries in the region, as opposed to choosing a one-size-fits-all strategy. RECONOMY believes in a location-sensible approach, targeted actions, and programs that can be scaled up and generate further partnerships and results. The term equally important to “starting afresh” is “partnerships”. They are at the core of RECONOMY’s implementation model. RECONOMY is inclusive and green and open to innovative ideas.

RECONOMY is a program of the Swedish International Development Cooperation Agency (Sida), implemented by HELVETAS Swiss Intercooperation in partnership with other local and regional organizations, in the EaP and the Western Balkan regions.

RECONOMY’s contribution to the “regional value addition” translates to the three areas it focuses on:



Thematic focus: In line with the constantly changing character of nowadays realities and the necessity for both individual and regional adaptation, RECONOMY tests ideas and programs that enhance partnerships and fast learning.



Institutional focus: RECONOMY aims to perform as a multi-stakeholder initiative, creating synergies between private sector enterprises, public sector institutions, academia, and civil society organizations. The program focuses on cross-cutting sectors, to facilitate improvements in all systems and for all target groups.



Territorial focus: RECONOMY’s territorial approach is based on cooperation with local partners to generate innovative ideas and harness diversity to implement initiatives that have high ownership and regional replication potential. The program also looks at the different systems in the countries of the two regions.

Back to RECONOMY’s story.

We have woken up one day in a VUCA world. Volatile. Uncertain. Complex. Ambiguous. The world in which changes become unpredictable and happen faster, sometimes without an obvious and clear cause-and-effect connection. A world where the “one-size-fits-all” solution is no longer an option.

The formal education system also woke up in this world, but like all complex constructions, it continued playing the old cards by generating increasing concerns – ranging from its underperformance to the damage it does to potentially creative and fearless personalities. While the purpose of education is to prepare skilled, reliable, and relevant workers and members of society, and for decades it has managed to do so, currently the system cannot keep up with the speed of changes and needs.

The changes in the labor markets are dramatic and fast. While managers and technocrats of the past were expected to solve all problems, they are now faced with challenges requiring all their employees to develop capacities to handle them. Given that formal education does not provide the foundation for life-learning support, employers, employees, and entire markets are on their own struggling to stay relevant. In this regard, the emergence of non-formal education can shift the paradigm towards more adaptable and demand-based education systems.

Let us zoom into Armenia, the focus of this case study. In addition to the uncompromisingly changing times, Armenia faces political instability, low public trust, security concerns, and unstable borders, factors that affect its economic and social sectors, including education. While incomes of individuals and legal entities have significantly decreased, leading to the reduction of purchasing power and business investments, the number of vulnerable households increased.

With a rate of unemployment of 20.9% in 2021, a fifth of the population working in the informal sector (mostly agriculture and seasonal jobs), and a considerable decrease in local jobs, many workers have decided to seek opportunities abroad. Currently, Armenia faces one of the highest levels of emigration worldwide with 30% of its citizens living abroad.



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Most young people in Armenia turn to personal contacts, online job advertisement websites, or informal channels during their job-seeking journey rather than use the services of public employment offices. Despite the fact that there are many institutions offering non-formal training courses in Armenia, the market is stagnant due to the low relevance of the training courses to the labor market demand, and low quality. That is the reason why small and medium enterprises (SMEs) are reluctant to invest in employees' skill development courses.

For the tourism/hospitality and the agriculture/agribusiness sectors, the inputs of the non-formal skills providers are especially important, but the existing initiatives do not match the existing and upcoming needs of the private sector operating in these sectors. Moreover, most of the service providers conduct their courses tailored to the needs of job seekers in the capital city of Yerevan while challenges in terms of skills needed in the regions are different.

The pilot intervention launched by RECONOMY aimed to tackle the above obstacles.

In Armenia, in the framework of RECONOMY, HELVETAS Swiss Intercooperation partnered with the Strategic Development Agency (SDA), an Armenian development organization founded in 2002 to contribute to the country's socio-economic development. Since 2003, SDA has implemented agricultural and community development programs in more than 200 communities.



As part of the "Skills, Knowledge and Intermediation Development" pilot intervention, RECONOMY launched an initiative aiming to improve the partnership between employers, non-formal training/career orientation service providers, and job seekers, targeting women and young people, in particular disadvantaged and marginalized groups. The goal of this initiative is to increase their employability and/or help them start their own income-generating initiatives.

