



SCOPING STUDY ON SOCIAL PROTECTION AND SAFETY NETS FOR ENHANCED FOOD SECURITY AND NUTRITION IN ARMENIA

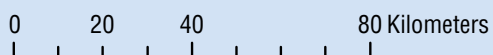
2018

ARMENIA MAP



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This report is part of a larger series of scoping studies on **Social Protection and Safety Nets for Enhanced Food Security and Nutrition in Armenia** that was commissioned by the World Food Programme in partnership with the University of Maastricht in 2017. Specific country focused studies have been conducted on Armenia, Kyrgyz Republic and Tajikistan with a view to contributing fresh evidence and sound policy analysis around social protection issues in relation to food and nutrition security, resulting in a set of country-specific policy recommendations on nutrition-sensitive social protection and safety nets that consider the perspectives of a wide range of stakeholders. The Regional Synthesis Report summarizes the findings of the three studies and provides a more general overview of social protection and safety nets issues in relation to food security and nutrition across the three countries, with a summary of the main trends and a set of consolidated findings and recommendations.

This research initiative has been conducted under the overall coordination of Carlo Scaramella, Deputy Regional Director, Regional Bureau for North Africa, Middle East, Central Asia and Eastern Europe, World Food Programme (WFP), Cairo with the support of Dipayan Bhattacharyya, Muriel Calo, and Verena Damerau, WFP. The report authors are Franziska Gassmann, Eszter Timar and Hanna Röth from the University of Maastricht, with the additional collaboration of Susanna Karapetyan, Heghine Manasyan and Arman Udumyan from the Caucasus Research Resource Center-Armenia.

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EXECUTIVE SUMMARY

After the difficult early years following independence, Armenia has undergone large-scale reforms towards a market economy and democratic institution building, shifting from a low to middle-income country.

The Armenian economy is characterized by a decreasing absolute number of economically active people because of a shrinking population, emigration and the ageing of society. Agriculture, the most important sector of the Armenian economy, employs most of the labour force, with public administration coming second. Thus, unemployment is lower in rural than in urban areas.

Despite positive developments in the agricultural sector, food insecurity and malnutrition remain a problem in Armenia.

In 2014, 15 percent of the population was found to be food insecure. The double burden of malnutrition (combined with micronutrient deficiencies) are serious problems that Armenia must solve in the future. Food insecurity shows strong correlation with poverty. Unemployment is one of the key determinants of poverty in Armenia. One third of the population lives below the national poverty line, with stark regional inequalities. The rural population is slightly less prone to poverty than the urban population residing outside of the capital.

Armenia has a well-developed, comprehensive social protection system, even if certain components are modest in size. It includes social insurance and social assistance transfers, social services and active labour market policies. Remittances from migrant workers play an important role

as an informal safety net, but reliance on such arrangements cannot replace formal measures. Pension schemes seem to have particularly strong poverty reduction effects. School feeding is an important component of the system, offering a combination of protective and promotive functions, and contributing to food and nutrition security of children and their families.

Although these social protection systems substantially contribute to the reduction of (extreme) poverty, certain gaps remain.

Inclusion and exclusion errors are high, hampering their poverty reduction effect. Shock-responsive and promotive safety nets, nutrition objectives in social protection and a life-cycle approach are lacking. Challenges regarding governance and policy implementation must also be addressed.

These gaps can be addressed by cooperation among stakeholders for a systematic reform of social protection.

The government in cooperation with development partners should focus on further fostering the on-going **policy dialogue** around the following elements:

- Policy dialogue should be guided by a set of **minimum standards**, such as those proposed in International Labour Organisation's Social Protection Floor recommendations.
- Another important area of work is supporting **nutrition-sensitive social protection** by investing in the capacity of social case managers to detect child malnutrition; introducing referral mechanisms between social and

health services as well as strengthening communication about nutrition.

- Strengthening **governance and cooperation** among line ministries, such as the Ministry of Labour and Social Affairs, Ministry of Agriculture, Ministry of Health, Ministry of Education and Science and others is also needed. Close cooperation between Ministry of Labour and Social Affairs and Ministry of Agriculture could create synergies particularly in rural areas and contribute to the development of active labour market policies, public work programmes and productive safety net programmes.
- The government and its partners should further work together in strengthening **programme management and implementation** by further investing in a comprehensive policy monitoring and evaluation system and the expansion of the ePension registry to other social protection programmes, including the school feeding programme.
- The introduction and development of sustainable local food systems would ensure the sustainability of the school feeding programme.
- Finally, creating and using the **synergies in development partner cooperation** to make the best use of each partner's strength is vital. While developing programmes, crosscutting issues such as **gender equality** and **inclusion of young people** need to be considered and duly incorporated.



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ABBREVIATIONS

| | | | |
|--------|---|--------|---|
| ADS | Armenia Development Strategy | MDG | Millennium Development Goal(s) |
| AMD | Armenian Dram | MLSA | Ministry of Labour and Social Affairs |
| BCC | Behavioural Change Communication | MOA | Ministry of Agriculture |
| CIS | Commonwealth of Independent States | MOES | Ministry of Education and Science |
| CFSVNA | Comprehensive Food Security, Vulnerability and Nutrition Analysis | MOH | Ministry of Health |
| DHS | Demographic Health Survey | NDS | National Development Strategy |
| DMCT | Armenian Disaster Management Country Team | NGO | Non-Governmental Organization |
| EA | Emergency Assistance | NSSRA | National Statistical Service of the Republic of Armenia |
| EAEU | Eurasian Economic Union | PPP | Purchasing Power Parity |
| EDRC | Economic Development Research Centre | RAs | Regional Agencies |
| EU | European Union | RoA | Republic of Armenia |
| FAO | Food and Agriculture Organization of the United Nations | RP | Republican Party |
| FB | Family Benefit | SB | Social Benefit |
| FDI | Foreign Direct Investment | SDG | Sustainable Development Goal(s) |
| FSU | Former Soviet Union | SEA | State Employment Agency |
| FLSEB | Family Living Standards Enhancement Benefits | SIFI | Social and Industrial Food Services |
| GDP | Gross Domestic Product | SPF | Social Protection Floor |
| IFPRI | International Food Policy Research Institute | SSF | Single Support Framework |
| ILCS | Integrated Living Conditions Survey | SSSS | State Social Security Service |
| ILO | International Labour Organization | UNDP | United Nations Development Programme |
| ISPC | Integrated Social Protection Centres | UNFPA | United Nations Population Fund |
| MASHAV | Israel Agency for International Development Cooperation | UNICEF | United Nations Children's Fund |
| MTEF | Medium-Term Expenditure Framework | USD | US Dollars |
| | | WASH | Water, Sanitation and Hygiene |
| | | WB | World Bank |
| | | WFP | World Food Programme |
| | | WTO | World Trade Organization |

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1. INTRODUCTION

The potential of social protection initiatives to alleviate poverty and deprivation has been established in different contexts.

However, effective programmes and an efficient investment of resources require the identification of specific needs of the population and gaps in existing programmes.

This country study was conducted to investigate these issues in Armenia.

Along with similar reports on Tajikistan and Kyrgyzstan, it will provide crucial background information for a scoping study commissioned by the World Food Programme (WFP).

Insights from all country reports will be synthesised to identify potential avenues for social protection interventions by the WFP, particularly addressing gaps in the alleviation of food insecurity.

The report is structured as follows:

Chapter One provides an overview of the economic, political, and demographic contexts; Chapter 2 gives a detailed picture of poverty and food security in Armenia, identifying particularly vulnerable groups and potential determinants of poverty and food insecurity; Chapter 3 discusses existing social protection efforts in Armenia, not only emphasizing specific characteristics such as eligibility criteria, targeting methods, and benefit levels but also their effects on poverty and food security. Here, institutional arrangements and the performance of specific programmes are also discussed. Chapter 4 comprises a critical discussion in which insights from the previous two chapters are linked to recommendations for future policy making.

METHODS

Findings presented and analysed in this report are based on a comprehensive desk research of reports published by international organizations, scientific journals, and the National Statistical Services of the Republic of Armenia (NSSRA).

Governmental decrees and legislation documents also were consulted. The desk research was complemented by informant interviews conducted with stakeholders currently involved in the administration or implementation of social protection and food security programmes in Armenia¹. The questionnaire used in the interviews is included in Annex A7: informant questionnaire. The team, with the support of the WFP Armenia Office, organized a workshop to present and discuss the preliminary findings of the study with stakeholders including governmental, non-governmental, and international donor organizations.

¹ See Annex A6: Informant Interviewees

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2. COUNTRY CONTEXT

MESSAGES:

After the difficult early years following independence, Armenia has undergone large-scale reforms towards a market economy and democratic institution-building, and found its path to steady economic growth.

The Armenian economy is characterized by a decreasing absolute number of economically active people because of a shrinking population, emigration, and the ageing of society.

Unemployment is lower in rural than in urban areas.

The agricultural sector employs most of the labour force, with public administration coming second. Innovative agricultural technologies have increased productivity in recent years.

A considerable gender pay gap prevails in the labour market, with women earning less than men.

2.1 BACKGROUND AND POLITICAL CONTEXT

Armenia is a small, mountainous and landlocked country situated between Iran and Georgia from the south and north and Turkey and Azerbaijan from the west and east. It has a presidential system, with the president being head of the state and the government. The National Assembly (the parliament) represents the legislative pillar and the government exercises executive power. The ruling Republican Party (RP), as part of the government bloc, has been in power since 1998. After the 2003 elections, the RP became the largest party in parliament with many previously non-partisan members of parliament joining the RP.

Although two ruling coalitions have been formed during the past decade, the RP remains the dominant political force, having won 49 percent of votes during the most recent parliamentary elections held on 2 April 2017. The elections diminished the power of the president vis-a-vis the prime minister and parliament. This resulted in a shift to a parliamentary system of governance and changes to the electoral system to achieve a better balance of powers.

The protracted and painful transition from the Soviet past considerably hampered Armenia's development as it embarked on large-scale reforms towards a market economy and democratic institution-building. Licensing procedures and registration of commercial legal entities have been simplified, the civil service system has been reformed, a new criminal code has been introduced, and

anti-corruption laws and regulations have been enacted. The energy sector has been privatized. Another important shift was the endorsement of changes in the law On Non-Governmental Organizations that permitted NGOs to engage in economic activity and to represent stakeholders in the court. This will enhance the NGOs' financial sustainability and their capacities to act as effective watchdogs monitoring government activities.

According to the United Nations Development Programme's (UNDP) *Global Gender Inequality Index*, Armenia is among the countries in the region lagging in gender equality (USAID, 2012)².

This is also confirmed by the World Economic Forum's *Gender Gap Index* (World Economic Forum, 2015)³, which ranks economic participation and opportunity, educational attainment, health and survival, and political empowerment, Armenia's ranking has weakened overall since 2007.

The 2015 index shows that the greatest gender inequality occurs in the labour market, where 58 percent of women are employed compared to 76 percent of men. The pay gap remains an issue, with women's average monthly earnings 65–69 percent of men's.

2.2 DEMOGRAPHICS AND MIGRATION⁴

As of 1 January 2017, the population of Armenia was nearly 3 million, of which 63.6 percent lived in urban and 36.4 percent in rural areas. Armenia's population has continuously decreased over the last decades. A reduced natural growth

of the population and increasing emigration are the main determinants of the negative population trend in Armenia. Compared to 2016, the population has decreased by 0.4 percent or 12, 100 people, which was the sum of natural growth of 12, 500 people minus the emigration of 24, 600 people in 2016.

The Borderline E-Management Electronic System, which counts the exits and entrances through border crossings, shows an even greater negative balance (minus 48,200 between January and December 2016) (NSSRA, 2017).

The average life expectancy in Armenia is 75 years, similar across rural and urban areas, but women have a greater life expectancy than men (78 years compared to 72 years). In

2015, the average age of the population was 36.1 years (34.2 for men, and 37.8 for women) (NSSRA, 2016a). Children 0–15 years accounted for 20.8 percent of the population, adults of working age (16–62 years) 66.3 percent, and the share of the people above working age 12.9 percent. Infant mortality rates have been stable over the past couple of years at around 9/1000 infants. Child mortality rates, at around 10/1000, have been slowly decreasing since 2014. Mortality rates are slightly higher for boys than for girls (NSSRA, 2017).

Since independence, emigration has always exceeded immigration. Except for a few years in the mid-2000s, when immigration slightly exceeded emigration, the post-independence period saw a flow of Armenians leaving the country. Table 1 shows the corresponding detailed numbers.

According to the Integrated Living Conditions Survey (ILCS) 2015, in 5.3 percent of households at least one household member 15 or older was involved in internal or external migration. The majority, 78.5 percent, was involved in external migration, while the share of internal migration was 11.0 percent (mostly to the capital, Yerevan) and migration to Nagorno-Karabakh 10.5 percent (NSSRA, 2016b). The main destination country was Russia (89.3 percent of external migration), mostly motivated by the need to work or search for work. Other important destination countries are the United States, France, Ukraine, and Uzbekistan; immigrants mostly arrive from Azerbaijan, Georgia, Korea, and Russia (NSSRA, 2017).

2.3 ECONOMIC CONTEXT

Armenia's long-term development vision is reflected in the Armenia Development Strategy (ADS) 2014–2025. The ADS anticipates that by 2025, Armenia will be a middle-income country achieving a per capita income in excess of USD 10,000 (almost three times higher than in 2014, when the public consultations for the ADS development started). For that to happen, the ADS projects an ambitious annual Gross Domestic Product (GDP) growth rate of 6.4 percent and emphasises employment creation as the engine for improving living standards and reducing poverty for the coming decade.

The main ADS priorities are expanded employment; enhanced human capital; improved social protection and modernized public administration with enforcement of different monetary, fiscal, and social instruments to achieve these goals. For shorter-term strategic planning, the Government of Armenia Programme 2013–2017 and Medium-Term Expenditure Framework (MTEF) (prepared annually for the coming three years), both deriving from the ADS, serve as the main development programmes on the national level. However, GDP per capita remained largely unchanged in recent years and was at USD 3,596 per capita in 2016 (Knoema, 2017).

TABLE 1. MIGRATION AND NATURAL POPULATION GROWTH

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|----------------|---------|--------|---------|---------|---------|
| Immigrants | 30,900 | 29,300 | 19,800 | 17,400 | 19,500 |
| Emigrants | 59,400 | 38,700 | 44,200 | 39,200 | 45,400 |
| Net migration | -28,500 | -9,400 | -24,400 | -21,800 | -25,900 |
| Natural growth | 15,377 | 14,881 | 14,594 | 15,317 | 13,885 |

Source: ArmStatBank (2015)

2 Only in Georgia, Tajikistan and Kyrgyzstan is gender inequality greater.

3 Armenia was ranked 105 out of 145 countries with a score of 0.668 on a scale of 0.0 as inequality and 1.00 as equality.

4 This section is based on various publications of the NSSRA (NSSRA 2017; 2016xx;) and NSSRA's online data tool ArmStatBank.

Since 2002, Armenia has been a member of the World Trade Organisation (WTO). It has free trade agreements with most Former Soviet Union (FSU) countries. In September 2013, before the Vilnius summit, Armenia made a drastic shift in its foreign policy and joined the Russia-led Customs Union, the Eurasian Economic Union (EAEU). By that time, Armenia had completed negotiations with the European Union (EU) on an Association Agreement including the Deep and Comprehensive Free Trade Area. A new legally binding framework agreement with the EU has been signed; it remains to be seen how the economic aspects of these relations will be addressed.

The economic relations between the EU and Armenia are regulated by the Eastern Partnership programme, and the Single Support Framework (SSF 2014–2017) (European Commission, n.d.). This is mainly provided in the form of budget support, advisory, and technical support (TAIEX and Twinning) as well as other aid modalities.

According to the Trading Economics website (which collects the statistics from the Central Bank of Armenia), “Foreign Direct Investment (FDI) in Armenia on an annual basis averaged \$80.17 million from 1993 until 2015” (Trading Economics, 2017). Figures from USAID-Armenia show that “Russia, France, Canada, Germany and the United States are the biggest sources of FDI. The mining sector (35 percent) is the largest recipient of FDI, followed by telecommunications (22percent) and energy (9 percent)” (USAID, 2013).

2.4 LABOUR MARKET

The absolute number of the economically active population gradually decreased from 1.4 million in 2011 to 1.3 million in 2015. The two main factors for the reduction are the overall decrease of the Armenian population, emigration, and aging of the population. However, in relative terms, the share of the economically active population has remained at 63 percent since 2011. Men have higher activity rates compared to women. The share of the economically active population is



considerably higher in rural areas because people engaged in agriculture are mostly self-employed, although agricultural work is predominantly seasonal (not available throughout the year).

Parallel to the decline in the number of economically active people, the numbers employed in the labour market decreased from 1.2 million in 2011 to 1.1 million in 2015 (ArmStatBank, 2015). Over the same period, employment and unemployment rates remained relatively stable. Fifty-one percent of the population of active age was employed (NSSRA, 2016c)⁵.

The unemployment rate is high at 18.5 percent in 2015 and is slightly higher for women (19.5 percent) than for men (17.6 percent). However, a big difference can be observed between urban and rural areas.

Not only is the share of the employed population much higher in rural areas, the unemployment rate is about 20 percentage points lower than in urban areas.

Most employed people work in agriculture, even though that sector shows signs of steady decline, from 457,000 in 2011 to 379,000 in 2015 (about 17 percent). Public administration (including education, health, and social work) is at second place, showing a slight increase from 243,000 in 2011 to 251,000 in 2015 (about 3.5 percent).

The other major employment sectors are “trade, repair, transport and storage, accommodation and food service activities” with 173,000 in 2011 and 175,000 in 2015 and “Industry” with 129,000 in 2011 and 121,000 thousand in 2015 (ArmStatBank, 2015).

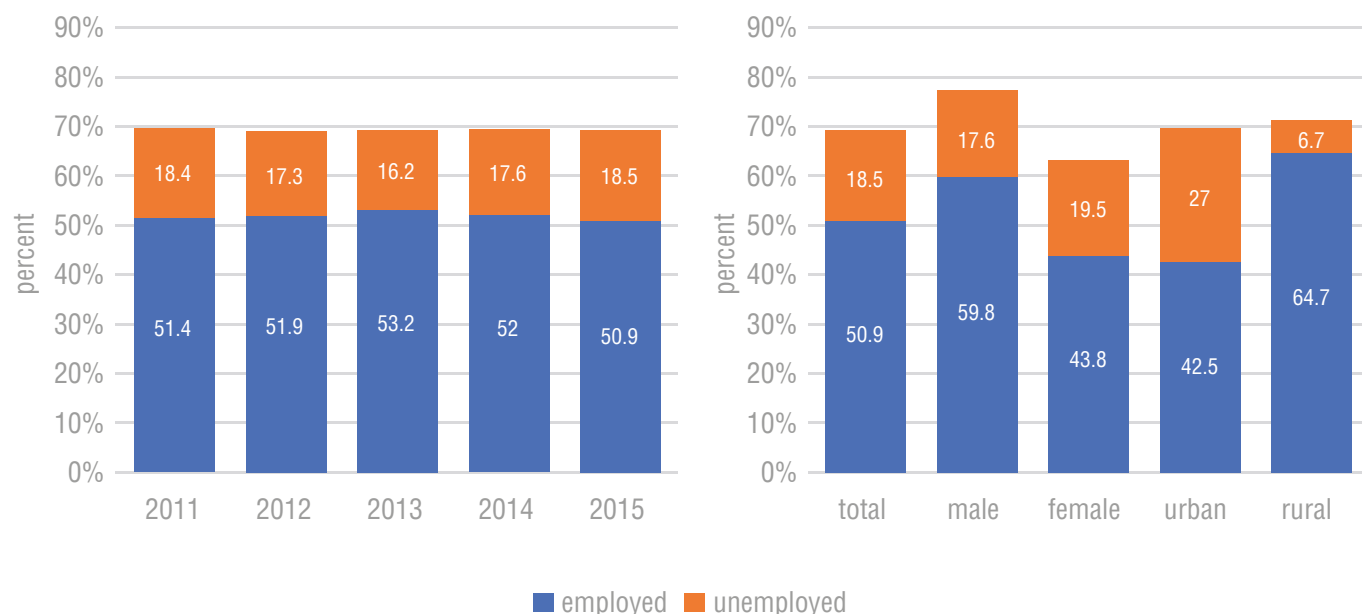
TABLE 2. ECONOMICALLY ACTIVE POPULATION SHARE OF LABOUR FORCE TO WORKING-AGE POPULATION %

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|--------------|-----------|-------------|-------------|-------------|-------------|
| Total | 63 | 62.7 | 63.4 | 63.1 | 62.5 |
| Male | 72.7 | 72.1 | 72.8 | 73.2 | 72.6 |
| Female | 55.3 | 55.2 | 55.9 | 55.2 | 54.3 |
| Urban | 57.7 | 57.1 | 58.3 | 59.6 | 58.3 |
| Rural | 73.2 | 73.3 | 72.5 | 69.2 | 69.4 |

Source : ArmStatBank (2015)

⁵ The population aged 15–75 is considered working age. Each respondent is classified by economic activity status to the three mutually exclusive groups: employed, unemployed, and economically inactive

FIGURE 1. EMPLOYMENT AND UNEMPLOYMENT RATE OVER TIME AND BY POPULATION GROUP (2015)



Source: ArmStatBank (2015)

Although agriculture accounted for 35 percent of employment in 2015, the sector’s contribution to GDP was only 17 percent.

Because of unfavourable socio-economic conditions in the post-independence period and land privatization, which created a large number of farmers with small land plots but with old and inadequate agricultural machinery and limited access to agricultural loans, agriculture in post-independence period is mainly for subsistence purposes and is characterised by low productivity.

Not surprisingly, this, coupled with the challenges of creating jobs in agriculture, has resulted in one fifth of agricultural workers being poor. According to various estimates, paid employment in agriculture is only 8–10 percent⁶. Yet, agricultural productivity has been increasing over the last decade.

Between 2004 and 2013, output almost doubled, particularly crop production (Urutyán et al., 2015). These gains are mainly the result of improved productivity because of the adoption of innovative crop production technologies (Alaverdyan et al., 2015), whereas the number of people employed in agriculture decreased over the same period (ArmStatBank, 2015).

The average monthly wage has been increasing steadily from AMD (Armenian Dram) 108,000 in 2011 to AMD 172,000 in 2015. However, there is a considerable pay gap between men and women. A recent United Nations Population Fund (UNFPA) study shows a gap of 35.9 percent: “The average salary of women makes up 83.8 percent of those of men in agriculture, 81.3 percent in education, 75.1 percent in healthcare and social services,

67.9 percent in public administration and 54.9 percent in financial and insurance sectors” (UNFPA, 2016).

Table 4 further shows that in 2011–2015 the average female wage was about two thirds of the male wage. Low productivity jobs are typical for many sectors of the Armenian economy, with about 40 percent of salaried employees receiving minimum and near-to-minimum wages. International practice shows that minimum wages are set within the range of 40–60 percent of average wage level.

Armenia is close to 40 percent of the ratio between the minimum and average wages but has not managed to cross that threshold. The minimum wage was expected to increase from AMD 55,000 to AMD 60,000 on 1 July 2016. The MTEF 2016–2018 states that “in 2016 the minimum wage will be higher than the value of minimum consumer basket and the ratio between the minimum and average salaries will reach the satisfactory 40 percent”⁷.

However, because of low economic growth and resulting budgetary constraints, the Government of

TABLE 3. CONTRIBUTION OF AGRICULTURE TO GDP

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------|------|------|------|------|------|
| % of GDP | 17.9 | 18.4 | 18.1 | 17.3 | 16.0 |

Source: NSSRA (2017)

6 Although the jobs in the sector come with seasonality and low productivity and are therefore not very promising from the perspective of poverty reduction, they remain the main source of income for the rural population since non-agricultural opportunities outside the capital city Yerevan are limited.

7 MTEF of Armenia for 2016–2018, (the source is in Armenian), p. 79

TABLE 4. MINIMUM AND AVERAGE MONTHLY WAGE, AMD

| | 2011 | 2012 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------|---------|---------|---------|---------|---------|---------|----------|
| Minimum wage | 32,500 | 32,500 | 32,500 | 45,000 | 50,000 | 55,000 | 55,000 |
| Average Monthly Nominal Wages | 108,092 | 113,163 | 140,739 | 146,524 | 158,580 | 171,615 | 188,851* |
| For men | 131,294 | 137,808 | 169,043 | 174,283 | 188,737 | 203,657 | |
| For women | 84,992 | 88,704 | 107,755 | 114,328 | 124,441 | 135,492 | |
| Ratio min/average | 0.30 | 0.29 | 0.23 | 0.31 | 0.32 | 0.32 | 0.29* |
| Ration male/female | 0.65 | 0.64 | 0.64 | 0.66 | 0.66 | 0.67 | |

*preliminary; Source: NSSRA (2017); ArmStatBank (2015) and own calculations

TABLE 5. VALUES AND RELATIONS OF DIFFERENT MINIMUM STANDARDS

| AMD (thousands) | Minimum wage (end of the year) | Min. Consumer Basket (MOH) | Min. Consumer Basket (NSSRA) ⁱⁱ | Min Wage to Min Consumer Basket (MOH) | Min wage to Min Consumer Basket (NSSRA) |
|-----------------|--------------------------------|----------------------------|--|---------------------------------------|---|
| 2014 | 50,000 | 57,928 | 49,058 | 0.86 | 1.02 |
| 2015 | 55,000 | 54,414 | 48,443 | 1.01 | 1.14 |

i The MOH elaborates the minimum food ration basket, quarterly estimated by NSSRA. The basket contains the types and minimal quantities of food necessary to sustain human life. The total energy value of the latter is close to 2,400 kilocalories.

ii The NSSRA estimates the composition of the food basket based on types and quantities of food consumed by households per FAO instructions for developing countries (the level of daily per capita food consumption is 2,100 kilocalories), to ensure international comparability. In 2006, NSSRA updated the minimum food basket from 2,100 kcal to 2,232 kcal taking into consideration changes in structure of household consumption.

Source: For minimum wage: NSSRA (2016c); for MCB: NSSRA (2015b; 2016e)

Armenia did not raise the minimum wage. Although the Law on Minimum Consumer Basket and Minimum Consumer Budget (HO-53, March, 2004, Article 7) stated that the composition and structure of the basket should be calculated at least every three years based on the methodological recommendations developed and approved by the Government of Armenia. Yet, these recommendations have not been implemented and, hence, there is currently no approved minimum consumer basket. Instead, the NSSRA empirically calculates the monetary value of the consumption-based, minimum consumer basket based on ILCS data, which represent the amount of goods and services that meet the minimum level of living standards.

Therefore, the value of this consumption basket changes quarterly⁸ according to changes in consumer prices. Also, the minimum consumer basket consists of a minimum food basket and an allowance for basic non-food goods and services, and it

is used to define the poverty lines. The Government of Armenia adopted a Law on Minimum wage (HO-66-N) in 2003 and periodically⁹ defines the size of minimum wage. According to the RoA Law on Minimum Consumer Basket and Minimum Consumer Budget (adopted in March 2004), the minimum consumer basket is the basis for determination of the minimum

wage, pensions, scholarships and other SBs (Article 7). However, at this point the determination of minimum wage, pensions and SBs is not aligned with the minimum consumer budget. As for the poverty line, the minimum wage in Armenia exceeds the lower poverty line (in 2015 by 60.7 percent) and the upper one, however the latter lags considerably.



8 For more details on the poverty line, see the next chapter.

9 In principle, the adjustment is to be made on a yearly basis. However, there have been years that the minimum wage has not been changed, as in 2003 and 2004, 2009 and 2010, and 2015–2017.

TABLE 6. MINIMUM WAGE VERSUS POVERTY LINES

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|--------|--------|--------|--------|--------|
| Minimum wage (AMD) | 32,500 | 32,500 | 45,000 | 50,000 | 55,000 |
| Poverty lines (AMD) | | | | | |
| Upper | 36,158 | 37,044 | 39,193 | 40,264 | 41,698 |
| Lower | 29,856 | 30,547 | 32,318 | 33,101 | 34,234 |
| Food | 21,306 | 21,732 | 22,993 | 23,384 | 24,109 |
| % of Minimum wage to poverty lines | | | | | |
| Upper | 90 | 88 | 115 | 124 | 131 |
| Lower | 109 | 106 | 139 | 151 | 161 |
| Food | 152 | 149 | 195 | 213 | 228 |

Source: NSSRA (2016g), and own calculations

As Table 5 shows, the minimum wage has reached the minimum consumer basket value starting from 2014 (according to NSSRA calculations) but not the one developed by the Ministry of Health (MOH).

The relation between the minimum wage and the empirical poverty lines (upper, lower and food poverty lines) during 2011–2015 is provided in Table 6. Since 2013, the value of the monthly minimum wage has exceeded the poverty lines.

The Ministry of Labour and Social Affairs (MLSA) is responsible for labour market policy design and implementation. The State Employment Agency (SEA) (a structural subdivision of the Ministry) has 51 local centres with about 360 employees responsible for job counselling and offering vacancies to the unemployed.

With very scarce resources, the service mostly targets the demand side of employment. To facilitate the design and implementation of employment policies, 51 local Agreement Committees (within each SEA local centre) have been established.

They include the social partners (employers' union, trade unions), the SEA itself, and local authorities. However, the Agreement Committees could be strengthened and cooperation between SEA and employers enhanced.

Currently, in some regions of Armenia SEA offices have been incorporated as part of Integrated Social Services.¹⁰

The Methodological Centre for Vocational Orientation (formerly Youth Vocational Orientation Centre established in 2007) provides career guidance and vocational orientation to the young unemployed through its offices in Yerevan and provincial centres in Armenia. However, the human and financial capacities of the organization are limited.

Private employment agencies operate only in Yerevan. Their number is gradually being reduced, and only about ten of them sustained their activities. Most private employment agencies are paid for performance through a fee on an employee's first month's salary.

Agencies identify, establish and sustain ties with employers. They retain contacts with repeat customers as certain percentage of jobseekers is employed at the time of registration but maintain their registration to find a better job. Except for the few agencies specializing in information communication technology (ICT) employment, the others do not specialize in any specific field or type of job.

¹⁰ See the section on Social Protection Administration and Reform in Chapter 4 for more details on Integrated Social Services.





WFP/Armenia

3. FOOD SECURITY, VULNERABILITY AND POVERTY

MESSAGES:

Food insecurity and malnutrition remain a problem for the Armenian population.

In 2014, 15 percent of the population was found to be food insecure. The double burden of malnutrition (including micronutrient deficiency) affects the people of Armenia.

Overweight is an emerging nutritional challenge, with figures resembling those of high income countries. The dimensions of economic access to food and utilization of food require the attention of policy makers.

Food insecurity is correlated with poverty. In Armenia, one third of the population lives below the national poverty line.

Regional inequalities exist, and rural populations are slightly less prone to poverty than urban populations residing outside of the capital. Unemployment is one of the main determinants of poverty.

3.1 FOOD SECURITY

The World Food Summit (Rome, 1996) states that “food security exists when all people, at all times, have physical and economic access to sufficient safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life” (World Food Summit, 1996).¹¹

Based on this definition, the following four pillars or dimensions of food security have been identified:

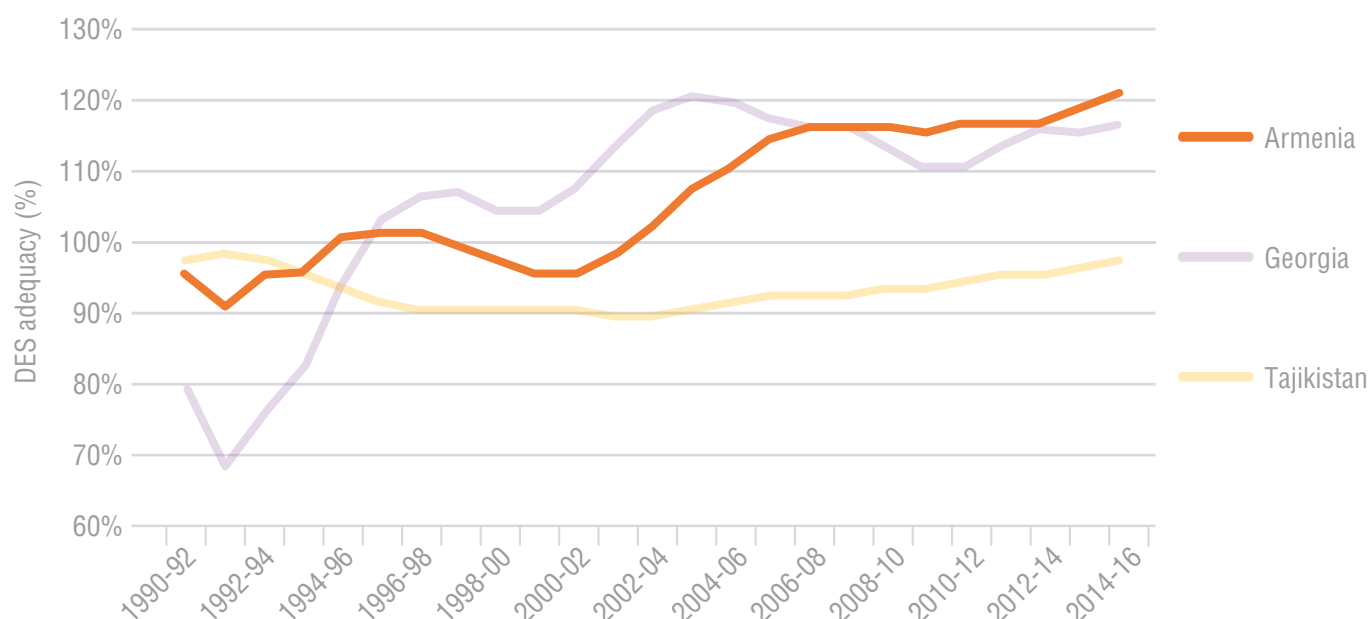
- Physical availability of food
- Economic and physical access to food
- Food utilization
- Stability of these three dimensions over time.

When talking about food security and nutrition, all four dimensions should be assessed simultaneously.

Besides the availability of food, securing access to high quality food, and raising the knowledge about nutrition and awareness of consequences of harmful habits and behaviour are the challenges that should be considered when developing policies. Poverty reduction policies, particularly social protection as a mechanism for reducing poverty and smoothing the consumption of poor, gain special attention.

¹¹ Plan of Action, point 1.

FIGURE 2. DIETARY ENERGY SUPPLY (DES) ADEQUACY IN SELECTED COUNTRIES OF POST-SOVIET REGION, 1990-92 TO 2014-16



Source: FAO (2017)

However, before discussing the social protection system and policies in Armenia in the following chapter, it is necessary to present the country's current food security and nutrition status.

According to the Food and Agriculture Organisation of the United Nations (FAO)'s *Europe and Central Asia Regional Overview*

of *Food Insecurity 2016* (FAO, 2017), physical access to food in Armenia, as in other countries of the region, had been a challenge only in the early- to mid-1990s because of armed conflict, land reform and lost economic links with FSU countries. As Armenia's economy started to grow at double-digit rates and the country shifted from low to middle-income, food availability

improved as well (see Figure 2). Another important indicator calculated by FAO (2017), the prevalence of undernourishment (a primary FAO indicator of food insecurity that considers economic access to food), proves that Armenia has made significant progress in securing economic access to food. The prevalence of undernourishment¹² in 2014–16 was 5.8 percent, slightly higher than the acceptable range of 5 percent (see Table 7).

TABLE 7. PREVALENCE OF UNDERNOURISHMENT IN CENTRAL ASIA AND CAUCASUS AND DEVELOPING COUNTRIES, 1990-92-2014-16

| | 1990-92 | 2000-02 | 2010-12 | 2014-16 | Average annual percentage change |
|---------------------------|-------------|-----------|------------|------------|----------------------------------|
| Caucasus and Central Asia | 14.1 | 15.3 | 8.9 | 7 | -2.9 |
| Armenia | 27.3 | 23 | 6.8 | 5.8 | -6.3 |
| Azerbaijan | 23.6 | 17.1 | < 5.0 | < 5.0 | ... |
| Georgia | 56.5 | 16.3 | 10.1 | 7.4 | -8.1 |
| Kazakhstan | < 5.0 | < 5.0 | < 5.0 | < 5.0 | ... |
| Kyrgyzstan | 15.9 | 16.7 | 7.2 | 6 | -4 |
| Tajikistan | 28.1 | 39.5 | 36.8 | 33.2 | -1.2 |
| Turkmenistan | 8.6 | 8.4 | < 5.0 | < 5.0 | ... |
| Uzbekistan | < 5.0 | 14.4 | 7.7 | < 5.0 | ... |
| Developing countries | 23.3 | 18.2 | 14.1 | 12.9 | -2.4 |

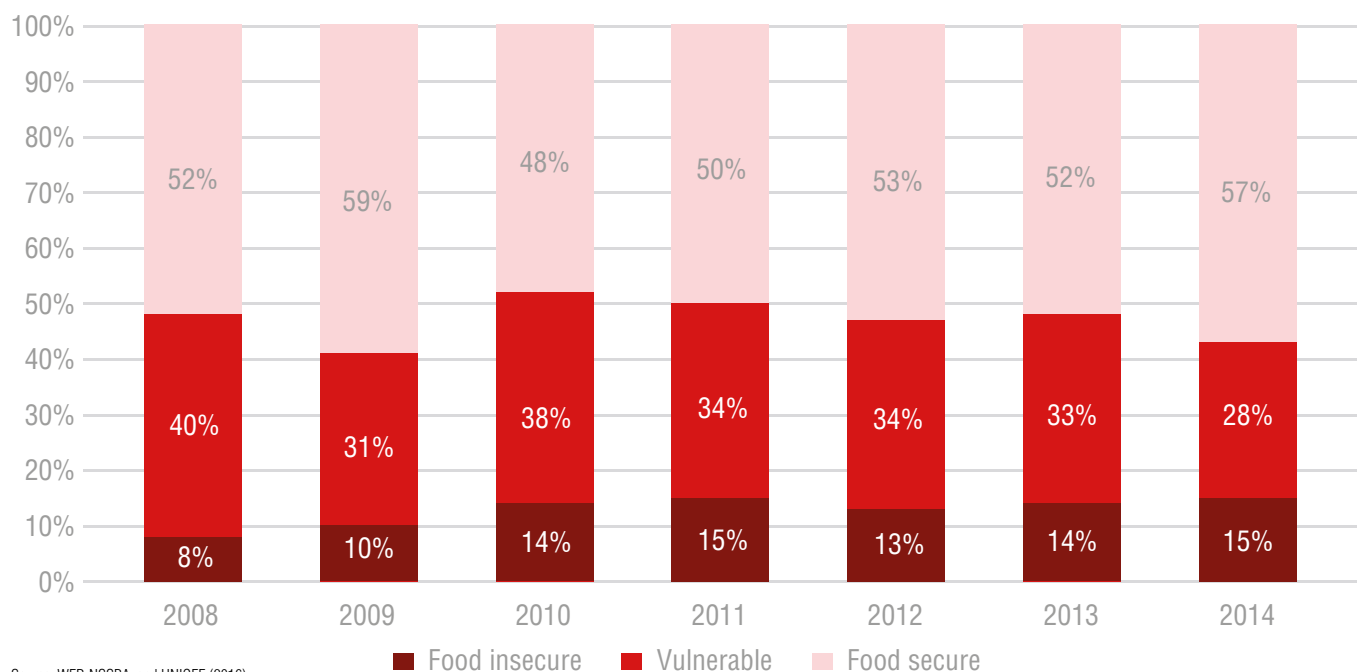
Source: FAO (2017)

Thus, despite the obvious improvement in availability, economic access to food is still critical for some households in Armenia. Because of the global financial and economic crises in 2008, the share of food-insecure households in Armenia doubled compare to 2008 (see Figure 3), indicating that despite the improvements in food availability and accessibility, 15 percent of households (as of 2014) are left behind (WFP, NSSRA and UNICEF, 2016).

According to the Comprehensive Food Security, Vulnerability and Nutrition Analysis (CFSVNA) report (WFP, NSSRA, and UNICEF, 2016), food security in rural households is directly correlated with owning the land or working on the land. Households that did not

¹² The indicator expresses the probability that a randomly selected individual from the population will consume insufficient calories to meet energy requirements for an active and healthy life.

FIGURE 3. ARMENIA: FOOD SECURITY TRENDS (2008–2014)



Source: WFP, NSSRA, and UNICEF (2016)

own or work on the land were significantly more likely to be food insecure: in the food secure group, 97 percent of households own or work on the land, whereas in the food insecure group, the share is 79 percent.

Food insecurity in Armenia is strongly associated with being unemployed (the share of unemployed adults in food insecure households comprised 19 percent, whereas the adult unemployment rate in food secure households was 11 percent) or being poor with less reliable and less diversified income sources.

The adequate supply of food at the national level does not in itself guarantee food security for households. Therefore, at the policy level from the food accessibility point of view, the focus is on incomes, expenditure, markets, and prices in achieving food security objectives. In 2014, Armenian households allocated an average 45.7 percent of their expenditure for purchasing food.

Food insecure households were more likely to be below the poverty line and the trend has been consistent since 2008. In 2014, 76.8 percent of food-insecure households were poor compared to 5.7 percent of food secure households. There was a significant representation of lower wealth quintiles among food insecure households: slightly

more than 60 percent of food insecure households belong to the poorest quintile (WFP, NSSRA, and UNICEF, 2016).

Food utilization – the third pillar of food security – is commonly understood as the ability of individuals to utilize food through an adequate diet (quantity and quality), clean water, sanitation and health care to reach nutritional well-being, with all physiological needs met. Thus, food-energy deficiency indicates that the household is consuming an inadequate quantity of food. According to the NSSRA guidance, the adequate kilocalorie intake threshold in Armenia used to identify households with insufficient energy intake was 2,100 kcal per day.

In 2014, 29 percent of households in Armenia consumed less than 2,100 kcal per day per adult equivalent. 25 percent of households get more than 70 percent of overall energy intake from staples, meaning that these households consume a diet of low quality or diversity. The combination of food energy deficiency and high consumption of staple foods provides another indicator – “poor dietary intake” – which helps to identify households lacking in dietary quality and quantity. In 2014 on average, 12

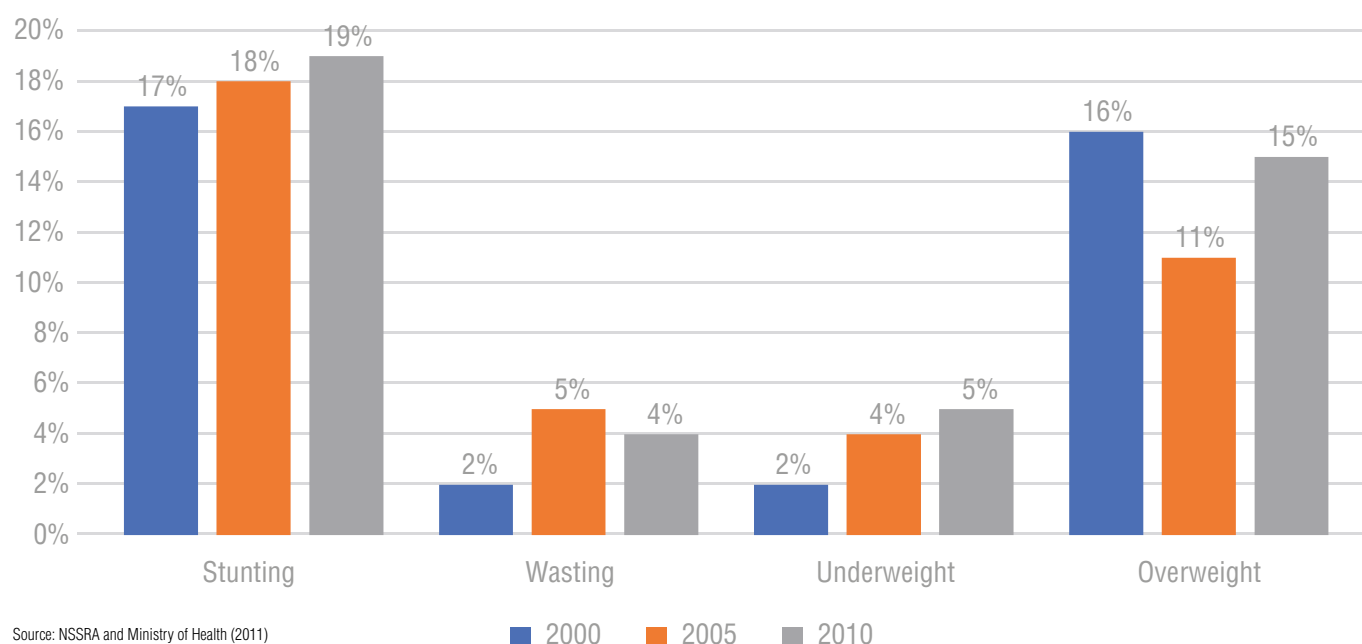
percent of the population in the country experienced this dual deficiency (WFP, NSSRA, and UNICEF, 2016).

Finally, adequate food intake today does not mean food security if the individual or household periodically has inadequate access to food, risking a deterioration of nutritional status. Adverse weather conditions, political instability or economic factors (unemployment, rising food prices) may have an impact on individual's or households' food-security status.

Food-insecure households in Armenia have more household members and a higher proportion of dependents: 30 percent of food-insecure households had six or more household members and 22 percent of food-insecure households had a disabled member.

The CFSVNA showed that education is critical for improved food security; it plays an important role in food security by enhancing productivity and income as well as social status, connections and knowledge. In 2014, the share of adults educated beyond secondary level in food-insecure households comprised 39.2 percent compares to 50.9 percent in food secure households (WFP, NSSRA, and UNICEF, 2016).