One of the defining particularities of the pilot intervention is the use of the inclusive systems approach, also known as the Market Systems Development (MSD) approach. MSD is an approach that requires system actors to understand key constraints and work in tandem and generate solutions based on incentives from inside the system. Unlike the direct implementation approach, MSD tends to take more time, but also provides more sustainability, local ownership, replicability potential, and overall systemic impact – that includes rules, norms, customs, habits, relationships, and sensemaking mechanisms.

Having in mind the importance of the local ownership of the initiative and the potential synergies with private sector entities, RECONOMY engaged six partner organizations in Armenia:

- Armenian National Agrarian University (ANAU)
- Armenian Tourism Federation (ATF)
- Cheesemakers' Union of Armenia (CUA)
- Armenian Hikers' Association (AHA)
- Links Analytics
- Unified Social Service of the Ministry of Labor and Social Affairs of Armenia.

RECONOMY, via its implementing partner SDA, supported the above organizations by engaging leading experts to assist them in the development of 12 training modules in three sectors: tourism/hospitality, agriculture/agribusiness, and IT, as well as supported the training of trainers (ToT) capacity building process. The private sector played a two-fold role. First, it was actively involved in the development of the modules to ensure they meet the trainees' needs and are tailored to market realities. Second, it got involved in delivering lectures to training participants.



Each of the actors involved in the RECONOMY initiative played a fundamental role in making this initiative impactful. AHA is one of the key market actors that are increasingly contributing to the advancement of the tourism sector, with a special focus on hiking activities. The association developed a training course entitled "Hiking Tourism" designed for both individuals in the tourism industry, and for beginners not yet employed in the tourism business, especially young people and women seeking self-employment. A total of 63 women, 60% of whom were unemployed, and 30 men participated in the training. The group was dominated by young people with 95%. This training workshop consisted of three days of theory and one day of hiking. In addition to equipping the participants with technical and organizational skills, this training workshop "awoke" their entrepreneurial spirit, too. This is the story of four female students who turned their business idea into reality.

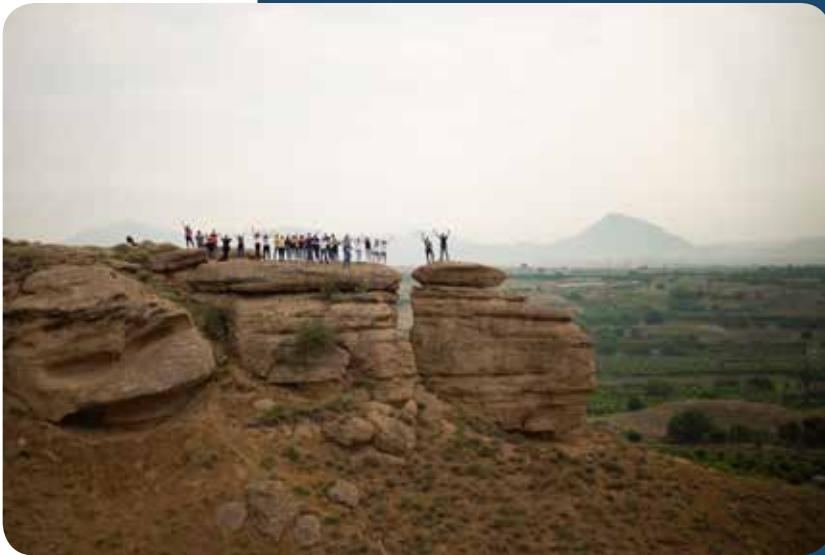
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Two years ago, four young people started studying *Cultural Services and Tourism* at the Vanadzor State University. The COVID-19 pandemic restrictions prevented them from meeting frequently. However, due to their passion for hiking and rafting, they managed to travel together from time to time.

In 2021, on a beautiful sunny morning, as they were all enjoying their coffee together, one of the friends shared with the others AHA's call for trainees. They spoke about this opportunity with one of their professors and he encouraged all of them to participate. Four of them enrolled in the course. *"We already had some basic tour skills prior to joining the training. However, this workshop equipped us with the organizational skills we were lacking. In addition, the training built our confidence and motivation to consider starting our own travel agency".* ... After completing the training, they researched the market for eight months before turning their dream of starting a business into a reality.