FIGURE 4. ARMENIA: TRENDS IN CHILDREN'S NUTRITIONAL STATUS, 2000–2010 (PERCENTAGE OF CHILDREN UNDER AGE 5, BASED ON WHO CHILD GROWTH STANDARDS)



Source: NSSRA and Ministry of Health (2011)

TABLE 8. ARMENIA: PERCENTAGE OF CHILDREN UNDER 5 CLASSIFIED AS MALNOURISHED PER THREE ANTHROPOMETRIC INDICES OF NUTRITIONAL STATUS

| | Height-for-age | | Weight-for-height | | | Weight-for-age | |
|--------------------|----------------|-------------------------|-------------------|-------------------------|---------------------|----------------------|-------------------------------|
| | Stunted (-2SD) | Severely stunted (-3SD) | Wasted (-2 SD) | Severely wasted (-3 SD) | Over-weight (+2 SD) | Under-weight (- 2SD) | Severely under-weight (-3 SD) |
| Total | 19.3% | 8.2% | 4.0 | 1.8% | 15.4% | 4.7% | 1.2% |
| Male | 20.3% | 7.9% | 4.7% | 2.1% | 17.0% | 4.3% | 1.4% |
| Female | 18.3% | 8.5% | 3.3% | 1.5% | 13.7% | 5.1% | 1.0% |
| Residency | | | | | | | |
| Urban | 17.3% | 6.9% | 3.2% | 1.6% | 15.0% | 2.8% | 0.8% |
| Rural | 22.0% | 10.0% | 5.1% | 2.2% | 16.0% | 7.4% | 1.8% |
| Mother's education | | | | | | | |
| Basic | 20.8% | 9.2% | 13.6% | 3.0% | 7.9% | 11.2% | 0.9% |
| Higher | 15.2% | 4.5% | 3.2% | 0.9% | 16.9% | 1.0% | 0.1% |

Source: NSSRA and Ministry of Health (2011)

Based on available statistics, United Nations Children's Fund (UNICEF) states that undernutrition accounts for almost 50 percent of child mortality cases among children under 5. Small children suffering from under-nourishment are particularly vulnerable to common infections that would not put healthy children or adults at serious risk. However, these children suffer from those infections more

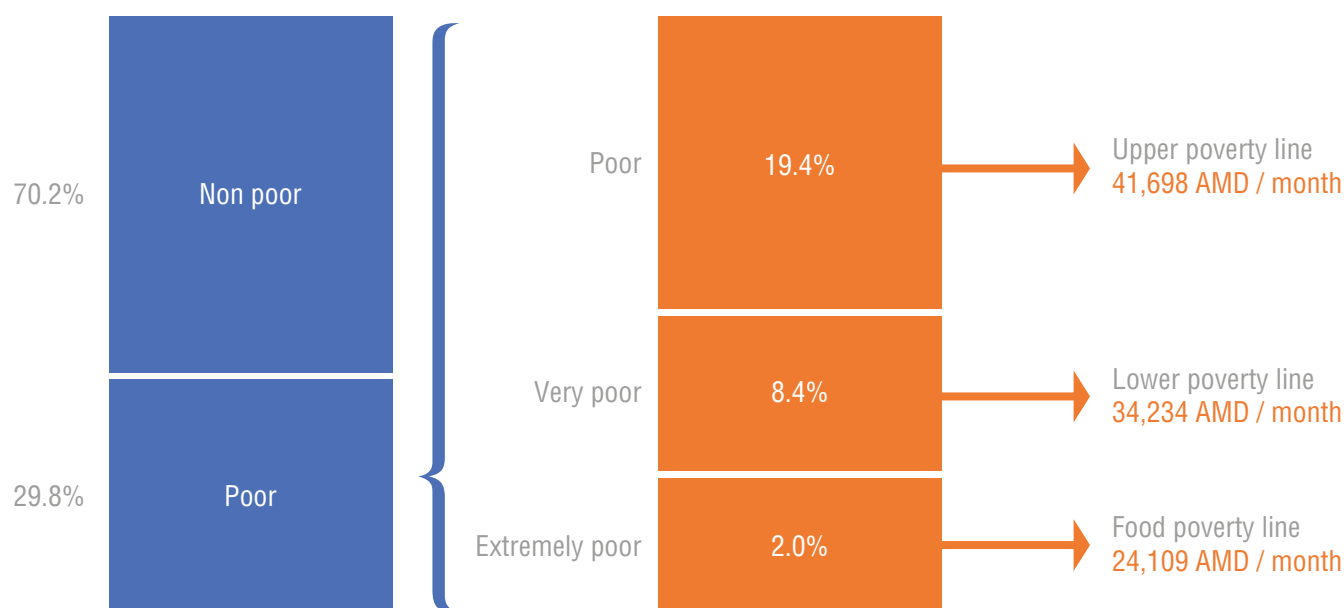
frequently and more severely. The first 1,000 days of a child's life are crucial to physical and mental development, so under-nutrition in this period can thus lead to irreversible damages, such as stunting and cognitive impairments. Hence, food insecurity goes hand in hand with malnutrition – a predominant issue in Armenia, especially among children under 5. Findings from the Demographic and Health Survey (DHS)¹³

in 2010 suggest that children in Armenia experience stunting and overweight rather than suffer from underweight or wasting (see Figure 4).

The ADHS findings suggest that in 2010 in Armenia 19 percent of children under 5 were chronically malnourished or stunted (short for their age), whereas 8.2 percent were severely stunted.

13 The Armenia Demographic and Health Survey (ADHS) is implemented by the NSSRA and the MOH. The 2010 ADHS was the third DHS survey conducted in Armenia

FIGURE 5. POVERTY LINES IN 2015 EXTRACTED FROM ILCS DATABASE (2015)



Source: NSSRA (2016b)

The stunting level varies depending on gender, residence, and mother's education. Prevalence of stunting in rural areas was 22 percent compared to 17 percent in urban areas.

In general, children born to mothers with less education are more likely to be stunted: stunting among children of mothers with secondary education was 22 percent, whereas the indicator for children of mothers with high education was 15 percent (NSSRA and MOH, 2011).

Overweight is an increasing problem in Armenia, as in many other countries: 15 percent of all children under 5 in 2010 were overweight.

The data in Figure 4 show that stunting and underweight in 2010 displayed an increasing trend since the 2005 survey, whereas wasting has decreased slightly. Meanwhile, the prevalence of overweight increased again since 2005, after a decrease between 2000 and 2005.

Food insecurity is correlated with poverty; in fact, these two phenomena are interrelated: "Poverty is more than the lack of income and resources to ensure a sustainable livelihood. Its manifestations include hunger and malnutrition,

limited access to education and other basic services, social discrimination and exclusion as well as the lack of participation in decision-making. Economic growth must be inclusive to provide sustainable jobs and promote equality (UN Sustainable Development Goals, 2015)".

Hence, effectively addressing food insecurity and malnutrition requires a thorough analysis of current patterns of poverty and solid policy making addressing the underlying causes as well as enhancing well-being in the short term.

3.2 POVERTY

The following section addresses questions related to poverty in Armenia since it is considered an underlying cause of food insecurity.

It provides insight into poverty figures and past trends as well as potential determinants.

Here a distinction between monetary and non-monetary poverty can be made, given the recent and comprehensive data analysis conducted by the NSSRA in cooperation with the World Bank.

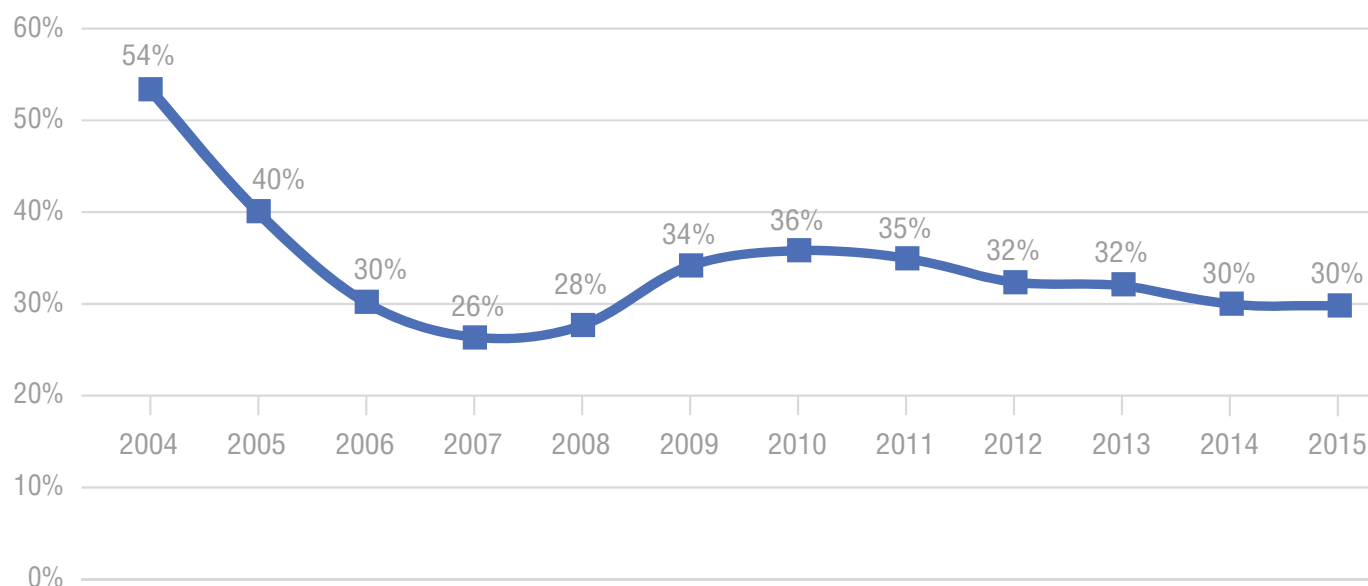
3.2.1 MONETARY POVERTY

In 2009, the Government of Armenia introduced a new method for identifying poor and vulnerable households in monetary terms. Three absolute poverty lines were established, allowing for a distinction between poor, very poor, and extremely poor households. The food poverty line represents the cost of a minimum food basket, composed of 106 items adding up to 2,232 kilocalories per capita per day.

The lower poverty line rests on the assumption that the minimum food share makes up approximately 70 percent of total household consumption. Thus, the corresponding non-food consumption is added to the minimum food basket, that is, the food poverty line, in order to identify the very poor. Finally, when establishing the upper poverty line the share of food in total household consumption is estimated to be approximately 57 percent.

In 2015, this method suggested an overall poverty rate of 29.8 percent and it showed that more than half of the poor population is above the lower poverty line of AMD 34,234 / month whereas 2 percent of the entire population is considered extremely poor. More details are shown in Figure 5 (NSSRA, 2016b).

FIGURE 6. POVERTY HEADCOUNT ARMENIA 2004–2015



Source: NSSRA (2016b)

TABLE 9. POVERTY RATES ACROSS URBAN AND RURAL AREAS

| | 2008 | | | 2015 | | |
|--------------|----------------|-------------|-------------|----------------|-------------|-------------|
| | Extremely poor | Very poor | Poor | Extremely poor | Very poor | Poor |
| Urban | 1.9 | 13 | 27.6 | 2.2 | 10.4 | 29.4 |
| Yerevan | 1.1 | 8.1 | 20.1 | 2.0 | 8.3 | 25 |
| Other Urban | 2.8 | 18.2 | 35.8 | 2.4 | 12.8 | 34.4 |
| Rural | 1.2 | 11.9 | 27.5 | 1.7 | 10.3 | 30.4 |
| Total | 1.6 | 12.6 | 27.6 | 2.0 | 10.4 | 29.8 |

Source: NSSRA (2016b)

As Figure 6 shows, progress was made in poverty reduction until the onset of the global economic crisis. This was mainly because of consistent growth in per capita incomes and the creation of jobs and the improvement of safety net programmes. Between 2000 and 2008, economic growth was enhanced primarily by inflows of foreign exchange such as remittances (WB, 2014a). However, the economic crisis was detrimental to Armenia's economy, as outlined in the previous section.

As a Millennium Development Goals (MDG) Progress Report states, GDP fell by 14 percent and the level of remittances declined by approximately 25 percent in 2009 (UN, 2015). A slow

decrease in the poverty headcount has been occurring since 2011 but a pre-crisis level has not been reached. The poverty gap in 2015, however, was slightly below the rate measured in 2008 (4.7 percent and 5.1 percent). According to the WB (2014a), recovery is slow because Armenia's economy depends on commodities, remittances, and income from construction and other non-tradable goods.

However, social protection expenditure was increased during the crisis and the increase in poverty is likely to be moderate compared to a scenario with constant or reduced social protection expenditure.

In 2015, poverty rates did not differ greatly among urban and rural areas (29.4 percent and 30.4 percent); however, they were much lower in Yerevan than in the remaining urban districts, which implies that urban regions besides the capital face higher poverty levels than rural areas. The overall poverty gap was 4.7 percent in 2015 compared to 5.5 percent in 2008.

Further to the division of urban and rural areas, the following table shows poverty headcount rates across regions in 2015. It is evident that poverty is particularly high in Shirak, Lori, Kotayk, and Tavush whereas it is far below average in Aragatsotn and Vayotz Dzor. Regional

disparities are discussed in the National Development Strategy (NDS)¹⁴ and certain underlying factors are indicated.

Here it is emphasized that the GDP indicator, reflecting the correlation between the GDP within a specific region and the national average, is lowest in Lori (53 percent), followed by Vayots Dzor, Shirak, and Tavush (58 percent, 60 percent, 63 percent). In comparison, the indicator measures 152 percent in Yerevan.

This means that the regional GDP in Yerevan is 1.5 times higher than the national average and as such reflects the economic potential of the capital city and its contribution to the overall economy. Moreover, several of the poorest regions, namely Shirak, Kotayk, Lori, and Gegharkunik are in Armenia's earthquake zone. The NDS therefore points out the need for territorial development policy to focus on these disadvantaged regions.

Another important question is whether families with children are more vulnerable to poverty than those without.

It appears that families without children show poverty rates slightly below average whereas accommodating one child does significantly increase vulnerability. However, households with two or more children are much more likely to be among the poor and extreme poor, as shown in Table 11.

The same pattern holds for households with elderly although the effect is smaller. It was also found that 33.7 percent of all children under 18 live in poverty, compared to the national headcount of 29.8 percent. The intensity of poverty, measured by the poverty gap, further emphasizes differences in the experience of poverty across different households in Armenia.

In 2015, the poverty gap among poor households with three or more children was twice as high as the poverty gap for those with up to two children (10 percent and 5

TABLE 10. POVERTY ACROSS REGIONS, 2015

| | Poor | Extreme poor | % poor population | % total population |
|--------------|--------------|--------------|-------------------|--------------------|
| Yerevan | 25.0% | 2.0% | 27.4% | 32.7% |
| Aragatsotn | 16.1% | 0.4% | 2.1% | 3.9% |
| Ararat | 27.3% | 1.3% | 8.1% | 8.8% |
| Armavir | 29.6% | 2.1% | 9.2% | 9.3% |
| Gegharkunik | 32.1% | 1.3% | 7.4% | 6.8% |
| Lori | 36.2% | 2.8% | 11.5% | 9.5% |
| Kotayk | 35.9% | 2.3% | 12.2% | 10.1% |
| Shirak | 45.3% | 3.9% | 11.8% | 7.7% |
| Syunik | 24.5% | 0.7% | 3.7% | 4.5% |
| Vayots Dzor | 16.9% | 1.0% | 1.1% | 2.0% |
| Tavush | 35.3% | 2.0% | 5.5% | 4.7% |
| Total | 29.8% | 2.0% | 100.0% | 100.0% |

Source: NSSRA (2016b)

percent). It was also found to be higher among households with children under 5. (NSSRA, 2016b)

3.2.2 DETERMINANTS

According to NSSRA (2016b), several factors can be considered determinants of monetary poverty in Armenia.

The first household characteristic mentioned in the report is gender of the household head; female headed households are more likely to be poor than those headed by a man (32.1 percent compared to 28.9 percent). Within the group of female-headed households, those with children are particularly vulnerable. Further, poverty is lowest among households that include a member with tertiary education, suggesting that education plays an important role in income generation and vulnerability.

Unemployment is problematic in Armenia and the poverty headcount among affected households (none of the household members is employed) is 6.5 percentage points above average. As several reports emphasize (United Nations, 2015; EDRC

2014), unemployment is one of the main determinants of poverty in Armenia. The WB recently stated that the main labour market challenges in Armenia are low productivity and unemployment, partially because the job market has not responded to the rapidly growing labour force (WB, 2014a). Labour market entry is particularly challenging for young adults without work experience. Even though the majority is highly educated, finding appropriate work is challenging.

There is a shortage of productive jobs and available skills do not match the job requirements (Serrière, 2014; WB, 2014a). Almost 40 percent of employees are active in low-productivity agricultural work and thus need to cope with insufficient wages. However, poverty rates for this group are not specified in the survey.

Besides these determinants of poverty, the report also identifies several household characteristics that seem to be linked to consumption levels.

For example, when keeping the household size constant, a larger share of children in a household is associated with lower consumption. This may be because

14 The NDS aims to ensure a coordinated post crisis strategic framework for the development of state policies. Although the document has no detailed sector coverage, nevertheless it provides sufficient milestones to develop sector programmes within a standard logical frame. Note: The NDS sections and sub sections are not proportional in terms of sector policy details and coverage mainly because of specifics of some sectors. Therefore, the document should be viewed from the context of already approved sector programmes, depending on their adoption timelines, coverage and programmed time horizon, to the extent they are in line with the strategic priorities. However, there is a section on poverty and inequality (section VI), that states the poverty reduction objectives for the country and defines the main target indicators of poverty reduction (Government of the Republic of Armenia, 2014).

TABLE 11. POVERTY RATE PER NUMBER OF CHILDREN AND ELDERLY (IN %)

| | 2008 | | 2015 | |
|--------------------|--------------|-------------|--------------|-------------|
| | Extreme poor | Poor | Extreme poor | Poor |
| Number of children | | | | |
| 0 | 1.5 | 25.4 | 1.8 | 27.1 |
| 1 | 1.9 | 31.3 | 2.2 | 31.9 |
| 2 | 1.6 | 34.4 | 3.1 | 38.1 |
| 3 or more | 5.3 | 34.8 | 2.1 | 59 |
| Number of elderly | | | | |
| 0 | 1.3 | 24.7 | 2.1 | 26.9 |
| 1 | 1.6 | 30 | 1.7 | 32 |
| 2 or more | 3 | 33.9 | 2.3 | 34.5 |
| Total | 1.6 | 27.6 | 2 | 29.8 |

Source: NSSRA (2016b)

of increased needs for care and thus limited opportunities to work for at least one parent, as well as costs related to education.

However, this measure also reflects a generally lower consumption by children compared to adults. Further, consumption of households with at least one member who emigrated from Armenia during the past 12 months is about 16 percent above average. The regional effect on consumption and thus on poverty is strong and it remains when other factors are held constant.

The report issued by NSSRA in 2015 also emphasizes certain determinants for child poverty. It was found that the number of children is decisive as 46.7 percent out of all children living in families with at least three children are poor. Further, the risk of child poverty is higher when the youngest child in the family is 5 years or younger and almost 50 percent of children with disabilities are poor. Vulnerability is also affected by certain characteristics of the household head, with households headed by a female and those whose household head is single, widowed, or divorced being exposed to higher risks. It is also important to note that 42 percent of all children live in households with an unemployed household head and 39.7 percent of them are poor.

3.2.3 MULTI-DIMENSIONAL POVERTY

The well-being of Armenian citizens also has been assessed

in multidimensional terms to shed light on those areas of deprivation not covered by a monetary poverty assessment. The NSSRA and the WB developed an index and introduced it in November 2016. Their analysis is based on data retrieved from the ILCS 2010–2015 and on data collected by several ministries.

A multi-dimensional index based on the same survey as the monetary assessment is a valuable addition to the national poverty assessment, enabling analysts and policy makers to gain a comprehensive picture of different types of deprivation and circumstances.

The assessment is based on five dimensions and numerous indicators that were identified through consultation with stakeholders who focused on the specific Armenian context, which is crucial when applying this method. These dimensions are housing, basic needs, education, labour, and health.

A household is considered deprived within a dimension when at least one quarter of all corresponding indicators is not met and it is considered multi-dimensionally poor in case of deprivation in a quarter of the weighted sum of all indicators (OPHI, 2016; NSSRA, 2016b).

Results from the assessment are quite different from the figures on monetary poverty. In contrast to monetary deprivation,

multi-dimensional poverty has continued to decrease from 41.2 percent in 2010 to 29.1 percent in 2015. Overall, the share of households experiencing deprivation in at least one dimension was 72.2 percent in 2015 compared to 80.0 percent in 2010. The share of households considered poor according to the multi-dimensional analysis is higher in Yerevan than other urban areas and highest in rural areas.

The disparity between urban and rural areas has decreased since 2010, which reflects recent improvements in rural infrastructure, for example, access to centralised water systems and the introduction of waste recycling schemes. However, when looking at the share of households experiencing deprivation in at least two dimensions, the disparity seems larger, with 26 percent of urban households and around 40 percent of rural households affected.

The most problematic dimension in urban areas is labour whereas rural households are most deprived in housing conditions. In general, about 20 percent of households suffer a lack of health services and the dimension of basic needs is not met by about 10 percent of the population. Although the dimension of education is mostly satisfied, it is evident that schooling is more limited in rural areas. Further findings from the assessment relate to the association with monetary poverty and to the overall degree of deprivation per dimension. Deprivation in all the dimensions is more prevalent among monetary poor households; however, it is also experienced by a share of those not considered poor in monetary terms, which underlines their vulnerability and the need to support them beyond monetary poverty interventions.

Another multi-dimensional assessment, focusing on children, was published by UNICEF in 2016 (Ferrone and Chzhen, 2016). Here it was established that 64 percent of children younger than 18 suffer deprivation in at least two dimensions, with a large divide between rural and urban areas (82 percent and 53 percent). Deprivation was found to be most prevalent in access to utilities (heating and water supply), housing (overcrowding), and opportunities for leisure activity captured by space to play and recreation items. Further, the study showed that about one third of children are deprived in monetary and

multi-dimensional terms and 36 percent are not considered monetary poor but deprived in one or several dimensions. Both groups need to be given attention in policy making: the most vulnerable and those deprived but not captured by monetary assessments.

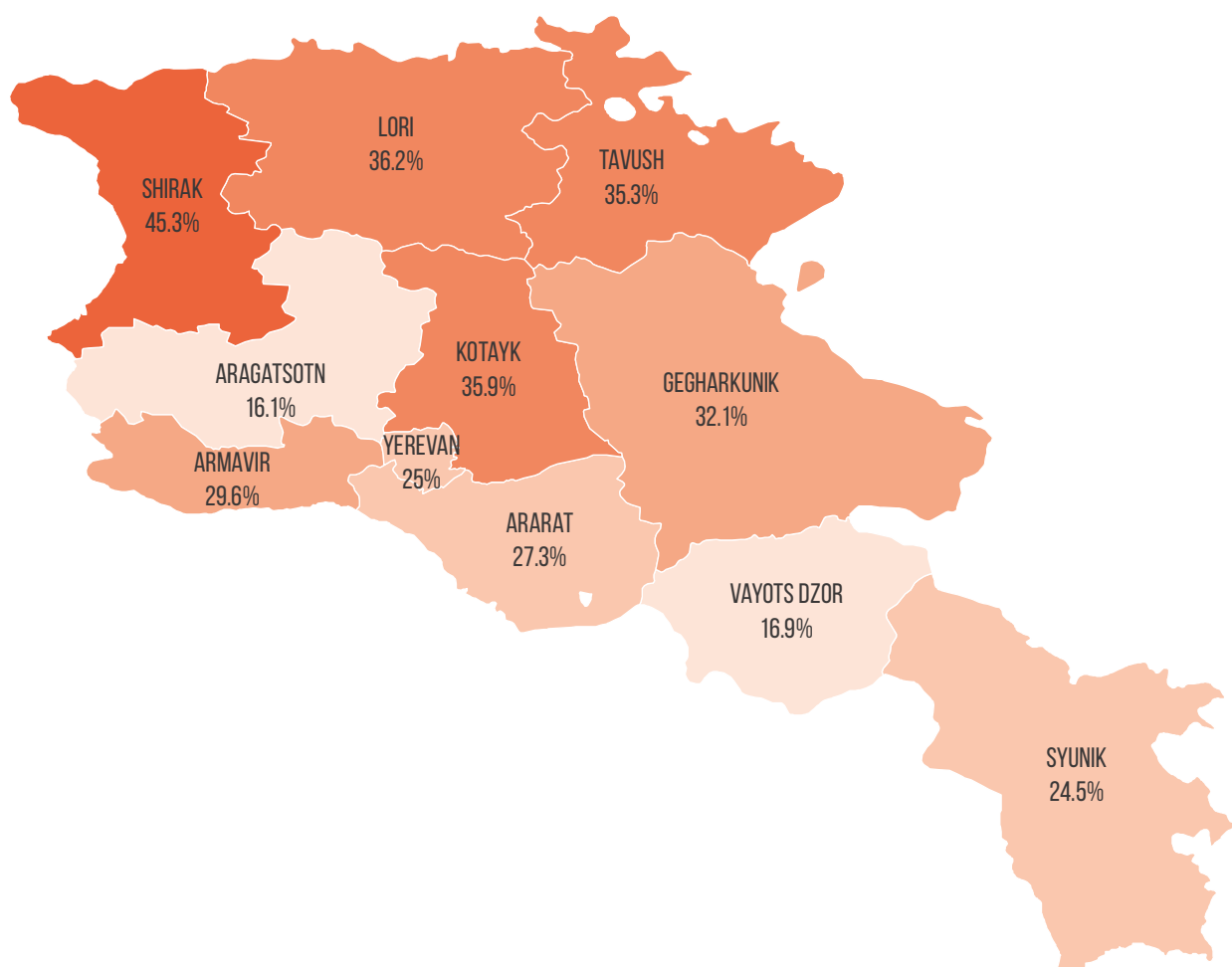
An estimation of the cost of overcoming poverty resulted in the suggestion that in addition to current social assistance spending, AMD 71.4 billion would be required, assuming perfect targeting. This value is equivalent to 1.4 percent of GDP (NSSRA, 2016b).

TABLE 12. SHARE OF INDIVIDUALS LIVING IN HOUSEHOLDS CONSIDERED MULTI-DIMENSIONALLY POOR (% OF POPULATION)

| | National Level | Rural Areas | Other Urban Areas | Yerevan |
|------|----------------|-------------|-------------------|---------|
| 2010 | 41.2 | 52.8 | 37.2 | 32.6 |
| 2011 | 33.9 | 43.3 | 30.4 | 27.3 |
| 2012 | 31.3 | 38.3 | 30.1 | 25.1 |
| 2013 | 30.5 | 37.2 | 27.6 | 25.8 |
| 2014 | 31.9 | 35.2 | 31.6 | 28.5 |
| 2015 | 29.1 | 32.7 | 25.9 | 28 |

Source: NSSRA (2016b)

PERCENTAGE OF POOR BY REGION





WFP/Armenia

4. SOCIAL PROTECTION

MESSAGES:

Armenia has a well-developed, comprehensive social protection system.

It includes social insurance and social assistance transfers, social services, and active labour market policies.

Remittances from migrant workers serve as informal safety nets.

Social protection, particularly pensions, is crucial to combat poverty.

The efficiency of social assistance, however, hinders the poverty reduction impact of transfers. Inclusion and exclusion errors are high.

School feeding is a major component of the social protection system, combining protective and promotive elements and contributing to the food security of school children and their families.

Poverty reduction in Armenia cannot be attributed only to economic progress. Social protection and safety net programmes play an important role in mitigating especially extreme poverty through redistribution mechanisms.

The social protection and social assistance programmes make up large components of the government budget: their share in public expenditures in 2015 comprised 27.2 percent. And despite a rather challenging fiscal situation¹⁵, the Government of RoA continues to fulfil its social obligations. Furthermore, by implementing the 2014–2017 programme, the government aims to achieve faster economic growth, providing decent jobs and expanding the labour contribution to sustainable economic development, which coupled with more effective and inclusive social protection and social assistance policies will contribute to poverty reduction.

The role of social protection programmes is emphasized within Sustainable Development Goal 1 (UN SDG1), which calls for an end to poverty in all its forms by 2030. Expanding social protection programmes, and targeting them to those most in need, is seen as a way of reducing poverty (UN SDG1). Ending hunger and malnutrition (UN SDG2): end hunger, achieve food security and improved nutrition, and promote sustainable agriculture) relies largely on sustainable food production systems and

¹⁵ The fiscal balance has been negative over the last couple of years. In 2016, the fiscal deficit amounted to 5.6% of GDP (IMF, 2017).

resilient agricultural practices to ensure the availability of food, and on improving the utilization of food (UN SDG2).

Social protection directly reduces poverty by helping to make economic growth more pro-poor. Through inclusive programmes, it contributes to social cohesion and stability, helps people to manage risks and invest in human capital throughout the life-cycle.

Social protection is provided through instruments that improve resilience, equity and opportunity. The WB Social Protection Strategy 2012–2022 states: “Social protection and labour systems, policies, and programmes help individuals and societies manage risk and volatility and protect them from poverty and destitution—through instruments that improve resilience, equity, and opportunity” (WB, 2015).

Based on this definition, the social protection programmes in Armenia can be classified as follows:

In this chapter, we refer only to those social protection and social assistance programmes that are large in coverage and expected impact. We focus on indicators such as coverage, targeting, and efficiency when investigating how the social protection and safety net measures may improve food security and nutrition and how they can be strengthened to address important issues more effectively.

With respect to financing, we consider spending on social protection in relation to GDP and total public expenditures. The main emphasis in this report is on cash transfer programmes, as they are of particular importance when it comes to fighting extreme poverty in Armenia: for example, the ILCS 2015 data suggest that social transfers constituted 16.7 percent of the monthly gross average per capita income of Armenian households (16.5 percent in 2008, 16.6 percent in 2013 and 15.8 percent in 2014), they made up about 25 percent of the average monthly income

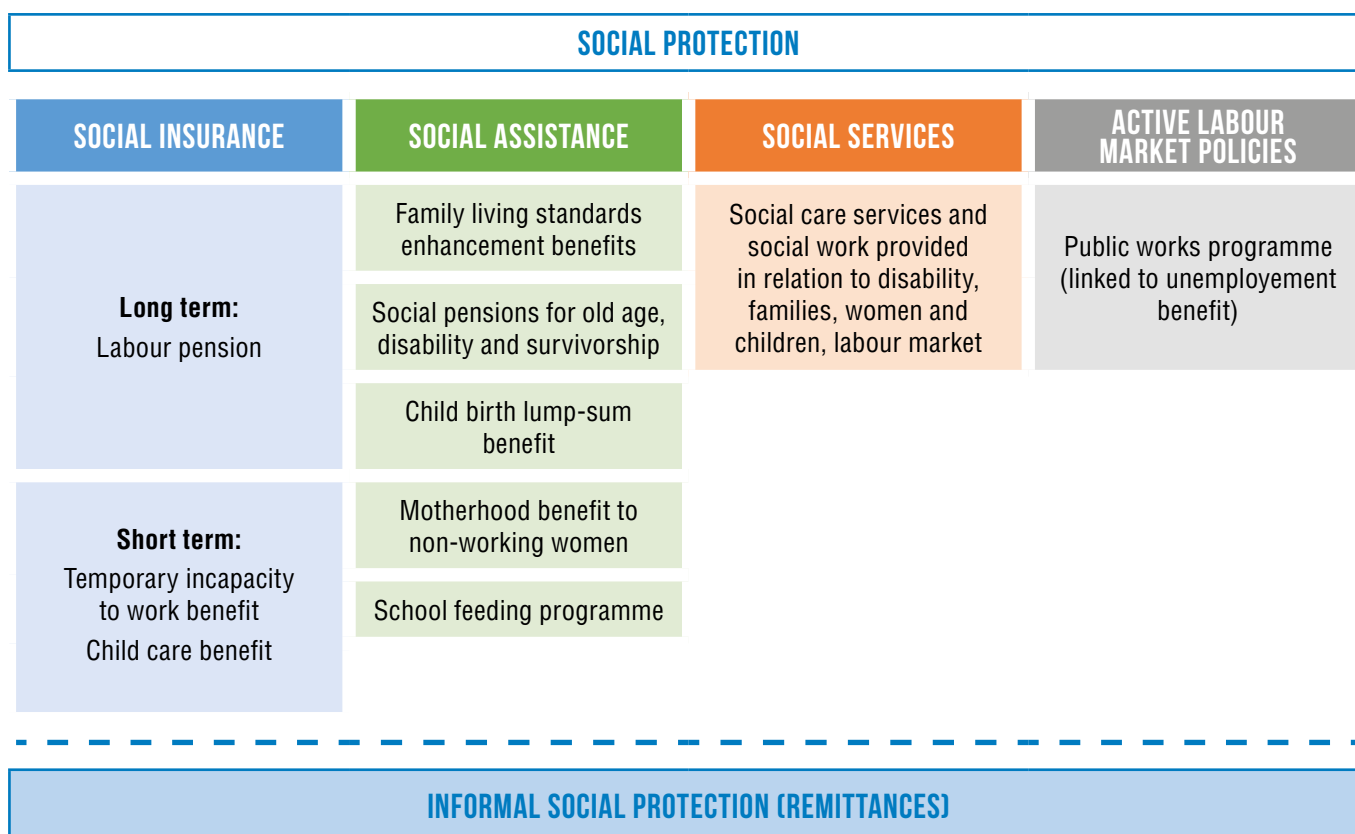
per adult household member in the bottom consumption quintile – about twice as high as for households in the top consumption quintile (10.4 percent) (NSSRA, 2016b).

4.1 PROGRAMME OVERVIEW: ELIGIBILITY AND COVERAGE

Like all countries in the region, Armenia inherited a comprehensive social protection system from the FSU. The formal system consists of contributory social insurance type benefits, non-contributory social assistance benefits, and social services (Figure 7).

Armenia was one of the first countries in the region to introduce a proxy means-tested benefit in 1998, the Family Living Standard Enhancement Benefit (FLSEB). The social protection system is centrally funded and locally implemented. Social assistance programmes are the responsibility of the Ministry of Labour and Social Affairs (MLSA), whereas

FIGURE 7. ARMENIA: SOCIAL PROTECTION PROGRAMMES



Source: Authors' elaboration

the State Social Security Service (SSSS) manages social insurance programmes and non-contributory pensions. The SEA is responsible for employment related benefits and services (WB, 2014a).

Box 1. Reforms in Pension System

The Armenian pension system has undergone profound reforms. The country is now implementing a multi-pillar pension system.

In December 2010, the package of five main laws regulating the multi-pillar pension system was adopted by the National Assembly: 1) Law on Funded Pensions, 2) Law on State Pensions, 3) Law on Unified Income Tax, 4) Law on Personified Recordkeeping of Income Tax and Social Contributions and 5) Law on Investment Funds.

In 2011, the voluntary-funded Pillar III was in force.

Introduction of mandatory funded Pillar II started in 2014 and is implemented in two stages:

1. As of 1 July 2017, public servants are mandated to switch to Pillar II.
2. As of 1 July 2018, private sector employees will switch to Pillar II.

4.1.1 LABOUR PENSION

Labour pensions are currently the largest programme among all social protection initiatives in Armenia in terms of coverage and budget.

- At the end of 2015, 15.5 percent of the total population and 18.8 percent of those 16 or older were recipients of some

TABLE 13. ARMENIA: NUMBER OF PENSIONERS AND THE DEPENDENCY RATIO

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-------|-------|-------|-------|-------|
| Number of pensioners, 1000 persons | 454.5 | 452.5 | 453.9 | 458.6 | 463.5 |
| Population dependency ratio (number of pensioners/number of population aged 16-62 ratio), % | 22.2% | 22.1% | 22.3% | 22.8% | 23.3% |
| System dependency ratio (number of pensioners/number of taxpayers ratio), % | 76.5% | 82.5% | 74.3% | 75.1% | 78.2% |

Source: NSSRA (2012b, 2013b, 2014b, 2015b, 2016a, 2016e)

type of labour pension (NSSRA, 2016a; 2016e). The system dependency ratio is close to 1, which is challenging in terms of the system's financial sustainability as the number of current tax payers and contributors to the social insurance system is almost equal to the number of pension recipients (see Table 13).

- 15.7 percent of public expenditures (4.4 percent of GDP) in 2015 was allocated to labour pensions.

Labour pensions are regulated by the Law on State Pensions (December 2010) and Government Decree 1406-N (November 2010) on Pension Payment Procedures. The statutory retirement age in Armenia is 63; however, it is possible to retire earlier. The eligibility criteria for the specific type of pension benefits are based on age and years of service (see A1. Labour pensions: eligibility criteria and target groups for details).

The Armenian economy is characterized by a high level of informality – in 2015, according to NSSRA the informal employment rate was 47.7 percent, and in the agricultural sector the informal employment rate was 99 percent (NSSRA, 2016d), meaning that these employees do not contribute to the social insurance system and hence, do not accrue any pension rights. It is therefore not surprising that the system dependency ratio is so high. Labour pensions are paid to all eligible individuals regardless of their poverty status. In 2015, there were approximately half a million pensioners in Armenia and 62percent of them were women.

4.1.2 FAMILY LIVING STANDARD ENHANCEMENT BENEFIT

The FLSEB programme is the next largest social protection budget programme in Armenia and according to the WB classification it can be considered as formal protective safety net programme (2014b).

A non-contributory Poverty Family Benefit (FB) programme was developed in 1997-1998 and launched in 1999¹⁶, when 200,000 families or approximately 27percent out of all families were receiving the transfer. Later, the programme went through several reforms, adjustments to resources and to needs of the target groups. In 2007, the Poverty Family Benefit was renamed the Family Benefit and legal details as well as targeting mechanisms were adjusted. In January 2013, the new Law on Public Benefits came into force, emphasizing the goal of assisting vulnerable families in enhancing their overall living situation and preventing further decline of living standards. This new legislation lays the grounds for an overhaul of the FB, leading to its replacement by the FLSEB programme in January 2014. It is the second largest programme in government financing and entails the following individual benefits:

1. Family benefit (FB): assigned to families with household members younger than 18, registered in the FB system and assigned a vulnerability score above the threshold;
2. Social benefit (SB): assigned to families with a vulnerability score above the eligibility threshold and without members younger than 18; and

16 Government of RoA Decree # 727, November 1998

3. Emergency assistance (EA)
 - a. Lump-sum EA (available to those entitled to FB or SB)
 - i. Childbirth assistance: paid upon birth of each child and in addition to a universal child-birth benefit available to every family
 - ii. Schooling assistance: provided when a child is enrolled in first grade
 - iii. Funeral benefit: upon death of a household member
 - b. Quarterly EA (available to those not entitled to FB or SB but with a vulnerability score above 0)

Box 2. Legal Framework of FLSEB programme

The implementation of the FLSEB programme is regulated by the following legal acts:

- RoA Law on Social assistance
- RoA Law on Public Benefits
- Law on State Budget
- RoA Law on State pensions
- Government of RoA Decree N145-N on Ensuring enforcement of RoA Law on State benefits (as of 30.01.2014)

recognised as eligible. According to the ILCS data, 12.2 percent of all households received transfers through the FLSEB programme in 2015, 0.6 percent of families were registered in the system but did not receive the benefit, and 0.4 percent of families were registered in the system and received EA. 86.8 percent of Armenian families never applied for the benefit, mostly because they doubted whether they would qualify (54 percent) or because they did not consider themselves in need (19.5 percent) (NSSRA, 2016b).

The family can maintain the FB or SB as long as its vulnerability score is equal to or higher than the threshold and the re-registration and provision of appropriate and reliable documentation certifying any change in the family¹⁸ was done within the timeframe defined by the Law. The FB and SB are terminated on the following grounds:

1. The vulnerability score falls below the marginal eligibility score (30.0).
2. The applicant does not resubmit the required documentation during the twelfth month after previous application (required by Law).
3. The family does not collect the benefit for at least three consecutive months without any excusable reason.

The FLSEB is targeted at poor and vulnerable families using a proxy means-test. It is based on a vulnerability concept, which, according to experts, allows successful targeting of the poor and considers poverty correlations when assessing the level of eligibility¹⁷.

Programme eligibility is based on the vulnerability score assigned to the family. The vulnerability score is determined according to the vulnerability assessment procedure and approved by the Government Decree # 145-N (adopted June 2014). The decree defines the list of parameters to be used for the family vulnerability assessment, such as social group of family member, housing conditions, and total family income. (see Annex A3. Family vulnerability score). Each parameter has its numerical value. The product of those values determines the family vulnerability score.

The larger the score, the more vulnerable the family. The score for FB eligibility since launching the benefit in 1999 was 36.00, before it was reduced to 30 in 2008. Registration in the family vulnerability assessment system is voluntary. If the family considers itself poor or vulnerable and expects assistance from the state, the family can submit a form and register in the system.

Since implementation of the programme, the number of beneficiary families showed a decreasing trend, which was reversed starting in 2012.

The number of benefit recipient families, compared to 2011, increased by 5.2 percent, and by 2015 it had increased by 16.2 percent (see Table 14). The share of households that applied for FLSEB in 2015 was 13.2 percent while 92.5 percent of applicants were

TABLE 14. ARMENIA: DYNAMICS OF THE REGISTERED IN THE FLSEB SYSTEM AND FAMILY BENEFIT RECIPIENTS

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---------|---------|---------|---------|---------|
| Number of registered families in the system | 117,000 | 125,000 | 128,602 | 133,959 | 135,558 |
| Number of FLSEB recipient families | 91,575 | 96,309 | 102,570 | 105,176 | 106,371 |
| of which receive FB | ... | ... | ... | 79,630 | 80,438 |
| of which receive SB | ... | ... | ... | 25,546 | 25,933 |
| Number of FLSEB recipient families (% of total number of families) | 11.8% | 12.4% | 13.2% | 13.5% | 13.6% |
| of which receive FB | ... | ... | ... | 10.2% | 10.3% |
| of which receive SB | ... | ... | ... | 3.3% | 3.3% |
| Number of FLSEB recipient families (% of total number of registered families) | 78.3% | 77.0% | 79.8% | 78.5% | 78.5% |
| of which receive FB | ... | ... | ... | 59.4% | 59.3% |
| of which receive SB | ... | ... | ... | 19.1% | 19.1% |

Source: NSSRA (2011, 2012a, 2012b, 2013a, 2013b, 2014a, 2014b, 2015a, 2015b, 2016b, 2016e)

17 Studies show that the number of beneficiary families is 1.5 times larger than the number of extremely poor families; more than half of beneficiary families are not poor (CEAC, 2010).

18 Including changes in family composition, incomes, or any characteristic that might affect the household's eligibility for social assistance.

4. The applicant submitted unreliable information or documents.
5. The applicant does not provide documentation certifying changes (regarding income, family structure, etc.) on time.
6. The family is doubly registered.

The law allows combination of FB and SB with other type of benefits: the FB recipient family can get the childcare benefit, the lump-sum childbirth benefit, and emergency childbirth assistance.

Eligibility for the quarterly emergency benefit is determined by the territorial agency based on recommendations made by the territorial councils (established per the requirements of the Law on Social Assistance). The recommendations are given taking into consideration the following:

1. The family consists of only pensioners, old age, or disability SB recipient.
2. There is more than one child in family.
3. One or more family member has/have prolonged illness.
4. The family has an unemployed member.
5. There is a full-time student in family.
6. There is a housing emergency situation (e.g., fire).
7. There are financial difficulties caused

by death of a family member, as well as other difficult life circumstances.

The number of EA recipient families and the statistics on coverage are presented in Table 15.

The quarterly emergency benefit payment duration is three months. The benefit is paid in cash during the course of the given month and is terminated on the following grounds:

1. The applicant does not resubmit the documentation certifying the reliability of information within the required time-frame.
2. The family or a family member has been doubly registered in the family vulnerability assessment system.
3. The vulnerability score during the payment quarter equals "0".
4. The family becomes eligible for FB or SB.

4.1.3 OLD AGE BENEFIT, DISABILITY BENEFIT AND SURVIVORSHIP BENEFIT

An old age social pension is granted to a person aged 65 who is not entitled for labour or military pension. Eligible persons may apply for the benefit any time at their own discretion. The old age benefit is granted for lifetime.

Similarly, disability benefits are provided in case a disabled person does not qualify for a labour or military disability pension as

provided in the Law on State Pensions, as well as a person who has been recognized as a "child with disability".

The disability benefit is granted for the entire period of disability¹⁹. Survivorship benefits are provided in case the person does not qualify for labour or military survivorship pension.

The size of old age benefit is set equal to basic pensions (BP), which is set at AMD 16,000. The size of other two types of benefits is calculated based on BP.

The size of the disability benefit is calculated at: i) 140 percent of the BP for persons with I group of disability and for those recognized as a "child with disability"; ii) 120 percent of the BP for persons with II group of disability; and iii) 100 percent of the BP for persons with III group disability.

The size of the survivorship benefit granted to each family member is calculated based on BP: i) for each parentless child under the age of 18, the survivorship benefit is calculated at the five-fold amount of the BP; ii) the size of the survivorship benefit for a child having lost both parents and 18 to 23 years of age, who is a full-time student of an educational institution, is calculated at the five-fold amount of BP.

The total number of old age, disability, and survivorship beneficiaries is not large, with 2.1 percent of the population covered (2015). However, the numbers show an increasing trend: compared to 2005, the

TABLE 15. ARMENIA: THE NUMBER OF EMERGENCY ASSISTANCE RECIPIENT FAMILIES FOR 2014-2015

| | Number of assistance recipient families | | As % of total number of families | | As % of total number of registered families | |
|---------------------|---|--------|----------------------------------|-------|---|-------|
| | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| Total lump-sum EA | 15,321 | 15,766 | 2.0% | 2.0% | 11.4% | 11.6% |
| of which childbirth | 4,934 | 5,036 | 0.6% | 0.6% | 3.7% | 3.7% |
| of which schooling | 10,223 | 10,564 | 1.3% | 1.4% | 7.6% | 7.8% |
| of which funeral | 164 | 166 | 0.02% | 0.02% | 0.1% | 0.1% |
| Quarterly EA | 9,859 | 10,512 | 1.3% | 1.3% | 7.4% | 7.8% |

Source: NSSRA (2014b, 2015b)

¹⁹ Disability status of a person is certified by special commission, Social Medical Expertise Commission (SMEC) operating under the MLSA. SMEC is the main body responsible for granting disability status to persons and proving their eligibility for certain benefits or services, as well as preparing individual rehabilitation programmes for each person with a disability. The disability status is granted by assessing the degree of loss of capacity to engage in activities of daily living, including work incapacity.

total number of non-contributory old age, disability, and survivorship beneficiaries increased by 1.3 times by 2015, mainly because of the increase in the number of disability beneficiaries.

Between 2005 and 2015, the number of disability beneficiaries almost doubled. The share of women in 2015 comprised about 48 percent of total number of all beneficiaries. The number of beneficiaries by type of benefit is presented in Table 16.

Box 3. Pregnancy and Childbirth Benefit

The implementation of the programme is regulated by the following legal acts:

- RoA Law on Temporary Incapacity to Work and Motherhood Benefit, October 2010;
- Gov. of RoA Decree on Ensuring enforcement of RoA Law on Temporary Incapacity to Work and Motherhood Benefit, July 2011; and
- Labour Code, November 2004: The state policy in Armenia favours maternity and pregnancy. The Labour Code specifies that employees have a right to maternity and child care (parental) leave – Article 172: Maternity leave, Article 173: Child care benefit for children under 3 years old; Article 258: Maternity Protection.

4.1.4 MOTHER AND CHILD-RELATED BENEFITS

Several benefits are available to families expecting or caring for a child. The maternity benefit for women with an employment record is a cash benefit and provided for in total 140 days (70 calendar days of pregnancy period and 70 calendar days after delivery). The

benefit duration is extended in the following cases:

- 155 days in case of complicated childbirth/delivery (70 calendar days of pregnancy period and 85 calendar days for childbirth/delivery);
- 180 days in case of giving birth to more than one child (70 calendar days of pregnancy period; and 110 calendar days for childbirth/delivery)²⁰.

In 2016, the government introduced a non-contributory maternity benefit under social assistance: non-working pregnant women in Armenia receive pregnancy benefit for the same maternity leave period as working women – 140 days.

Although this benefit has the same name as the one provided to working women, the benefit provision to non-working women is regulated by the Law on Public Benefits.

The goal of the benefit provision is to assist in improving the living standards of family and partial reimbursement of certain expenses of the family/individual.

There are no official statistics available on this benefit yet; however, the Government of RoA estimates that approximately 30 thousand non-working pregnant women will benefit from this programme.

4.1.5 LUMP-SUM CHILDBIRTH BENEFIT

A lump-sum benefit is paid at the child's birth to all families, regardless of whether the family is in the vulnerability assessment system or not. The benefit, along with other measures to improve the demographic situation in Armenia, aims to promote having children by partially compensating family expenditures related to a child's birth.

The lump-sum benefit is paid upon the birth of a child and its value is based on the consecutive number of new-borns in a family. The procedure of providing the benefit and the amount of benefit is regulated by the Law on Public benefits and the Gov. Decree # 275-N (March 2014) on Setting the amount of lump-sum child birth benefit and determining the payment procedure thereof.

Currently, for the first and second child the lump-sum benefit is set at AMD 50,000; the benefit for the third and fourth children is AMD 1 million, for the fifth and each next child the benefit is AMD 1.5 million.