In July 2022, the four friends decided to open their travel agency called *Team Tour*. So far, they have organized tours for domestic and foreign visitors, both in Armenia and abroad. After paying all their taxes, 44% of their business income is used to pay for transportation services they buy from local vendors, and the remaining revenue is split among the five employees. Elmira and Mariam are very excited about their future plans of increasing their partnerships so as to promote as much as possible their business services.



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Existing market analysis revealed that people from vulnerable categories lack not only technical but also business skills. In this context, ANAU conducted a four-week training program on “Agribusiness” for 40 people (16 women and 24 men), 38 of whom are young people. The training equipped the participants with knowledge of the legal forms of starting up a business in the agriculture/tourism sector, tendencies, and models of agro-entrepreneurship development in Armenia, and innovative technologies in the sectors. One of the participants was Grigor Barsamyan, an entrepreneur who is successfully scaling up his business due to the knowledge he acquired in the course.

Grigor Barsamyan, a 31-year-old dentist, changed careers and became a farmer. He started a pig breeding farm with only seven pigs. Using the knowledge that he gained during this training program, he expanded his farm and now breeds 200 pigs. He also opened a new cattle farm with 18 cattle, which allowed him to increase his income by 25%. In his agribusiness, he purchases raw materials (such as fodder) from farmers in neighboring villages, thus supporting the local agricultural value chain.

As his business expanded, he needed extra help, so he hired his family members. He has recently got married and his wife joined the family business too. During the training, he also learned that he needed an identity for his products, now his products are sold under the “GSB Ecocompany” brand. Furthermore, the training program helped him to come up with the idea of using the organic waste of his farms to produce biogas. *“I know that this requires new technology and huge investments, but with the knowledge I gained during the course, specifically in business plan writing, I am sure I could obtain a grant”.*

Expanding his business is not an easy job, so he works 12 hours a day to implement his new ideas. *“I started to use some of the knowledge of circular economy I gained at the training. Previously, I used to dispose of animals’ by-products waste whereas now I do some processing and sell them as final products as well. So, I earn some extra*

income from waste, and I reduce the negative impact on the environment if this waste was to be landfilled”. Gregor has not only increased his turnover but also supported other players in the value chain, by purchasing raw materials, supplies, machinery, etc. Grigor speaks passionately about his business and his plans to make his business fully circular by cooperating with other local farms and potential financing partners, hiring more people (he plans to have 20 employees in the future) and making his brand a national one.



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As previously mentioned, RECONOMY uses the MSD approach in implementing its initiative. To this end, RECONOMY collaborates closely with the market actors that supported the most vulnerable groups, with a special focus on women and youth and contributed to the improvement of the entire tourism and agriculture ecosystem in Armenia. For this purpose, the Unified Social Service of the Ministry of Labor and Social Affairs of Armenia actively participated in informing unemployed women and young people about training programs supported by RECONOMY. Additionally, the organization held short-term soft skills training classes with the support of RECONOMY, in which 295 unemployed women and young people participated. Of them, 45 were employed with the assistance of the organization.

CUA, a leading representative organization in the cheese manufacturing industry with 40 members, is another actor that contributed to improving the social and economic position of vulnerable groups. To do that, it provided four-day training workshops on practical cheese-making that combined theoretical and practical sessions.

The course was attended by 77 women and 24 men, of whom 62 were unemployed. After the training, the Union put nine participants in touch with its members, who hired them immediately. Eight training participants who were more entrepreneurial started their own cheese production factory, with some support from the Union in positioning themselves in the market. In addition, 35 women started to make cheese at home. These are women living in rural areas who own cattle but due to a lack of knowledge were only able to make cheese at home for their own consumption rather than for business purposes.

With the techniques and knowledge gained during the training, now they are producing cheese and selling a part of it, thus earning an income. They sell the cheese to their network (neighbors, acquaintances, or others who are interested). However, they cannot sell their products formally due to the lack of formal documents (quality certificates, business registration, etc.). CUA would like to support these women in their efforts to move from the informal to the formal market so as to be able to sell their goods to other firms (supermarkets, restaurants, etc.). This can guarantee the economic and social sustainability of those women as well as inspire other potentially disadvantaged women living in rural areas to replicate this business model.