Since 2014, the family capital concept has been introduced: state support accounts (bank deposit account) are opened and part of the lump-sum benefit for the third and every subsequent child is transferred to that account. The account holder, in fact, is the child, and he/she has a right to dispose the

TABLE 16. ARMENIA: NUMBER OF OLD AGE, DISABILITY AND SURVIVORSHIP BENEFIT RECIPIENTS

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-------------|-------------|-------------|-------------|-------------|
| Total number of beneficiaries, thousand people | 52.1 | 53.4 | 54.7 | 56.6 | 59.0 |
| Old age | 3.4 | 2.9 | 2.9 | 3.1 | 3.5 |
| Disability | 41.1 | 43.0 | 44.3 | 46.1 | 48.1 |
| Survivorship | 6.8 | 6.6 | 11.3 | 11.5 | 11.7 |
| Total | 51.3 | 52.4 | 58.6 | 60.8 | 63.4 |
| of which: women | 22.7 | 23.2 | 28.1 | 29.0 | 30.4 |
| Share of total beneficiaries in total number of population, % | 1.7% | 1.7% | 1.9% | 2.0% | 2.1% |
| Share of women in total number of beneficiaries, % | 44.2% | 44.3% | 47.9% | 47.7% | 47.9% |

Source: NSSRA (2012b, 2013b, 2014b, 2015b, 2016e).

²⁰ The statistics on number of working women receiving motherhood benefit are not public and were not possible to obtain. For other types of benefits in case of temporary incapacity to work, see Annex A2. Benefits in case of temporary incapacity to work.

family capital without restrictions after 18 years. However, the government determines some ways in which the family capital can be used. For example, families in villages in Armenia's border and mountainous areas are allowed to obtain housing by using family capital.

4.1.6 CHILDCARE BENEFIT FOR CHILDREN UNDER AGE OF 2 YEARS

Child care benefits are provided for children under 2 according to the Law on Public Benefits. However, child care benefits are contributory and only available to a working parent.

4.2 PROGRAMME PERFORMANCE

The performance of social protection programmes in poverty reduction and food security largely depends on coverage and benefit adequacy, which reflect the horizontal and vertical dimensions of programme efficiency.

In Armenia and other countries in the region, pension coverage is generally very high because these systems have been in place for a long time. Most of the pension-age population receives a pension, and given the demographic profile of the country, a large share of the population lives in a household where at least one person receives a pension. Pensions are also relatively adequate in size as they are regularly adjusted to increases in consumer prices.

A different picture emerges for social assistance. As in most other countries in the region, coverage with non-contributory benefits is low also among the poor and benefit values are far from adequate to have a substantial impact on poverty or food security.

4.2.1 LABOUR PENSION

The main objective of the Armenian labour pension programme is to lift elderly out of poverty. The recent change in pension calculation formula (in 2014) strengthened this feature of pensions even more: in 2014, the average pension/lower poverty line ratio

TABLE 17. ARMENIA: DYNAMICS OF NUMBER OF BIRTHS AND LUMP-SUM CHILD BIRTH BENEFITS

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---------------------------------|--------|--------|--------|--------|--------|
| Number of births | 43,340 | 42,333 | 41,790 | 35,697 | 44,957 |
| Number of beneficiaries, people | 38,724 | 43,449 | 41,983 | 36,094 | 45,261 |

Source: NSSRA (2012b, 2013b, 2014b, 2015b, 2016e)

TABLE 18. ARMENIA: NUMBER OF CHILD CARE BENEFIT RECIPIENTS AND THE COVERAGE RATE

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|------------------------------------|--------|--------|--------|--------|--------|
| Child care benefit recipients | 10,495 | 11,299 | 11,539 | 12,814 | 12,611 |
| Coverage, as % of women aged 15–49 | 1.3% | 1.4% | 1.4% | 1.6% | 1.6% |

Source: NSSRA (2016e, 2016a)

TABLE 19. ARMENIA: MAIN INDICATORS OF LABOUR PENSION

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|--------|--------|--------|--------|--------|
| Average labour pension, AMD | 28,701 | 31,248 | 30,962 | 35,996 | 40,519 |
| Average pension, as % of average wage | 26.6% | 22.2% | 21.1% | 22.7% | 23.6% |
| Av. pension/minimum wage ratio, % | 88.3% | 96.1% | 68.8% | 72.0% | 73.7% |
| Av. Pension/upper poverty line ratio, % | 79.4% | 84.4% | 79.0% | 89.4% | 97.2% |
| Av. Pension/lower poverty line ratio, % | 96.1% | 102.3% | 95.8% | 108.7% | 118.4% |
| Av. Pension/food poverty line ratio, % | 134.7% | 143.8% | 134.7% | 153.9% | 168.1% |

Source: NSSRA (2012b, 2012c, 2013b, 2013c, 2014b, 2014c, 2015b, 2015c, 2016b, 2016e, 2016f)

surpassed 100 percent and the average pension/food poverty line ratio surpassed 150 percent. However, from the perspective of meeting the main needs and preventing poverty among old age, the pensions are far from being adequate: whereas the average pension/upper poverty line ratio in 2015 comprised about 97 percent, the labour pension replacement rate (RR), that is, the average pension/average wage ratio, comprised only 24 percent, meaning that the retired person only relying on pensions after retirement has to cut his/her consumption by four (see Table 19).

The average pension received by women in 2015 was by 8 percent less than the pension received by men. The difference between male and female pension size is not essential and is conditional to the fact that women during their employment

history more frequently have interruptions. The gap could have been larger if the pension size had been linked to the wage size (women on average earn less than male employees: the average wage of women in Armenia comprises about 65 percent of male average wage).

Pensions play an important role in poverty alleviation: along with benefits and scholarships they comprised 48 percent of household monetary income in the first decile group in 2015. In the same decile group 60 percent of income is spent on food (including consumption cost of own production food) (NSSRA, 2016b).

Table 20 provides further details on the poverty reduction impact of pensions. The table shows that if pensions were not in place, the overall poverty rate in Armenia

TABLE 20. POVERTY RATES BEFORE AND AFTER PENSION RECEIPT

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|---------------|---------------|---------------|---------------|---------------|
| Poverty before receipt of pension | 51.2% | 43.7% | 44.6% | 41.4% | 41.9% |
| Poverty after receipt of pension | 35.0% | 32.4% | 32.0% | 30.0% | 29.8% |
| Relative reduction, % | -31.6% | -25.9% | -28.3% | -27.5% | -28.9% |
| Extreme poverty before receipt of pension | 19.4% | 15.4% | 15.5% | 14.7% | 15.3% |
| Extreme poverty after receipt of pension | 3.7% | 2.8% | 2.7% | 2.3% | 2.0% |
| Relative reduction, % | -80.9% | -81.8% | -82.6% | -84.4% | -86.9% |

Source: NSSRA (2011, 2012a, 2013a, 2014a, 2015a, 2016b) and own calculations

would have been 28.9 percent higher in 2015. Besides looking at the general effect of pensions on poverty, it is important to consider their contribution to the reduction of child poverty, given that 34 percent of children live in households with at least one pensioner.

As shown in Figure 8, poverty and extreme poverty among children would be much higher in the absence of pension benefits. This impact has slowly decreased since 2011. In 2015, pensions led to a decrease in extreme child poverty by 76.6 percent and in child poverty by 16.2 percent.

4.2.2 FAMILY LIVING STANDARDS ENHANCEMENT BENEFIT (FLSEB)

The FLSEB is one of the most important and largest social assistance instruments

in Armenia. Each year the Government of RoA defines the size of the base benefit and of the increments assigned to ranges of vulnerability. The FLSEB size is determined by adding to the base benefit component (which for 2015 equalled AMD18,000) an increment for each family member below 18.

The size of the increment is dependent on the vulnerability score of the family, its place of residence, and the number of children in the family.

The increment is assigned for the three defined ranges of the vulnerability score: 1) 30.01-35.00; 2) 35.01-39.00; and 3) 39.01 and higher. The difference of increments for each range equals AMD 500, and the higher the vulnerability score, the higher the increment. Within the defined ranges of the vulnerability score, the size of increment varies as well – the increment for children of

families living in highly mountainous and border areas is AMD 500 more than the increment determined for that range, and if there are four or more children in the family, the increment per child is another AMD 1,000 more (see Table 21).²¹ Statistics on FLSE benefit size and the ratio to poverty lines are presented in Table 22.

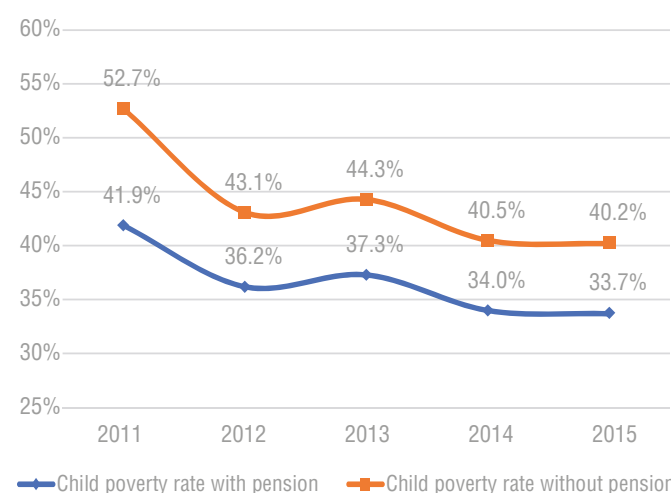
In 2015, the FLSE benefit size surpassed the food poverty line by almost 26 percent, but it is still far from reaching the upper and lower poverty lines. Still, according to the ILCS, transfers through the FLSEB programme in 2015 were reported as a source of income by 13.5 percent of households.

It is therefore important to understand the impact of FLSE benefits on poverty (see Table 23). As in the case of pensions, the impact of FLSE benefit is higher for benefit recipient families and children compared to the entire population.

The impact on extreme poverty is particularly strong. Without these benefits, extreme poverty would be twice as high for the total population, three times as high for children and four times as high for recipient families.

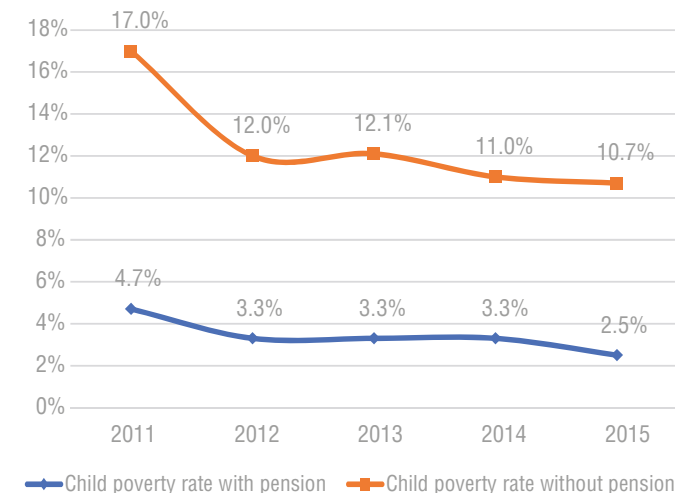
Thus, the FLSEB is an important safety-net tool that helps families and individuals to mitigate poverty and consequently smooth their consumption. Although the poverty impact of FLSEB for entire population between

FIGURE 8. ARMENIA: CHILD POVERTY REDUCTION OF PENSIONS



Source: NSSRA (2016b)

FIGURE 9. REDUCTION OF EXTREME CHILD POVERTY



Source: NSSRA (2016b)

21 Government of RoA Decree # 19-N (January 2015) on Defining the size of FB, SB, Emergency Benefit, Child Care Benefit for Child up to 2 Years Old.



TABLE 21. ARMENIA: SIZE OF INCREMENTS

| Family members for whom the increment is assigned | Increment size for Ranges of the Vulnerability Score, per family member AMD | | |
|--|---|------------|-----------------|
| | 30.01–35.0 | 35.01–39.0 | 39.01 and above |
| For each family member below 18 years old (child) in ordinary family | 5,500 | 6,000 | 6,500 |
| For families with 4 and more children for each family member below 18 years of age | 6,500 | 7,000 | 7,500 |
| Ordinary families living in highly mountainous and border areas for each family member below 18 years old (child) | 6,000 | 6,500 | 7,000 |
| For families with 4 and more children living in highly mountainous and border areas for each family member below 18 years of age | 7,000 | 7,500 | 8,000 |

Source: Government of the Republic of Armenia Decree #19-N (January 2015)

TABLE 22. ARMENIA: FLSE BENEFIT INDICATORS

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|--------|--------|--------|--------|--------|
| Average monthly benefit ¹ | 26,850 | 29,350 | 29,350 | 30,350 | 30,350 |
| Emergency quarterly assistance ¹ | 13,500 | 16,000 | 16,000 | 16,000 | 17,000 |
| Childbirth assistance ¹ | | | 50,000 | 50,000 | 50,000 |
| Schooling assistance ¹ | | | 25,000 | 25,000 | 25,000 |
| Funeral assistance ¹ | | | 50,000 | 50,000 | 50,000 |
| Childcare benefit ¹ | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| As % of food poverty line ² | | | | | |
| Average monthly benefit | 126.0% | 135.1% | 127.6% | 129.8% | 125.9% |
| Emergency quarterly assistance | 63.4% | 73.6% | 69.6% | 68.4% | 70.5% |
| As % of lower poverty line ² | | | | | |
| Average monthly benefit | 89.9% | 96.1% | 90.8% | 91.7% | 88.7% |
| Emergency quarterly assistance | 45.2% | 52.4% | 49.5% | 48.3% | 49.7% |
| As % of upper poverty line | | | | | |
| Average monthly benefit | 74.3% | 79.2% | 74.9% | 75.4% | 72.8% |
| Emergency quarterly assistance | 37.3% | 43.2% | 40.8% | 39.7% | 40.8% |

Source: (1) data are obtained from MLSA, Department of Social Assistance; (2)- data on food poverty line and lower poverty line are from NSSRA (2016b.)

2011 and 2015 is about the same, its impact on mitigating extreme poverty is stronger (see Figure 10). As for the benefit recipient families and children, again the benefit impact is stronger in extreme poverty – payment of FLSEB in 2015 led to extreme poverty decrease for benefit recipient families by 75.6 percent and for children – by 63.8 percent.

Generally, the higher the coverage of poor and extremely poor population, the more effective are social transfers in reaching the needy population. Better targeting

has always been an issue for the FLSEB system. In different phases of programme implementation, the vulnerability assessment parameters were revised and strengthened, the administration of the programme and the legislative regulations were improved and public awareness campaigns were conducted.

However, an essential improvement in targeting has not been registered between 2011 and 2015: according to the ILCS data for different years, about 70–76 percent of beneficiaries belonging to two bottom

consumption quintiles received about 75–77 percent of all funds allocated to the programme, while 40–49 percent of poorest 20 percent of population was not covered by the programme (see Figure 11).

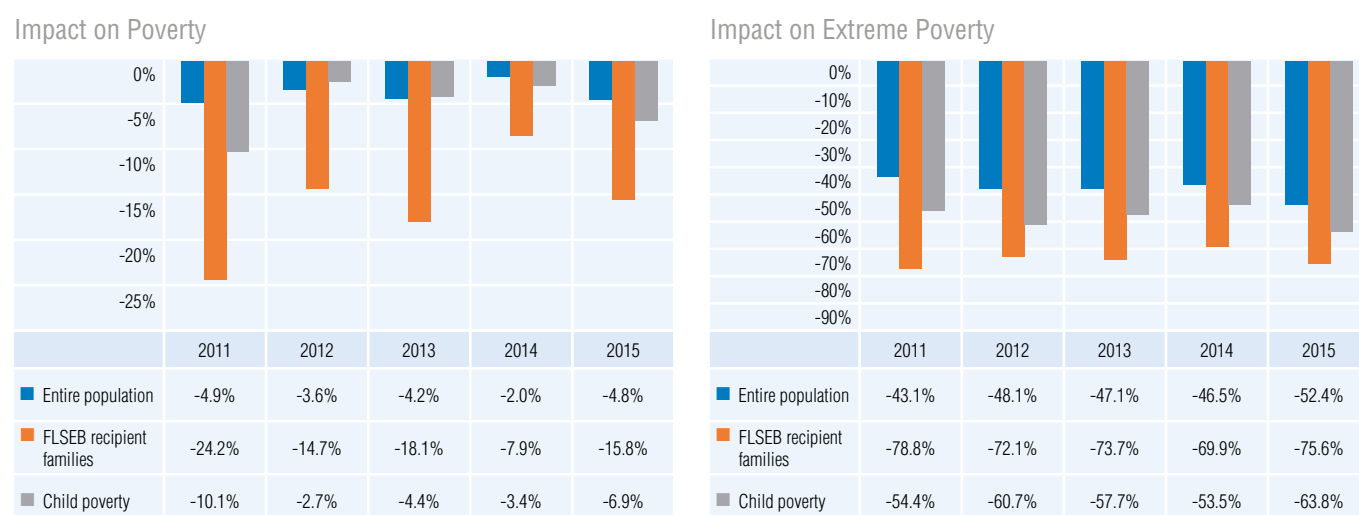
According to a study by the Economic Development Research Center (EDRC), inclusion errors and exclusion errors of the system are high (see Figure 11). Seventy percent of extremely poor and 79 percent of all poor in 2014 were excluded from the system.

TABLE 23. ARMENIA: POVERTY ALLEVIATION IMPACT OF FLSE BENEFIT

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|-------|-------|-------|-------|-------|
| <i>Entire population</i> | | | | | |
| Poverty rate with FB | 35.0% | 32.4% | 32.0% | 30.0% | 29.8% |
| Poverty rate without FB | 36.8% | 33.6% | 33.4% | 30.6% | 31.3% |
| Extreme poverty rate with FB | 3.7% | 2.8% | 2.7% | 2.3% | 2.0% |
| Extreme poverty rate without FB | 6.5% | 5.4% | 5.1% | 4.3% | 4.2% |
| <i>Only those households which received FLSEB</i> | | | | | |
| Poverty rate with FB | 56.7% | 51.7% | 51.0% | 51.6% | 52.8% |
| Poverty rate without FB | 74.8% | 60.6% | 62.3% | 56.0% | 62.7% |
| Extreme poverty rate with FB | 7.3% | 7.4% | 7.3% | 6.3% | 5.4% |
| Extreme poverty rate without FB | 34.4% | 26.5% | 27.8% | 20.9% | 22.1% |
| <i>Child poverty</i> | | | | | |
| Poverty rate with FB | 41.9% | 36.2% | 37.3% | 34.0% | 33.7% |
| Poverty rate without FB | 46.6% | 37.2% | 39.0% | 35.2% | 36.2% |
| Extreme poverty rate with FB | 4.7% | 3.3% | 3.3% | 3.3% | 2.5% |
| Extreme poverty rate without FB | 10.3% | 8.4% | 7.8% | 7.1% | 6.9% |

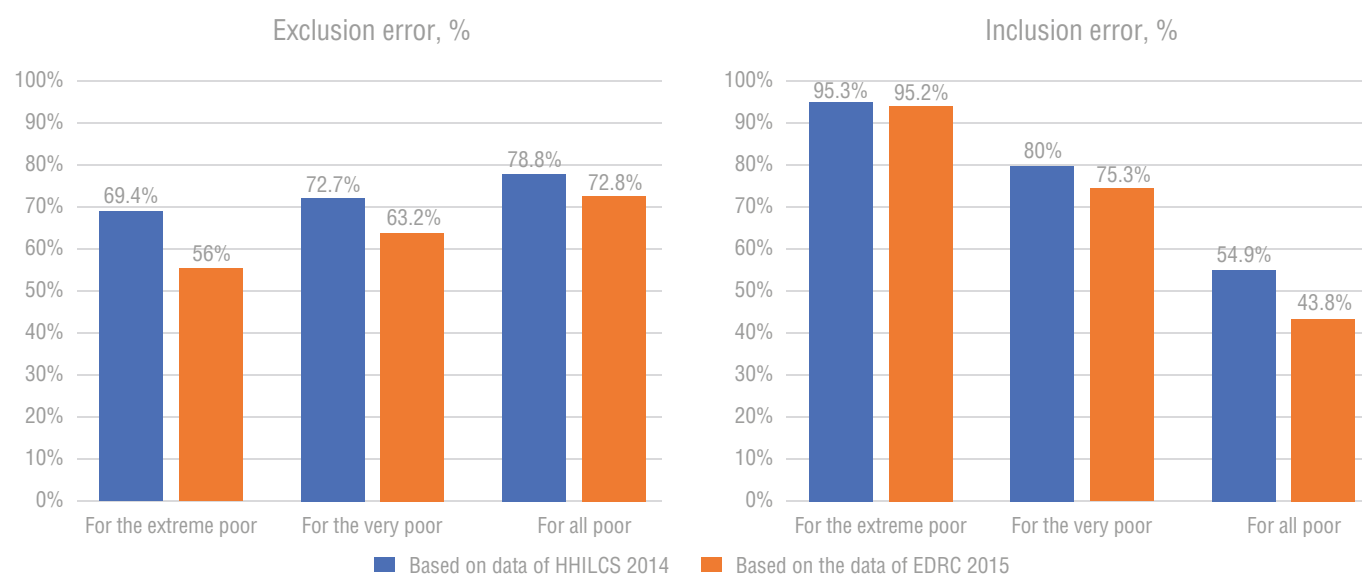
Source: NSSRA (2011, 2012a, 2013a, 2014a, 2015a, 2016b)

FIGURE 10. ARMENIA: FLSEB IMPACT ON POVERTY



Source: Own calculations based on NSSRA (2011, 2012a, 2013a, 2014a, 2015a, 2016b)

FIGURE 11. ARMENIA: EVALUATIONS OF INCLUSION AND EXCLUSION ERRORS



Source: EDRC (2016a).

An additional AMD 66 billion (1.3 percent of GDP in 2015) would be needed to eradicate poverty, based on estimates from the EDRC. In the absence of the FLSEB programme, the total amount needed would be AMD 87 billion, equivalent to 1.7 percent of GDP in 2015 (EDRC, 2016a).

4.2.3 OTHER BENEFITS

According to a report by the NSSRA, it is difficult to establish the performance of other social assistance programmes since they are targeted at specific and small parts of the population while often not reported in the ILCS. Statistical inferences can therefore not be made. However, indicators regarding the value of the transfers provide some indication about the adequacy of these programmes.

The aim of old age, disability and survivorship benefits is the partial compensation of certain expenses and realization of social rights of individuals.

Selected indicators describing old age, disability, and survivorship benefits are presented in Table 24. As the data show, the size of old age, disability, or survivorship benefit is not large and is far from reaching the lower or upper poverty lines.

TABLE 24. ARMENIA: OLD AGE, DISABILITY AND SURVIVORSHIP BENEFIT SIZE

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|--------|--------|--------|--------|--------|
| Average monthly benefit size, AMD | 13,182 | 16,236 | 14,799 | 15,852 | 17,833 |
| old age | 10,506 | 13,002 | 13,011 | 14,010 | 16,000 |
| disability | 12,435 | 15,269 | 15,183 | 16,240 | 18,200 |
| survivorship | 18,992 | 23,965 | 13,758 | 14,792 | 16,883 |
| Average benefit, as % of average wage | 12.2% | 11.5% | 10.1% | 10.0% | 10.4% |
| Average benefit, as % of minimum wage | 40.6% | 50.0% | 32.9% | 31.7% | 32.4% |
| Average benefit, as % of upper poverty line | 36.5% | 43.8% | 37.8% | 39.4% | 42.8% |
| Average benefit, as % of lower poverty line | 44.2% | 53.2% | 45.8% | 47.9% | 52.1% |

Source: NSSRA (2012b, 2013b, 2014b, 2015b, 2016e)

The maternity benefit for non-working women is paid as a lump sum and the amount is set at AMD 126,600.

Although the introduction of the benefit was not linked to the MOH and UNICEF initiative “The First 1,000 Days Are Important”, it is obvious that the benefit may well contribute to the nutrition and food security improvement of pregnant women if accompanied by targeted education and awareness campaigns.

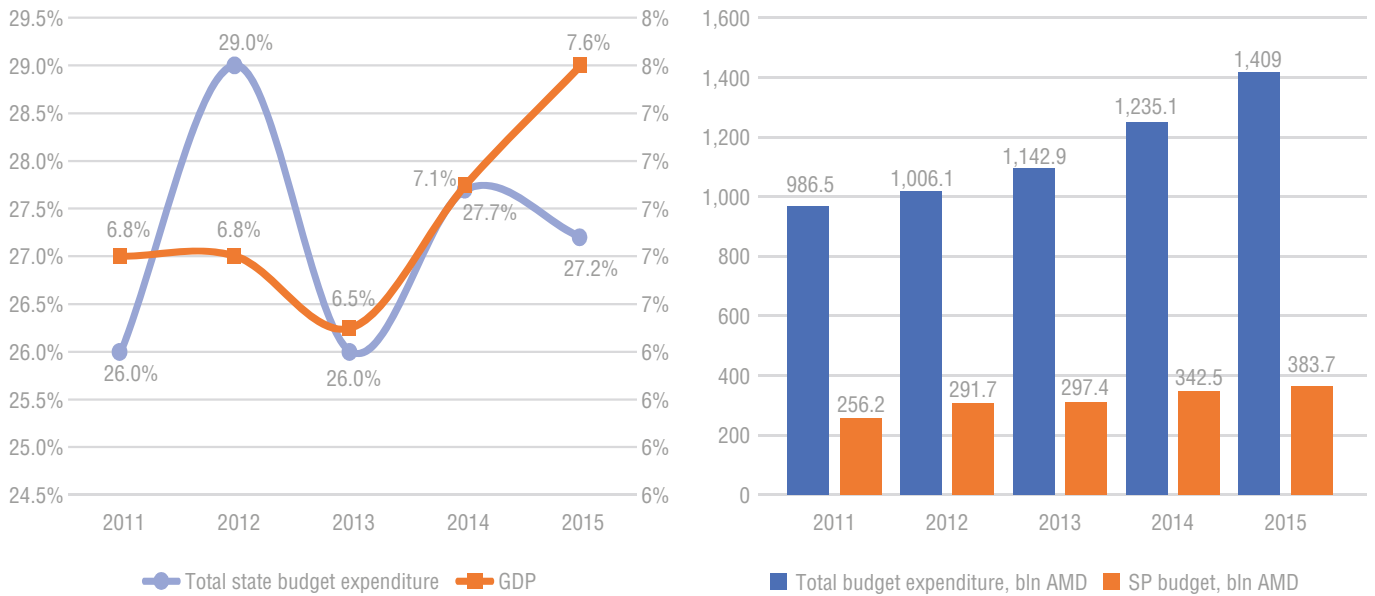
The size of the childcare benefit has not been changed since 2011 and comprises AMD 18,000, about 75 percent of the food poverty line.

4.3 FINANCING

Social protection expenditures comprise more than one quarter of the total government budget: 26–27 percent of total state budget expenditure or 7.6 percent of GDP are allocated to finance social protection programmes (see Figure 12).

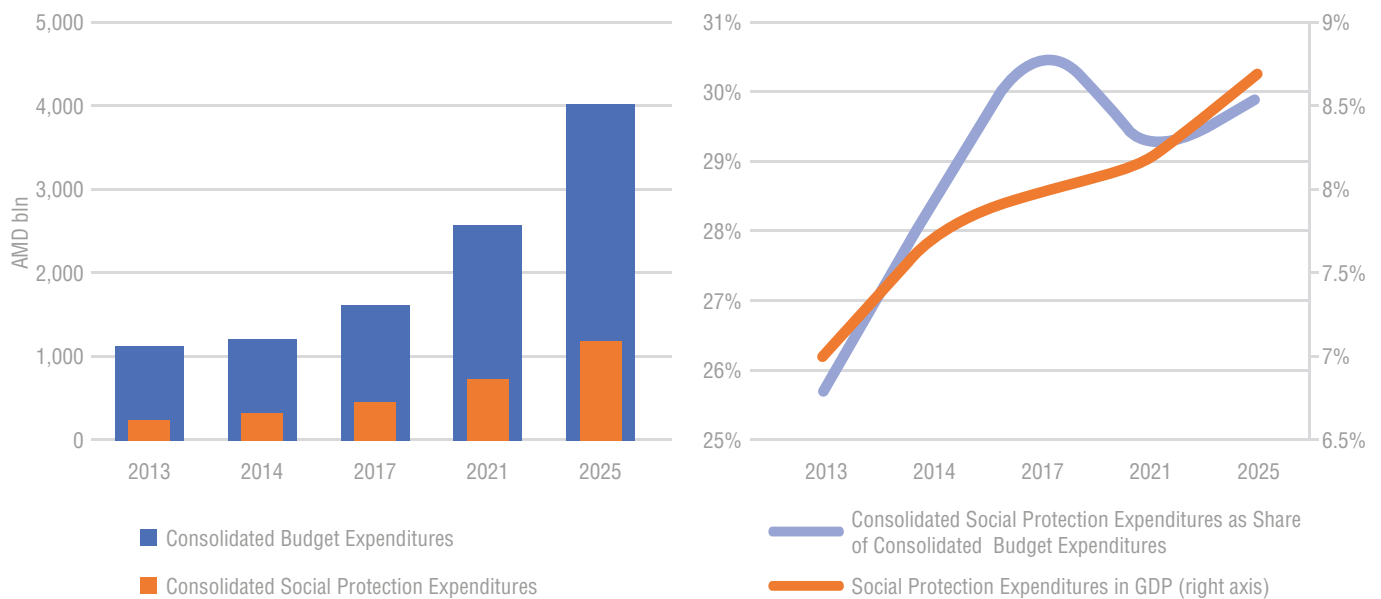
Expenditures are expected to increase further in the coming years, reaching 8.7 percent of GDP in 2025 (see Figure 13). In the social protection budget, 57.8 percent was allocated to labour pensions in 2015. In nominal terms, finances allocated for labour pensions between 2011 and 2015 increased by 39.4 percent. Their share of the state budget and total social protection expenditure declined from 16.1 percent in

FIGURE 12. ARMENIA: STATE BUDGET ALLOCATIONS FOR SOCIAL PROTECTION PROGRAMMES



Source: Ministry of Finance (2013a, 2014a, 2015a, 2016); GDP from ArmStatBank (2015)

FIGURE 13. PROJECTED SOCIAL PROTECTION EXPENDITURES



Source: EDRC (2016a)

2011 to 15.7 percent in 2015. The second largest programme is FLSEB – here, the share in total social protection expenditures was 9.5 percent in 2015. It includes FBs, SBs, and emergency benefits.

Spending on old age, disability, and survivorship benefits is not large compared to labour pensions or FLSEB. Such spending comprised 3.5

percent of total social protection expenditures in 2015, or 0.3 percent of GDP. The share of the social protection budget remained unchanged over the last five years, even though the nominal level has increased since 2011 by about 39 percent annually.

Benefits categorised as demographic instruments (benefits related to motherhood, childcare, and childbirth) made up 4.8

percent of total social protection spending (0.4 percent of GDP).

As already mentioned above, starting in 2016 the maternity benefit is also paid to non-working women. The government allocated AMD 3.9 billion from the state budget to finance the transfers in 2016, comprising about 1 percent of the 2016 social protection budget.

TABLE 25. ARMENIA: PENSION EXPENDITURE

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|--------------|--------------|--------------|--------------|--------------|
| Total pension expenditure, bln AMD | 178.4 | 187.1 | 187.9 | 217.6 | 246.8 |
| of which labour pension expenditure | 159.0 | 167.2 | 167.3 | 194.7 | 221.7 |
| Labour pension expenditure, as share in GDP, % | 4.2% | 3.9% | 3.7% | 4.0% | 4.4% |
| Labour pension expenditure, as share in State budget expenditure, % | 16.1% | 16.6% | 14.6% | 15.8% | 15.7% |
| Labour pension expenditure, as share in total social protection spending, % | 62.1% | 57.3% | 56.3% | 56.8% | 57.8% |
| Labour pension expenditure, as share in total pension expenditure % | 89.1% | 89.3% | 89.1% | 89.5% | 89.8% |
| Labour pension expenditure, 2011 =100% | 100% | 105.2% | 105.2% | 122.5% | 139.4% |
| Transfers for funeral in cases of pensioners; old aged, disabled or survivor social beneficiaries' death, bln AMD | | 4.8 | 4.7 | 4.8 | 4.8 |
| As share in social protection budget | | 1.6% | 1.6% | 1.4% | 1.3% |

Source: Ministry of Finance (2012b, 2013b, 2014b, 2015b)

TABLE 26. ARMENIA: FINANCES ALLOCATED TO FLSEB

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|--------|--------|--------|--------|--------|
| Programme budget, bln. AMD | 29.0 | 33.1 | 34.6 | 35.4 | 36.6 |
| As share in GDP, % | 0.8% | 0.8% | 0.8% | 0.7% | 0.7% |
| As share in state budget expenses, % | 2.9% | 3.3% | 3.0% | 2.9% | 2.6% |
| Share in total social protection spending, % | 11.3% | 11.3% | 11.6% | 10.3% | 9.5% |
| 2011=100% | 100.0% | 114.1% | 119.3% | 122.1% | 126.2% |

Source: Ministry of Finance (2012b, 2013b, 2014b, 2015b)

TABLE 27. ARMENIA: FINANCES ALLOCATED FOR OLD AGE, DISABILITY, AND SURVIVORSHIP BENEFITS

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|--------|--------|--------|--------|--------|
| Expenditure on old age, disability and survivorship benefits, bln AMD | 8.1 | 9.9 | 10.4 | 11.5 | 13.3 |
| As share in GDP, % | 0.2% | 0.2% | 0.2% | 0.2% | 0.3% |
| As share in state budget expenses, % | 0.8% | 1.0% | 0.9% | 0.9% | 0.9% |
| Share in total social protection spending, % | 3.2% | 3.4% | 3.5% | 3.4% | 3.5% |
| 2011=100% | 100.0% | 122.2% | 128.4% | 142.0% | 164.2% |

Source: Ministry of Finance (2012b, 2013b, 2014b, 2015b)

From a life-cycle perspective, it is estimated that Armenia allocates about 54 percent of total social protection expenditures to people above the pension age, 31 percent to children, and the remaining 15 percent to adults of working age.

An estimated 30 percent goes to the poor (Cichon and Cichon, 2016). If Armenia

were to close the poverty gap set at a poverty line of USD 2 per person per day (in Purchasing Power Parity), it would require an additional allocation of 0.3 percent of GDP assuming a perfect allocation to the poor. Implementation of a SPF with universal benefits for children and the elderly, public employment for vulnerable working-age adults and universal provision of health care would

cost the country an estimated 10 percent of GDP (Cichon and Cichon, 2016).

This is considerably more than the current allocation of 7.6 percent of GDP. Increasing spending on SP is, however, challenging given that the budget deficit is 4.8 percent of GDP in 2015 with no prospect of positive budgets soon (IMF, 2017).

TABLE 28. ARMENIA: FINANCES ALLOCATED FOR MOTHERHOOD, CHILDBIRTH AND CHILDCARE BENEFITS

| | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|-------------|-------------|-------------|----------------|-------------|
| Expenses on pregnancy and childbirth - motherhood benefit, bln AMD | 3.9 | 3.1 | 5 | 7 | 6.1 |
| Childbirth lump-sum benefit, bln AMD | 4.3 | 4.6 | 4.5 | 8 ^a | 9.4 |
| Childcare benefit, bln AMD | 2.9 | 3 | 3 | 3.1 | 3.1 |
| Total | 11.1 | 10.7 | 12.5 | 18.1 | 18.6 |
| 2011 =100 | 100% | 96% | 113% | 163% | 168% |
| Total expenditure as share in, % | | | | | |
| GDP | 0.3% | 0.3% | 0.3% | 0.4% | 0.4% |
| State budget expenditure | 1.1% | 1.1% | 1.1% | 1.5% | 1.3% |
| Social protection expenditure | 4.3% | 3.7% | 4.2% | 5.3% | 4.8% |

Source: Ministry of Finance (2012b, 2013b, 2014b, 2015b). The sharp increase is caused by introducing the family capital concept.

Box 4: Armenia: Integrated Social Services in Armenia

According to the Government of the RoA decree approved 26 July 2012 (Decree # 952-N), the integrated social services system being introduced in Armenia is one of the most important reforms in the social protection sector.

The reform is guided by the imperative to provide more efficient, well-coordinated and monitored social protection services to every citizen asking for support and entitled to receive it. The ultimate objective of the reform is to improve the well-being of the population, and in particular of the most vulnerable. Improved well-being is not seen as simply the provision of any kind of SB; rather, it focuses on the introduction of new elements that change the way needs are addressed: the introduction of case managers in territorial ISPC and the development and implementation of Territorial Social Plans. Success depends largely on competent, confident and certified professionals in the social protection services who deliver personalized support.

Source : UNICEF (2012)

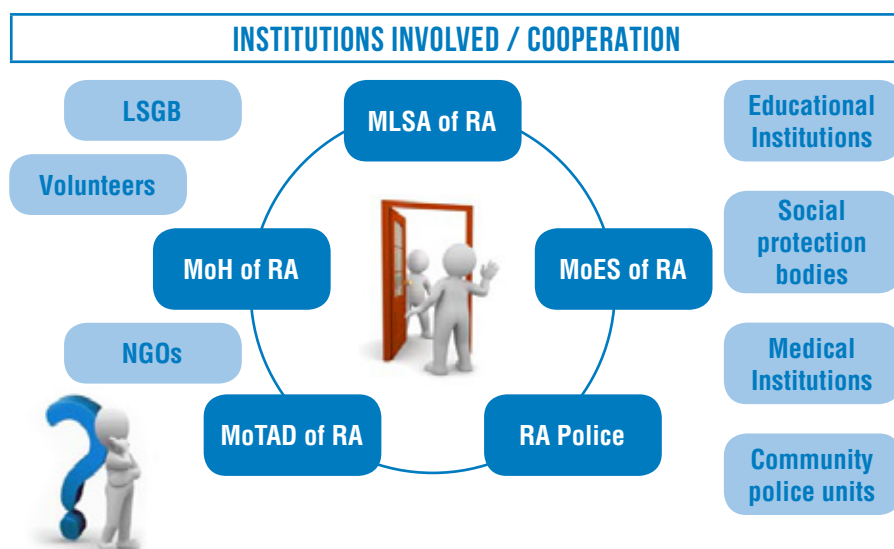
4.4 SOCIAL PROTECTION ADMINISTRATION AND REFORM

Social protection and safety-net interventions have shifted from ad hoc and fragmented systems to a more integrated and efficient approach. The Government of Armenia began social protection reforms in 2010 and since then has demonstrated a consistent and lasting commitment and political will to advance the reforms. Pension reforms aim to reduce poverty and provide an opportunity to save for retirement; in employment, income generation through job creation is emphasized. Interventions aim to provide equal opportunities for

people with disabilities, for children, women and the elderly to realize their rights and make social protection more inclusive. Along with reforms in different areas of social protection, the MLSA is reforming and improving its service delivery and undertakes measures to strengthen analytical, monitoring and evaluation functions of agencies delivering social protection benefits and services.

Moreover, WFP's partnership with MLSA and the WB resulted in the inclusion of food insecurity assessments by social workers as part of the evaluation and development of targeted social protection interventions for vulnerable households.

FIGURE 14. ARMENIA: SP INSTITUTIONS INVOLVED AND THEIR COOPERATION



Source: Provided by A. Minasyan, Head of Social Assistance Department, MLSA; MOH; MOES; MOTAD (Ministry of Territorial Administration and Development); LSGB: local self-governance bodies

Social protection policies in Armenia are implemented by MLSA (the responsible institution for policy development and implementation) through individual agencies (SSS, SEA and governmental non-commercial organizations providing a wide range of services), as well as through regional authorities/bodies providing social services, assuming inter-institutional cooperation. Programme implementation and cooperation among different institutions is schematically presented in Figure 14.

The role of inter-institutional and inter-sectoral cooperation is even more critical now, as Armenia is taking first steps in implementing the Agenda 2030 and aligning its goals to the Sustainable Development Goals, particularly ending poverty in all its forms (SDG1) and eradicating hunger, achieving food security and elimination of malnutrition of all forms, and promoting sustainable agriculture (SDG2). The Law on Social Assistance emphasizes the importance of a social partnership agreement at national and regional levels.

To assure effectiveness of social partnership and provision of social services, a support network was created, as required by the law.

Regional bodies, organizations providing social services, local self-governance bodies and individual citizens are participating in the network. The principles and procedures

for the inter-agency and inter-ministerial cooperation also are defined by the government. Thus, although cooperation mechanisms are set, inter-ministerial (inter-agency and inter-sectoral) effective cooperation remains a challenge that requires further enhancement and strengthening.

Armenia has chosen a model of functional integration of four existing agencies responsible for pensions, social assistance, employment and disability certification.

Under the WB first Social Protection Administration Project (SPAP), service providers were co-located, with upgraded facilities, integrated management information systems and new case management procedures in 19 sites across the country.

Under the SPAP2, this model will be rolled out to another 37 Integrated Social Protection Centres (ISPC) within the next four to five years. The One Window model is chosen as the way of social services delivery (Law on Social Assistance, 2014, Article 2, point 14). Roles and responsibilities of receptionists, advisors, application processors, social workers/case managers and coordinators are defined.

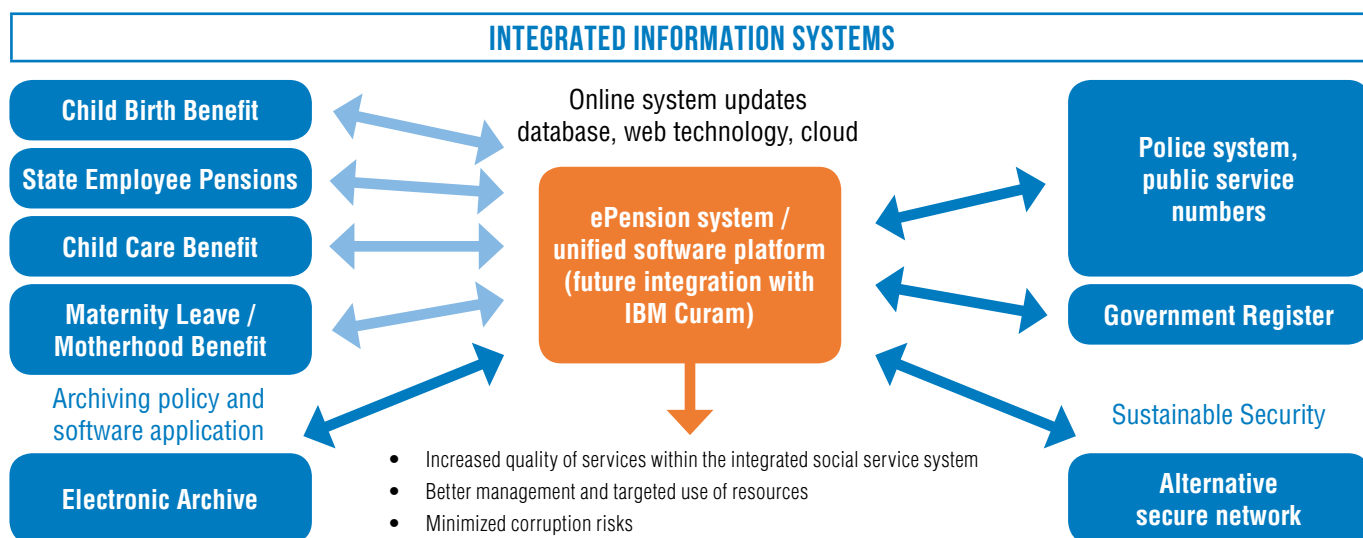
The integrated approach of the One Window model provides a single location for customers to access all relevant services and reduces the number of visits and the

documentation required. Its IT support systems enable staff to most efficiently address the needs of customers and enables managers to use resources to achieve efficiencies given staffing and workloads and to divert resources when necessary. In reforming the social protection system and service delivery, efficiency and targeting are priorities, which is why the WB currently assists with creating ISPC and the implementation of an integrated system of monitoring and evaluation of social protection programmes (targeting over 70 different programmes). Implementation of monitoring and evaluation tools would improve social protection programmes efficiency.

Along with a functional integration of services, over the past three to four years the MLSA, with assistance from UN agencies and international organizations, has created the ePension data management platform, which makes social sector data more accurate and decreases errors (whether intentional or not). Furthermore, the ePension system is now accessible in 19 ISPC throughout Armenia.

As a result, citizens (620,000)²² with ID cards can now conveniently receive services and social payments in more locations, without having to visit several government offices and present numerous documents (see Figure 15).

FIGURE 15. ARMENIA: INTEGRATED INFORMATION SYSTEM EPENSION



22 As of 2016, about 1.2 million beneficiaries were covered by all databases managed by NORK. The NORK Foundation currently is establishing a Regional Technology Center for IBM Curam services, as well as creating an information management platform for all 13 databases.

Assignment and cash transfer payment processes, as well as targeting, could be improved if all databases were integrated. Currently, on-line data are available from territorial divisions of the State Register of Population of the Police (regarding the domicile or composition of family) and from the State Cadaster of Real Estate (regarding the size, type, and net cadastral value of the land owned by households), from the Ministry of Transport and Communication, the Traffic Police, the Civil Registry Office, and the Company Registry Agency of the Ministry of Justice on monthly basis through NORK Social Services and the Information Awareness Centre Foundation.

The last conducts centralized matching of various databases and provides the output to RAs to work with families, re-checks their socio-economic conditions and makes proposals on their eligibility for FB or SB. Although the reforms are ongoing, their impact on the number of eligible households registered in the family vulnerability assessment system and entitled to any type of benefit is already visible. The NORK Foundation is responsible for operation and management of 13 databases, including the vulnerability assessment information system, the ePension, and the job seekers' and employers' registration system.

Labour pension benefit: The agency responsible for all types of pension appointment, calculation and recalculation, as well as for pension payment, is the SSSS (under the MLSA of RoA), with its 51 territorial centres. The SSSS is responsible also for old age, disability and survivorship benefits appointment, calculation and recalculation, as well as for payment. The lump-sum childbirth and motherhood benefits to non-working women are paid through SSSS as well.

The FLSEB: The regional agencies (RAs) – divisions of public governance or local self-governance bodies – are responsible (where there are no ISPC to provide integrated social services) for the assignment²³ and organization of payment of FLSEB benefits,

as well as childcare benefits. The 55 RAs are subordinated to the Health and Social Departments at the corresponding *marzpetaran* (regional governing body)²⁴.

Fifty-four social councils, established under RAs, consider the allocation of EA to applicant households. The council members are directors of RAs, of Regional Employment Centres, and of Regional Social Insurance Office, representatives of local governing agencies, representatives of police departments and representatives of at least five local NGOs.

4.5 SCHOOL FEEDING

Although school feeding policies/ programmes are a central component of an effective education system, given that children's health and nutrition affect their school attendance, ability to learn and overall development, these programmes also should be considered as part of the overall social protection system to ensure a protective and promotive function for schoolchildren.

SDG1 emphasizes expansion of social protection programmes and targeting those in need. Among all possible SP programs, special attention should be

given to school feeding programmes by governments, development partners and others.

The WFP supports nutrition-sensitive social protection and safety-net interventions around the world. In Armenia, the WFP has been active since the early 1990s. In the mid-1990s, it engaged mostly in food distribution. This function was redefined as “helping vulnerable people recover from shocks, improving household food security and nutrition, as well as rehabilitating assets, increasing food production and promoting human capital” (WFP, n.d.:6).

Armenia's school feeding programme was implemented in 2002 under the Transitional Relief and Recovery Assistance to Vulnerable Groups activity. The programme was phased out in the 2008/2009 school year. The new school feeding programme under the project Development of Sustainable School Feeding was approved in May 2010.