Some systemic changes in the agriculture and tourism sectors have been made possible through the contribution of ATF as well. This is a leading business association representing the tourism sector. It has more than 70 members. It conducted a number of training sessions on tour operation and hotel management, for 62 participants. Young people make up 70% of the group. Following the training, the Federation helped 10 participants, unemployed people, get jobs. In addition, five trainees became members of the federation and are now advocating for tourism sector policy changes. Some trainees have become part of the central and local government and are ready to tackle the challenges facing the tourism sector and initiate policy solutions to make the sector more attractive, and sustainable with large-scale impacts.



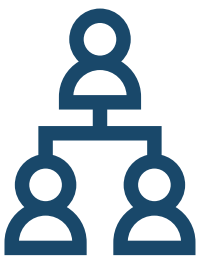
Tourism is one of the most affected economic sectors by the COVID-19 pandemic. So were other sectors as well such as agriculture, construction, transport, etc., that are interconnected to tourism. During the pandemic, tourism and other economic sectors endeavored to use digital tools so to adopt the new reality. In order to support this move, RECONOMY supported the design of a tailor-made IT training module for increasing women's and youth's digital and analytical skills.

The training was conducted online by Links Analytics, an IT business operating in Armenia attended by 36 participants. 70% of them were women and 60% were young people. All participants in this 2.5-month course were enriched with the data analysis skills and information they needed to apply for jobs or become self-employed. Out of the 36 participants, four found jobs as consultants in IT companies and they currently work in various projects. Links Analytics will keep providing this training in the future in an effort to sustain the model and assist unemployed young people.

The above-mentioned interventions utilizing the MSD approach produced a variety of benefits and built the foundation for future positive outcomes. A total of 9,124 people, 65% of whom were women, were informed about the new opportunities to improve their skills and knowledge. The above pilot interventions had a direct influence on the lives of 918 people who are now equipped with new skills and knowledge and/or have already entered the labor market as employees or self-employed.

The project initiatives have a wider impact, beyond the people who participated in them. In other words, RECONOMY seeks to go beyond "islands of success" and tries to ensure how the success in one intervention can be replicated.

First, all the trainees who started/scaled up their business immediately after the training hired other unemployed women and young people or served as business models for replication. Second, they are contributing to a specific value chain, either by purchasing raw materials (as in the case of Grigor) or by using particular services (in the case of the travel agency). Third, they are all legitimate businesses that pay taxes and contribute to the public budget. Their tax money is then used to fund public services. All the interventions are having an economic and social impact, particularly on the most vulnerable populations in the tourism and agricultural industries.



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Every intervention is conducted in such a way as to ensure sustainability. To this end, RECONOMY carefully selects local partners and market actors who will continue to provide market-led demand training, with a particular emphasis on women and young people. The involved market actors learned from this experience and will be using these lessons for further improvements. A total of 13 improved/new training curricula were developed and 80% of the engaged market actors reported an improvement in the quality of the design and delivery of skills, knowledge, and information programs as a result of the collaboration with RECONOMY.

Market actors demonstrated resilience when faced with the difficulties that the COVID-19 pandemic brought to the Armenian economy in general and the tourism and agricultural sectors in particular. They developed their strategies in response to these difficulties to increase the impact of interventions. For example, Links Analytics conducted the training virtually in order to reach as many people as possible from vulnerable groups.

Besides all the positive outcomes that these interventions have produced and the promising future outcomes, over the last two years, the implementing partner and market actors faced several challenges and learned valuable lessons.

- 1** First, it has been difficult to reach a large number of women and youth from vulnerable groups. To have a wider outreach, future interventions will require robust cooperation between market actors, governmental institutions, and other actors whose work is closely related to vulnerable groups in Armenia, in the agribusiness and tourism sector.
- 2** Second, providing vulnerable populations with fee-based non-formal education services has led to lower participation. It is quite hard for representatives of vulnerable groups to pay for this service. Therefore, there is a need to promote all the success stories of project beneficiaries in order to demonstrate the benefits of participation to other members of the target groups.
- 3** Finally, it is not easy to follow up with each of the beneficiaries. Strong monitoring and evaluation are therefore required, especially prior to and during the scale-up phase, to ensure that inclusive results are achieved, and possible negative results are addressed.



This has not been a simple journey. However, RECONOMY has established a solid foundation to achieve its mission of providing women and young people, in particular the disadvantaged and vulnerable groups, with improved and relevant non-formal training in the tourism/hospitality and agriculture/agribusiness sectors so as to enhance their (self) employability.