The objective of the programme in the aftermath of the crisis was to provide school meals to primary school children and by doing so facilitate access to primary education for poor children living in food-insecure areas of Armenia. The programme aims to:



23 To receive any type of state benefit, including SB, the person applies to the Regional Agency, declares the data required for the given type of state benefit and submits the required documents. The Regional Agency appoints the state benefit and organizes the payment if the grounds prescribed by Law on State Benefits are present. The size of the benefit, appointment and payment procedures are defined by the government.

24 The organizational structure of the FLSEB system is the same as the administrative –territorial scheme of Armenia, which divides the Country into ten provinces and Yerevan, the capital with the status of province. Provinces in their turn are divided into regions. There are between three and six RAs in each province and 12 in Yerevan.

- Support food security and education of children through school meals
- Support the Government of RoA to develop and implement a sustainable, cost effective, and nutrition-sensitive school feeding programme.

In the long term, the project aims to improve access to education and health and nutrition of school-age children, and through the “home-grown school feeding” approach, contribute to socio-economic development of the country, particularly in rural and remote areas.

The Global School Feeding Sourcebook (Drake et al., 2016) documents and analyses a range of government-led school meals programmes to provide decision makers and practitioners worldwide with the knowledge, evidence, and good practices they need to strengthen their national school feeding programmes.

The question is not whether school feeding is important, but rather how to design and deliver it, how to strengthen and scale up the programmes. The analysis suggests that the strongest and most sustainable programmes are those that respond to community need, are locally owned, and incorporate some form of parental or community involvement.

In December 2012, the Government of Armenia approved the Concept of Sustainable School Feeding Programme, and in August 2013, the Strategy on Sustainable School Feeding Programme and the Action Plan (Gov. of Armenia decision of 22 August 2013 №33).

The School Feeding Inter-Ministerial Committee was established, which contributed to the design and finalization of a National School Feeding Strategy.

The WFP and its partner, Social and Industrial Food Services (SIFI), provided technical assistance to the Government of RoA to establish the foundations for a sustainable home-grown national school feeding programme.

The National School Feeding Strategy suggests the following scenario for the school feeding development and institutionalization:

| 2013 | 2014–2016 | 2016–2021 | Long-term |
|--|---|--|--|
| Preparatory stage (WFP implements the programme) | Pilot programme in Vayots Dzor province; In 2015–2016 programme implementation in Syunik and Ararat (with limited assistance of external donors) | Implementation of Sustainable School Feeding programme by Government of RoA with little support from external donors | Independent implementation of Sustainable School Feeding programme (using internal resources: state budget and local donors) |

Source: Government of the Republic of Armenia (2013)

School meals can achieve much more than full bellies: when integrated into comprehensive education programmes, school meals can fuel educational opportunities, social protection, gender empowerment and economic growth.

Ertharin Cousin
former WFP Executive Director

As of mid-2017, the WFP helps provide school feeding in seven provinces of Armenia (Aragatsotn, Armavir, Gegharkunik, Kotayk, Lori, Shirak, and Tavush). The other three provinces are covered by the government whereas Yerevan, the capital city, is not covered as the programme's focus is to provide nutrition-balanced feeding for primary school children in the most vulnerable and food-insecure regions, with participation of local producers and integrated in the national policy and development plans.

Since 2010, the programme provided meals to 81, 500 primary school children and distributed take-home entitlements to 1,700 kitchen helpers involved in daily school meals preparation. Since 2015, the government is funding the cost of 21, 500 primary school children in Syunik, Vayots Dzor, and Ararat provinces. WFP Armenia is promoting partnerships to maximize synergies around multiple facets of the school meals

programme. For example, a framework of cooperation among seven actors in Tavush region was signed in 2017, allowing the investment of USD 400,000 for renovation of schools and provision of kitchen equipment. This has been critical in fostering a multiplier impact dynamic, and the model will be duplicated in other provinces. In addition, a partnership with Israel's Agency for International Development Cooperation (MASHAV) was reactivated, which resulted in strengthening school gardening systems through the introduction of drip irrigation technology and knowledge-building on nutrition-sensitive programming in selected communities.

WFP was invited by the WB to join the working group on nutrition-sensitive social safety nets established under the WB project on rapid social response. The working group comprises line ministries, the United States Agency for International Development (USAID), and UNICEF to coordinate nutrition-sensitive social protection and food security interventions.

According to the Concept Note for Transitional Interim Country Strategic Plan (2018) (WFP Armenia), the government envisions taking over one province per year. The next handover was planned for the Tavush province in September 2017.

The WFP will hand over the programme according to a modality chosen by the government to ensure the reliability and efficiency of food supply and the nutritional content of school meals (WFP, 2017).

The school feeding programme opens prospects for local farming to serve as a stable market for small-scale farmers, and it creates jobs for local communities (for example, kitchen workers). Finally, the programme has a long-term impact as it contributes to human capital development. (Studies indicate that hunger or lack of proper nutrition weaken educational performance.)

WFP cooperates with the FAO through the MOES, MLSA and Ministry of Agriculture (MOA). The FAO representatives (communication was via e-mail, as the professionals able to answer questions were in Rome) assure that the organization will support the review of national school feeding programme already implemented by the WFP and SIFI, jointly with the MOES and other relevant ministries.

In addition, the WFP, with FAO, the United Nations Development Programme (UNDP), and the UN Industrial Development Programme (UNIDO), promote linkages between the school meals programme and local agricultural production. Based on the assessment, FAO will provide technical support in reviewing and making comments to the drafts of the Sustainable School Feeding Strategy.



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WFP, SIFI, and FAO, along with the MOA, the MOES and MLSA, will work in three schools covered by the national school feeding programme in the Ararat Region to implement a school food and nutrition programme.

The project foresaw the development of schoolyards, in collaboration with the local community, and building capacity of school staff and local farmers to produce, prepare and market locally produced and diverse agricultural products. Furthermore, it was envisaged that schools and schoolyards would be used to educate about sustainable agricultural practices and nutritional well-being.

To summarize, school feeding in Armenia is slowly moving toward a nationally owned school feeding programme. However, there are areas that could be strengthened to allow the Government of Armenia to take ownership of the programme.

At the national level, documents such as the ADS for 2014–2025 sectoral policies and programmes address the importance of overarching social protection, job creation, agriculture, education and health challenges. The national school feeding programme is regarded as an effective social safety net mechanism.

However, at the regional and local levels, the school feeding programme is not fully recognised as a nutrition-sensitive social protection mechanism. This can be partially explained by the scarcity of financial resources. The Government of Armenia, however, has made significant efforts to include national school feeding programme expenditures of the three provinces mentioned above²⁵ in the MTEF budget allocations for the next three years.

Inter-sector coordination and cooperation, as well as the monitoring and evaluation system for improved administration and management, are significant challenges. The Ministry of Education and Science (MOES) manages and implements the national school feeding programme, but

there is no specific school feeding unit with a clear mandate. Instead a multi-sector steering committee has been created to coordinate implementation of a national school feeding policy.

Moreover, and according to the Minister's Decree of 24.06.2015 N613-A/Q, an inter-ministerial working group has been established. However, effective cooperation and coordination is not possible if there is no unit accountable for the programme.

To overcome challenges to cooperation and coordination and to ensure the continuation and development of the Sustainable School Feeding Programme, the Government of Armenia adopted a Decree (# 1391-N) in December 2016 to establish the Sustainable School Feeding Foundation (SF foundation) as the government's centralised coordination, implementation and funding unit.

4.6 EMERGENCY ASSISTANCE

The legal framework of assistance in emergencies is regulated by the Government Decree N 824-N on Approving the order of Livelihood of Evacuated Population (Armenian Legal Information System, June 2010).

The decree also serves as a basis for interagency collaboration in emergencies. It provides general provisions on delivering livelihood for evacuated populations and sets measures to carry out the activities.

The decree is quite general; it mentions the main provisions for planning the livelihood activities, calls for collecting baseline data and mapping of resources of all the stakeholders (be it national, regional or community level organizations), mapping of services to be provided, and the estimation of demand for services, mapping of shelters, and drinking water reservoirs.

To support the government, the Armenian Disaster Management Country Team (DMCT) has drafted a contingency plan describing the government and humanitarian community capacities to respond to the needs of displaced people,

including roles and responsibilities of various actors and required preparedness measures of the international humanitarian community in Armenia.

To provide timely support to the Government of Armenia in addressing the needs of people affected by severe humanitarian crises, the following sectoral groups were created: Logistics and Telecommunications, Shelter and Non-Food Items (NFIs), Food Security, Water Sanitation and Hygiene (WASH), Health, Nutrition, Protection / Child Protection, Education and Early Recovery. Each group has developed its own operational delivery plan.

Consistent with global practice, the Food Security Sectoral Group is being co-led by WFP and FAO in Armenia. The national stakeholders are the Ministry of Economic Development and Investments; MLSA; State Migration Service under the Ministry of Territorial Administration and Development, and the Ministry of Emergency Situations.

The DMCT, under the leadership of the UN Resident Coordinator in Armenia, may choose to activate separate sectors (clusters) in response to small-scale and medium-scale emergencies. This will be done in consultation with the Government of Armenia.

General practice shows that coordination of such clusters costs little but is effective in responding to emergencies and in mobilizing stakeholders and resources.

The food security clusters help to coordinate food security responses in countries that have been affected by large-scale natural disasters, conflicts or protracted crises.

According to the WFP and FAO Joint Evaluation of Food Security Cluster Coordination in Humanitarian Action (2009–2014) (FAO and WFP, 2014), the food security coordination mechanisms facilitated networking, helped build trust, reduced duplication of efforts, enhanced reporting and, in some cases, set and disseminated standards.

25 The MTEF 2017–2019 envisions school feeding programme expenditures also for the Tavush province

4.7 INFORMAL SAFETY NETS: REMITTANCES

Remittances play an important role in poverty reduction for recipient countries and often are associated with human development in health and education. Remittances are considered an informal safety net and have great potential to complement countries' spending on social assistance:"

The overall amount spent on social safety nets globally is less than the volume of remittances inflow to the same group of countries" (WB, 2014).

Remittances are considered to be the only informal safety net tool in Armenia. Neither the legal nor regulatory systems nor the existing practices presuppose any other informal safety nets, such as community mobilization projects found in other countries. There are several private foundations affiliated with political figures and oligarchs, which, especially during pre-election campaigns carry out benevolent programmes and/or distribute free food to their communities.

The interviews with area representatives indicated that such practices cannot be considered informal safety nets because the RoA Law on State Benefits stipulates that "any support which is provided for religious, racial, political and other types of considerations are not counted as safety net"²⁶.

Private remittances are not regular and depend on numerous factors: the favourable business conditions and availability of jobs in destination countries, to name a few. However, according to the WB, Armenia ranks in the top remittance senders and receivers among developing countries. The remittances received in 2014 accounted for 17.9 percent of GDP and remittances accounted for 3.4 percent of GDP (WB, 2017). Figure 16 presents Armenia's inward remittances flow in USD (mln). Information from the WB shows that the share of remittances in the state budget grew from 4.5 percent in 1995 to 14.2 percent in 2015 (WB, 2017).

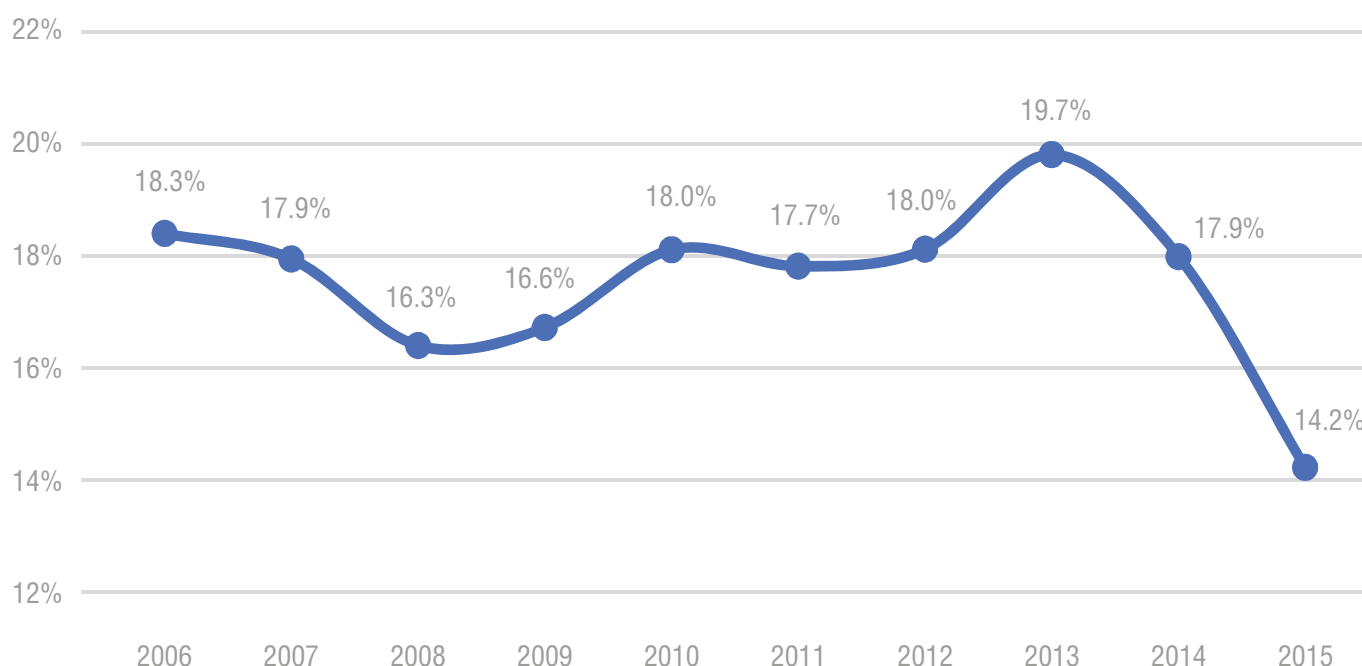
Data from NSSRA show that remittances contribute to poverty reduction and food security. The calculations show that

consumption of households with household members who emigrated during the 12 months before the ILCS 2015 survey was 15.6 percent higher than consumption of other households. Comparing the ILCS 2008 and 2015 shows that the share of remittances in the budget of households (received from relatives residing abroad) made up 8 percent in 2008 and 7.6 percent in 2015 in urban areas and 6.6 percent in 2008 and 7.7 percent in 2015 in rural areas.

The heavy dependence on external financing (loans) and remittances from abroad makes Armenia vulnerable to external shocks. Among those, the worsening economic situation in Russia was particularly problematic.

Not incidentally, more recent data show that remittances (sent by physical entities /private remittances) continued to decline in 2015. According to the EDRC, "The total inflow in 2015 equalled USD 1.6bln, which was 23.2 percent lower than in 2014. In turn, the remittances in 2014 were 7.8 percent lower compared to 2013" (EDRC, 2016b).

FIGURE 16. ARMENIA: PERSONAL REMITTANCES, RECEIVED (% OF GDP)



Source: WB (2017)

26 The Law on State Benefits, revised in 2013 (www.arlis.am/DocumentView.aspx?docid=94822)



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5. ACHIEVEMENTS, CHALLENGES AND RECOMMENDATIONS

MESSAGES:

Armenia's comprehensive social protection system is a noteworthy achievement, even if certain components are modest in size. It includes social insurance and social assistance transfers, social services and active labour market policies. School feeding is a major component of the system contributing to food security of children and their families.

Although the social protection system substantially contributes to the reduction of (extreme) poverty, certain gaps remain. Shock-responsive and promotive safety nets, nutrition objectives in social protection and the use of a life-cycle approach are lacking. Challenges regarding governance and policy implementation should also be addressed.

The government, in cooperation with development partners, should address gaps in the systems and challenges related to governance and policy implementation by focusing on a) fostering a policy dialogue to establish minimum standards; b) supporting nutrition-sensitive social protection; c) strengthening governance and cooperation; d) strengthening programme management and implementation; and e) creating and using synergies in development partner cooperation.

After the difficult early years following independence, Armenia has undergone large-scale reforms towards a market economy and democratic institution-building, and found its path to steady economic growth. Yet, the Armenian economy is characterized by a decreasing absolute number of economically active people as a result of a shrinking population, emigration, and the ageing of society.

The agricultural sector, where productivity has increased because of innovative technologies, employs most of the labour force, which results in higher employment rates in rural areas. A considerable gender pay gap prevails in the labour market, with women earning less than men.

Food insecurity and malnutrition remain problems for Armenia. In 2014, 15 percent of the population was found to be food insecure. The double burden of malnutrition, which is the co-existence of under- and overnutrition, is a serious problem Armenia must solve in the future.

Overweight is an emerging nutritional challenge, with figures resembling those of high-income countries. The dimensions of economic access to food and utilization of food require the attention of policy makers. Food insecurity is correlated with poverty. In Armenia, one third of the population lives below the national poverty line. Regional inequalities exist; rural populations are slightly less prone to poverty than urban populations outside of the capital. Unemployment, which is higher in urban areas, is one of the prime determinants of poverty.

Armenia has a well-developed, comprehensive social protection system, even if certain components are modest in size.

It includes social insurance and social assistance transfers, social services and active labour market policies. Remittances from migrant workers play an important role as informal safety nets. SP, particularly pensions, is crucial in combating poverty.

The inefficiency of social assistance, however, hinders the poverty reduction impact of transfers. Inclusion and exclusion errors are high. School feeding is a major component of the social protection system, combining protective and promotive elements and contributing to the food security of school children and their families.

5.1 ACHIEVEMENTS AND CHALLENGES

Although the social protection system is comprehensive and supports livelihoods, gaps remain.

The government has demonstrated its commitment to supporting livelihoods by directing a large share of its expenditures towards social protection.

As a result, social protection has substantially reduced poverty and extreme poverty. Nevertheless, the interviews and the desk review have revealed challenges facing the Armenian social protection system. Shock-responsive and promotive safety nets, nutrition objectives in social protection, and the use of a life-cycle approach are lacking. Challenges to governance and policy implementation also limit the potential of the existing system.

5.1.1 GAPS AND NEGLECTED ISSUES

As the analysis in Chapter 4 found, Armenia has a solid foundation of social protection, in which social insurance, social assistance and social services exist and cover a wide range of needs.

The government identifies social protection as a tool for pro-poor growth, for securing livelihoods, and providing decent living standards for its population. The system is generally comprehensive, but certain gaps and neglected issues remain. These must

be addressed to create a social protection system that meets the Armenian population's needs and vulnerabilities. The most pressing gaps to fill are the following:

- Promotive social protection measures
- Shock-responsive safety nets
- Nutrition-sensitive social protection
- A life-cycle approach to social protection

Social protection in Armenia – like other CIS countries – focuses on preventive and protective measures.

Social insurance and social assistance contribute to the population's livelihoods and food security, but to achieve long-term well-being, all three P's of social protection should be present (see Box). Promotive measures are currently lacking. This function promotes livelihoods in the long-term, for example, by creating sustainable asset bases and infrastructure.

Armenia is vulnerable to shocks. The country is prone to natural disasters and external economic shocks, and it needs a social protection system that is capable of timely and adequate response. The sharp increase in poverty during the 2008 economic crisis is a warning sign of how devastating economic shocks can be to the livelihoods of the Armenian population. A resilient social protection system is capable of vertical and horizontal expansion at the occurrence of covariate shocks and can

even act as an automatic stabilizer for the economy. Important steps, such as the establishment of the Emergency Coordination Council and the UN Emergency Preparedness Activities, have already been taken. Nevertheless, shock resilience is still a weak point of the social protection system.

The analysis of food insecurity (Chapter 3) concluded that much of the Armenian population's food deprivation can be explained by its low purchasing power, thus, monetary poverty. Social protection cash transfers can indirectly contribute to food security by increasing households' economic access to food.

Malnutrition, and especially micro-nutrient deficiencies, can also arise from behavioural characteristics of the population, such as inadequate food consumption. Hence, addressing the utilization of food security is critical. Nutrition objectives can further enhance social protection's impact on food security and nutrition.

Currently, government-run programmes do not have nutrition-sensitive or nutrition-specific elements, except for the school feeding programme. However, the government and its international partners have acknowledged the potential of nutrition-specific and nutrition-sensitive social protection. For example, the MLSA plans to develop additional criteria to combat malnutrition among beneficiaries of social safety nets through changes in the FLSEB programme design. A working

The three P's of social protection

Protective social protection includes ex-post measures, providing relief from deprivation and chronic poverty. Typically, targeted social assistance schemes and disaster relief belong to here. **Preventive** measures are ex-ante policies, aiming to avert deprivation and alleviate poverty. Social insurance, contributory pension systems, risk diversification strategies and informal ex-ante coping strategies belong to this group. **Promotive** measures seek to decrease vulnerability by promoting and stabilizing income and capital building. Devereux and Sabates-Wheeler (2004) mentions school feeding and micro-credit programmes as promotive social protection instruments, the former as a tool to incentivize human capital formulation, the latter to promote asset building. **Transformative** social protection measures go beyond consumption smoothing and redistribution policies and aim to address poverty and inequality by addressing social equity, exclusion and marginalization.

Source: Devereux & Sabates-Wheeler (2004)

group has been established for this purpose, comprising the MLSA, the MOH, the WB, USAID, the World Health Organization, the European Commission, WFP, and UNICEF. The working group proposed building the capacity of social work case managers to identify child malnutrition issues during the assessment of household vulnerability and needs.

The working group has developed a training module for social and health workers to identify and assess child malnutrition. The module also includes a referral mechanism between the social and health services, which is in line with the Government Regulation on Interagency Collaboration for Social Issues²⁷.

Collaboration between social and health workers will improve the ISPC referral mechanisms (for example, referring malnourished children to available soup kitchens or day-care centres).

Some potential options to address these issues include the distribution of ready-to-use therapeutic foods or supplements for complementary feeding. The MLSA plans to distribute food baskets to families with child malnutrition. This nutrition-specific tool, which will comprise healthy food rations, aims to address undernutrition and micronutrient deficiency.

The initial cost estimates have been prepared, and the programme budget has been negotiated and fine-tuned with the Ministry of Finance. As the interview with the head of MLSA Social Assistance Department revealed, the initiative is expected to be a significant burden on the small social protection budget.

Needs, risks, and vulnerabilities differ along the life-cycle, requiring different policy interventions. For example, the nutrition needs of infants and children differ from those of adults and the elderly. Food insecurity at an early age can have lifelong consequences because children will not be able to reach their full potential. Armenian social protection currently does not acknowledge how needs differ throughout the life-cycle.



5.1.2 GOVERNANCE AND INSTITUTIONAL SETUP

The Government of Armenia has already come a long way in creating an institutional structure in which the case for social protection is strongly embedded and expressed. The Law on Social Assistance emphasizes the importance of a social partnership agreement at the national and regional levels.

To assure effective social partnership and social services, a support network was created, with the government defining principles and procedures for inter-agency and inter-ministerial cooperation. Thus, although cooperation mechanisms are set, inter-ministerial (inter-agency and inter-sectorial) cooperation requires enhancement and strengthening.

Along with the functional integration of four separate services, the MLSA has worked to create an integrated data management platform. The result is the ePension data

management platform, which makes social sector data more accurate and decreases risks of errors.

As school feeding moves towards a sustainable and country-wide programme, and the government envisions gradually taking over programme financing and implementation in the covered areas, certain challenges are emerging, such as the need for a lead government body responsible for the programme.

In December 2016, the Government of Armenia adopted a Decree (# 1391-N) to establish the State School Feeding Foundation, an important achievement in strengthening governance on school feeding.

The foundation's goal is to overcome challenges to the co-ordination and implementation of the programme, and to ensure the development, implementation, and continuation of the school feeding programme.

27 RoA Government Regulation N-1044 On Interagency Collaboration for Social Issues, Sept. 2015

The foundation is generally viewed as having the potential to achieve these aims. With the government take-over of the fourth province envisioned for 2017, it should be a short-term priority for the government to finish the preparatory work to ensure that the State School Feeding Foundation is functional and sustainably funded.

5.1.3 POLICY IMPLEMENTATION

As described in Chapter 4, although being modest in size, social protection and especially social assistance programmes in Armenia reduce poverty and even extreme poverty. Nevertheless, the adequacy of benefits should be improved.

With almost 30 percent of Armenia's state budget directed to social protection, the analysis of cash transfer programmes reveals that they suffer from inefficiency. This is likely because of inclusion and exclusion errors.

To address this issue, the MLSA, with support from the WB's Social Protection Administration project, is rolling out a monitoring and evaluation system for all programmes, which, among other benefits, is expected to improve programme targeting.

Understanding the mechanisms that result in inclusion and exclusion errors is the first step to overcoming these challenges. Improved targeting can potentially lead to a better allocation of resources, and thus better coverage of the poor and enhanced adequacy of benefits, without necessarily raising the budget requirements.

The government is working on a monitoring and evaluation system for the social protection programmes. The ePension registry, an administrative tool to manage the Armenian pension system, is a great achievement of the MLSA that could contribute to the efficiency of the entire social protection system.

5.2 RECOMMENDATIONS

To address gaps in the systems and challenges related to governance and policy implementation, the following recommendations will be discussed in more detail below.

- Foster a **policy dialogue** that is guided by a set of minimum standards such as those proposed by ILO's SPF recommendations.
- Support **nutrition-sensitive social protection** by investing in the capacity of social work case managers to detect child malnutrition; introducing referral mechanisms between social and health services; providing food supplements to vulnerable families, and strengthening communication about nutrition among all stakeholders. A multi-sector approach and nutrition-specific interventions along the life cycle are required to accelerate progress.
- Strengthen **governance** and **cooperation** among line ministries, such as the MLSA, Moan, MOH, MOES and others. Close cooperation between MLSA and MOA could create synergies particularly in rural areas and contribute to the development of active labour market policies, public work programmes and productive safety net programmes.
- Strengthen **programme management** and **implementation** by further investing in a comprehensive policy monitoring and evaluation system and the expansion of the ePension registry to other social protection programmes, including the school feeding programme. The introduction of sustainable local food systems will ensure the sustainability of the school feeding programme. The incorporation of graduation mechanisms to the FLSEB based on experience from other countries could be considered in the future.
- Create and use **synergies in development partner cooperation** to optimize each partner's strengths.

5.2.1 FOSTERING POLICY DIALOGUE

The strategy policy dialogue should be underpinned by a set of minimum standards for social protection, food security, nutrition, and healthcare. Agreement on standards is crucial, especially when many stakeholders are involved.

Minimum standards for social protection could refer to ILO's SPF recommendation, since it covers the basic livelihood needs throughout the life cycle and is already embedded in the international and national policy arena. The local context of vulnerability to shocks and unemployment provides a solid rationale for strengthening promotive safety nets.

In addition to the protective function covered by the SPF, all "three P's" of social protection (as described by Devereux and Sabates-Wheeler, 2004) should be part of the established minimum standards.

Using the expertise of WFP, FAO, WHO, and UNICEF (among other possible partners), further standards in food security and nutrition can be developed in cooperation with the national government.

This would help to mainstream nutrition objectives within social protection and could contribute to better integration among policies in social protection, agriculture, health, and food security.

5.2.2 SUPPORTING NUTRITION-SENSITIVE SOCIAL PROTECTION

Joint efforts are required to provide nutrition education, especially to mothers, as child malnutrition and its consequences are alarming in Armenia.

Information, delivered through various communication strategies (such as the MOH and UNICEF “First 1000 days are Important” initiative), and ensuring food availability and accessibility, should entail multiple stakeholders and involve well-coordinated activities at the institutional, community, and policy levels, in cooperation with the donor community.

There is a growing understanding among stakeholders that behavioural change communication (BCC) needs to be included with in-cash and in-kind transfer programmes.

Development partners may further support the state stakeholders to develop this communication. Potential channels for the nutrition education of mothers include the post-natal care contacts with a health worker or the integrated social services centres when the lump-sum child grant is paid.

Community outreach is essential to make sure that undernourished children are identified early, referred for treatment and protected from relapsing. This links back to the potential of integrated social services and raises the need for adequate capacity of social work and health staff.

A multi-sector approach and nutrition-specific interventions along a life-cycle approach are required to accelerate progress.

The needs of different age-groups need to be understood to be appropriately addressed. Social protection, health, education and agriculture – specific and attainable policies and measures incorporated with nutrition can improve sector outcomes and address factors affecting malnutrition, such as food security and access to health services.

Such an approach also can target the main audiences for nutrition information, and provide counselling on infant- and young child-feeding, care and hygiene.

5.2.3 STRENGTHENING GOVERNANCE AND COOPERATION

Although the roles and responsibilities in school feeding hopefully will be defined with the emergence of the State School Feeding Foundation, the need for inter-agency and multi-level collaboration will not stop there. Developing and maintaining required infrastructure in participating schools (proper school canteens, required sanitary and hygienic conditions and food safety standards/patents) is a major challenge.

This development requires close collaboration between the MOES, the Ministry of Territorial Administration, the foundation and the local administrations. The channels and mechanisms for financial and technical support and feedback should be developed soon.

The existing social protection system is comprehensive, even when compared to other countries in the region. Yet, as Armenia moves towards a system with a stronger nutrition focus and more promotive elements, further collaboration among line ministries should be considered in the medium-term.

The inclusion of the MOA but also the MOH, could be an important element in the governance and institutional organization of nutrition-sensitive and promotive safety nets.

The country context provides a clear rationale for promotive social protection, possibly in the form of productive safety nets. First, as part of a comprehensive system of active labour market policies, productive safety net programmes can counteract unemployment. Second, they can build resilience against economic and natural shocks.

The current impact of existing social protection programmes, particularly cash transfers, on poverty reduction and food security could be augmented if synergies between social protection and labour market programmes were assured.

Based on the desk review and informant interviews, and feedback from the workshop discussions, the study team sees potential in developing labour market policies in rural areas. Enhancing the collaboration between the MOA and the MLSA has been an

important recommendation. One approach was the joint programme of these two ministries to provide financial incentives to farmers who are ready to cultivate the vegetables/fruits in the project list. Another approach is to cover farmers who are ready to engage in local food production and delivery to schools in the WB agricultural loan programmes.

The school meals programme currently supported by WFP also aims to establish direct links with local agricultural production, which would certainly be advantageous for schools and local agricultural producers. Additionally, the resumption of public works programmes, and linking them to livelihood promotion, may be worth pursuing. In developing these programmes, the cross-cutting issues, such as gender equality and inclusion of young people, need to be considered and incorporated.

5.2.4 STRENGTHENING PROGRAMME MANAGEMENT AND IMPLEMENTATION

Overcoming inefficiency in social assistance programmes should be the short-term priority of the government, for which support from development partners could be valuable.

Programme management and implementation can be strengthened by expanding the electronic registry system to manage all social protection programmes. It could limit administrative costs by reducing the time and labour to enter, clean and manage data. It can improve the referral system between programmes by sharing beneficiary information. It can reduce the costs borne by applicants, such as the opportunity costs of traveling and presenting hard-copy documents at various stages of the process.

Lower application costs can improve coverage of the poor and reduce exclusion errors. Furthermore, such an electronic registry can serve as the basis for a system of monitoring and evaluation and feed into evidence-based policy making.

The inclusion of the school feeding programme in the forthcoming electronic registry and monitoring and evaluation system could further entrench the nutrition-sensitive approach in the social protection system. Overall, these reforms could make social

protection programmes more accessible, efficient, coordinated and better monitored. There are already efforts underway to expand the system to cover all social protection programmes.

To further strengthen the school feeding programme, stakeholder collaboration for infrastructure development and home-grown food would ensure the future sustainability of the school feeding programme, while fostering rural development and empowering women.

The necessity and potential benefits of introducing sustainable local food systems within the school feeding programme have been emphasised by most informant interviews and justified by the review of international practice.

Local food systems imply various components from food production, processing, distribution, access and consumption to waste management, all of which need to be in place to enhance programme effectiveness and achieve synergies across sectors and among stakeholders.

WFP, in partnership with the International Food Policy Research Institute (IFPRI), is conducting an impact review to quantify the contribution of school feeding to poverty reduction and social welfare in low/middle-income settings. The findings will provide evidence on the school feeding programme as a sustainable investment for the Government of Armenia as well as suggest targeting and expansion of the national school feeding programme.

This study will be an important element for advising the government.

The government and its international development partners should consider incorporating graduation mechanisms. WFP and other development partners can provide support because of their global social protection expertise. International practice shows that graduation (the removal of beneficiary families from benefit systems) needs to be carefully designed.

As indicated in a recent study published by the WB²⁸, lessons for the FLSEB could be learned from the examples of *Oportunidades* in Mexico or *Bolsa Familia* in Brazil, which combine the following elements:

- A higher threshold for programme graduation than the one used for programme eligibility. This way, households stop relying on the transfer once they have established a sustainable livelihood, rather than being eliminated by any temporary increases of income;
- Notice of graduation several months in advance, if a household no longer qualifies for the benefit. This would decrease the perception of insecurity, allow households to seek activities associated with risks and returns, and help them prepare for the forthcoming change in incomes; and
- A transitory package of benefits to facilitate a more gradual transition.

5.2.5 CREATING AND USING THE SYNERGIES OF DEVELOPMENT PARTNER COOPERATION

Cooperation among development partners and with the government will benefit the population of Armenia.

Defining roles and responsibilities according to partner strength will ensure that the country benefits most from the support offered by the various development partners.

To support government stakeholders in infrastructure building and to ensure that food safety standards are met, WFP could create synergies with projects of other development partners, such as:

- The European Neighbourhood Programme for Agriculture and Rural Development, which aims to establish agricultural producer groups in rural areas and engage them in the development of value chains. WFP intends to buy buckwheat from these producer groups if they register with the national electronic tendering system and if their prices are competitive, with an

- aim to integrate local production into the school meals supply chain;
- The FAO's Food Security and Nutrition project, collaborating with local communities, will establish greenhouses in three schools in the Ararat Region. The project also will build the capacity of school staff to introduce diverse agricultural products. Furthermore, schools and schoolyards will be used for education about sustainable agricultural practices and nutrition. If this pilot is successful, it may well serve as a model for Armenia's other regions. WFP will collaborate with FAO and the International Fund for Agricultural Development (IFAD) to maximize school gardens for home-grown school feeding.

As the school feeding programme has become a part of the national social protection agenda and is becoming a country-owned scheme, new challenges are arising.

WFP's most important tasks are to support the government with evidence-based policy and programme design advice and to pursue inter-governmental and inter-agency collaboration.

The WFP has also demonstrated expertise in productive safety net programmes (PSNP) in other countries. It could help Armenia to fill the gap of promotive social protection.

Together with other development partners, such as FAO, WFP should advocate for such programmes, leveraging its evidence on the impact of PSNP on livelihoods, food security and shock resilience. The WFP could further assist the government with the strengthening of monitoring and evaluation systems, eventually contributing to evidence-based policy making. With the WB, the WFP can contribute its expertise in monitoring and evaluation systems, particularly with respect to nutrition-related programmes.

As the WFP has substantial expertise in this area, strengthening its position in the policy arena could include providing advice and technical support to develop a robust monitoring and evaluation system.

28 Morgandi, Posadas and Damerou, Activation for Poverty Reduction, Realizing the Potential of Armenia's Social Safety Nets, The World Bank Group, September 2014, p. 62



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ANNEXES

A1. LABOUR PENSIONS: ELIGIBILITY CRITERIA AND TARGET GROUPS

Armenia provides the following labour pensions:

1.1 OLD AGE PENSION:

- An old age labour pension is granted to any individual who has reached the age of 63, provided he or she has a length of service (LOS) of 25 years;
- A person having attained the age of 63 shall be granted labour pension even if the person has LOS for less than 25 years, provided he /she has at least ten years of LOS;
- An old age labour pension may be granted to a person one year earlier from the age entitling a person to an old age labour pension,²⁹ if the person has the length of contributory service of at least 35 years and is not employed.

1.2 PRIVILEGED PENSION:

Privileged pensions are applying to the special types of hazardous works (work in the mining, chemical and metallurgical industries, and medical laboratories, in explosion-related occupations etc.). The works/professions entitling for privileged pension are listed in Lists 1 and 2 (Gov. Decree No. 12 of January, 2012). It is worth noting that to be entitled to a privileged pension, a person must have worked under hazardous conditions full-time or a full shift, rather than a few hours during the day.

A privileged pension under List 1 is granted to individuals, who have reached the age of 55 and have at least 25 years of LOS of which at least 15 calendar years count for employment under particularly hazardous, particularly heavy conditions.

A privileged pension under List 2 is granted to individuals who have reached the age of 59 and have accrued LOS of at least 25 calendar years of which at least 20 calendar years count for employment under particularly hazardous, particularly heavy conditions.

1.3 LONG-TERM SERVICE PENSION:

Long-term service labour pension shall be granted to the below employees of civil aviation³⁰:

1.3.1 MEMBERS OF FLIGHT COMMAND AND AIR TRAFFIC CONTROL STAFF, AIR CREWS, FLIGHT OPERATORS AND STEWARDS:

upon reaching the age of 45 if the duration of their service is at least 25 calendar years; individuals who have been released from air service for health reasons may be entitled to a long service pension if their accrued LOS is at least 20 calendar years;

1.3.2 STAFF MEMBERS OF AIR TRAFFIC CONTROL SERVICE WHO HAVE A DISPATCHER'S CERTIFICATE:

upon reaching 50 years of age if the duration of their service is at least 25 calendar years out of which at least 15 calendar years count for employment in the air traffic control service; individuals who have been released from their service in air traffic control system for health reasons: upon reaching 50 years of age if the duration of their accrued LOS is at least 25 calendar years out of which 10 calendar years count for their employment in air traffic control service;

1.3.3 MEMBERS OF THE ENGINEERING-TECHNICAL STAFF:

upon reaching 55 years of age if the duration of their service is at least 25 calendar years, out of which 20 calendar years count for occupations entitling them to a long service pension.

²⁹ The statutory pension age in Armenia is 63 years.

³⁰ The list of positions entitling the individual to a long service labour pension is established by the RoA Government.

PARTIAL PENSION BENEFIT:

A partial pension shall be granted to:

1.4.1 PERSONS EMPLOYED IN THE EDUCATION SECTOR, CERTAIN CATEGORIES OF WORKERS OF CULTURE, upon reaching the age of 55 if they have at least 25 calendar years of LOS, out of which at least 12 calendar years count for their professional length of service;

1.4.2 CERTAIN CATEGORIES OF ACTORS OF THEATRICAL AND THEATRICAL AND SHOW ORGANIZATIONS: upon reaching the age of 50 if they have at least 25 calendar-years LOS, out of which at least 12 calendar years count for their professional length of service;

1.4.3 PERSONS IDENTIFIED IN 1.4.1 AND 1.4.2, WHO BEFORE THE ENACTMENT OF THE LAW ON STATE PENSIONS have been registered in the manner prescribed by legislation for granting a partial pension (have earned at least a 12 calendar years of professional LOS) and have reached the age entitling them to a partial pension as prescribed herein.

1.4 DISABILITY PENSION:

The individual, who has been recognized as a person with disability,³¹ is granted either disability SB or (non-contributory) or the disability labour pension. The disability labour pension is granted to a person, if at the time of recognizing person's disability, he/she has accrued LOS as follows:

| Age group | LOS expressed in calendar years |
|-----------|---------------------------------|
| under 23 | 2 years |
| 23–26 | 3 years |
| 26–29 | 4 years |
| 29–32 | 5 years |
| 32–35 | 6 years |
| 35–38 | 7 years |
| 38–41 | 8 years |
| 41–44 | 9 years |
| Above 44 | 10 years |

An individual recognized as a person with disability caused by an occupational injury or disease, shall be granted a disability labour pension, regardless of his or her length of service.

1.5 SURVIVORSHIP PENSION:

The following family members of the deceased individual are granted a survivorship pension:

1.6.1 A CHILD UNDER THE AGE OF 18;

1.6.2 A BROTHER, SISTER AND GRANDCHILD under the age of 18, if their parents have a third-category limitation of working capacity;

1.6.3 A DISABLED CHILD AGED 18 OR ABOVE, if he/she has been recognized as disabled before reaching the age of 18 and has a third category limitation of working capacity and is not employed;

1.6.4 PARENTS, SPOUSE who have reached the old retirement benefit age or are recognized as disabled, if they are not employed;

1.6.5 SPOUSE or any other capable adult member of the family or a person recognized as custodian in the manner as established by law, regardless of his/her age, if he/she is the caretaker of the deceased breadwinner's child, brother, sister or grandchild entitled to a pension in the manner established by current Law and is not employed;

1.6.6 GRANDPARENTS if they are not employed and have no children or their children have a third category limitation of working capacity.

Persons (specified in points 1.6.1, 1.6.3 and 1.6.4) are granted a survivorship pension, regardless of whether they have been under the custody of the deceased person.

In case a full-time student loses his/her benefactor, he/she is granted a survivorship pension until graduating from the educational institution, but until age of 23.

Persons envisaged in points 1.6.2 and 1.6.6 and families envisaged in point 1.6 are granted a survivorship pension for losing the benefactor of another capable person, provided on the day of the death of the breadwinner they resided together in the same apartment (address) according to data available with the State Register of Population of the RoA.

Minors receiving a survivorship pension shall preserve the right to the mentioned pension also after their adoption.

An adopter is equally entitled to a survivorship pension as a parent, and an adoptee is equally entitled to a survivorship pension as one's own child. An adoptee receiving a survivorship pension has the right to select a type of pension in case of the death of his or her breadwinner.

³¹ In Armenia, the disability status is assigned by the Social Medical Expertise Commission (SMEC) operating under the MLSA.

A stepfather and a stepmother shall be equally entitled to a survivorship pension as a father and mother if they have taken care of the deceased underage stepson or stepdaughter for at least 5 years as a minor. A stepson and a step-daughter shall be equally entitled to a survivorship pension as one's own son and daughter.

A survivorship pension is granted if as of the date of death of the breadwinner the later has earned the minimum LOS entitling to labour pension (see 1.5. Disability pension).

In case of the death of a person with disabilities, a survivorship pension is granted to his/her eligible family members if as of the date of death the breadwinner has earned the required LOS entitling to labour pension (see 1.5. Disability pension).

A family member of a person who has died as a result of an occupational accident or an occupational disease is granted a survivorship, regardless of the length of service of a deceased person if the family member meets the eligibility criteria.

A2. BENEFITS IN CASE OF TEMPORARY INCAPACITY TO WORK

The benefits are partial or full compensation of income lost because of temporary incapacity to work. Benefits are contributory-based and are provided to employees, individual entrepreneurs and notaries if the right for the benefit was originated during the period of being employed or engaged in individual entrepreneurship or notarial activity. The law regulating the issue is called the Law on Temporary Incapacity to Work and Maternity Benefits (adopted in October 2010). The law provides that workers who have made contributions³²/ paid income tax are entitled to receive continued wages or wage replacement under the following temporarily incapacitating conditions:

- (i) Temporary incapacity caused by disease or injury;
- (ii) Temporary incapacity caused by prosthesis;
- (iii) Temporary incapacity caused by need for sanatorium;
- (iv) Motherhood (pregnancy/Maternity leave benefits)³³ and
- (v) Family member care benefit.

Employees, individual entrepreneurs and notaries are entitled to temporary incapacity to work benefits. The sources of financing these benefits are:

- The state budget;
- Means of employer in special cases, defined by the Law.

Financing of temporary incapacity to work benefit for employees is the following: the benefit is not paid for the first day of temporary incapacity to work, for the next five working days the benefit paid at the expense of the employer (which is not compensated), and the remaining part is paid at the expense of state budget.

For self-employed the temporary incapacity to work benefit, as well as the motherhood benefit is paid at the expense of state budget.

All temporary incapacity benefits are calculated based on 80 percent of average monthly wage (in the past 12 months). However, if 80 percent of average monthly wage is greater than tenfold of the sum of minimum wage³⁴ and income tax calculated for the minimum wage than for the benefit calculation, tenfold of minimum monthly wage is considered.

The minimum wage for benefit calculation may be considered in the following cases as well:

- If the calculated average monthly wage is less than the size of minimum monthly wage as of the first day of temporary incapacity to work;
- If the individual entrepreneur was registered in the year when became temporarily incapable to work or didn't have an income during the year before the temporary incapacity to work but made minimum monthly contributions;
- The employee didn't have an income before the temporary incapacity to work.

Unlike labour pensions, these benefits are provided to replace income.

³² Employees and employers in Armenia were obliged to make social contributions until January 2013. In 2013, social contributions and income taxes in Armenia were unified, and contributory-base benefits are linked to the fact of paying income tax.

³³ The state policy in Armenia favours maternity and pregnancy. The Labour Code specifies that employees have a right to maternity and child care (parental) leave – Article 172: Maternity leave, Article 173: Child care benefit for children under 3 years old; Article 258: Maternity Protection.

³⁴ The size of minimum wage is defined by the Law on Minimum Monthly Wage and currently is AMD 55,000.

A3. FAMILY VULNERABILITY SCORE

The vulnerability score is calculated in accordance with procedures defined by the Government of RoA (Gov. Decree # 145-N, January 2014). The following parameters are used to assess the family vulnerability:

| | | <i>Vulnerability Assessment Parameter</i> | <i>Vulnerability score (Pi)</i> |
|---|---|---|---------------------------------|
| 1. | Social group of each family member (P_{av}) | 1 Person with disability group I | 48 |
| | | 2 Person with disability group II | 39 |
| | | 3 Person with disability group III | 28 |
| | | 4 Child with disability | 45 |
| | | 5 Child up to 5 years old | 35 |
| | | 6 Child 5–18 years | 33 |
| | | 7 Single- parent child | 43 |
| | | 8 Child left without parental care | 50 |
| | | 9 Child of single mother | 26 |
| | | 10 Child of divorced parent | 26 |
| | | 11 Full time student up to 23 years old | 22 |
| | | 12 Pupil, 18 years old before June of the year of completing school | 30 |
| | | 13 Pregnant woman (12 week and more) | 35 |
| | | 14 Unemployed | 22 |
| | | 15 Person, non-competitive in labour market | 22 |
| | | 16 Pensioner | 36 |
| | | 17 Single non-working pensioner | 37 |
| | | 18 Elderly pensioner (75 and above) | 39 |
| | | 19 "Absent" family member or a member not belonging to any of social groups listed above | 18 |
| <p><i>Note:</i></p> <p>1. If the family member belongs to more than one social group listed in this table (example, an elderly single pensioner with disability group II), the vulnerability score is calculated adding up each group's score, using adjustment coefficients. In this case vulnerability scores of different social groups are considered in descending sequence: the first score is taken as it is, the second score is adjusted by 0.3 and the third score - by 0.1.</p> <p>2. To determine the family average vulnerability score (P_{av}), the sum of vulnerability scores of all family members is divided by the number of family members registered in the Social Passport (except for the absent member):</p> $P_{av} = (1/n) \times (P_1 + P_2 + \dots + P_n)$ <p>Where n is the number of family members registered in the Social Passport (except for the absent member).</p> | | | |
| 2. | Number of family member incapacitated to work (K_{family}) | The number of family members incapacitated to work affects the family vulnerability score by the following coefficient: $(K_{family}) = 1,00 + 0,02m$ Where m is the number of family members incapable to work (children, disabled of I and II group, persons not working and eligible for the old age pension). | |
| <p>The 3rd and 4th groups of factors listed below for some families create extra opportunity to get involved in the system.</p> | | | |
| 3. | Residency (K_r) | The list of residencies with the scores assigned to each residency is defined by the Government Decree 145-N, Annex 3 (January 2014). | |
| 4. | The housing conditions (K_{apt}) | 1. Houses, provided after a disaster | 1.2 |
| | | 2. Non-permanent (temporary) house | 1.06 |
| | | 3. Condemned apartment (3rd and 4th level) | 1.05 |
| | | 4. Room, not privatized in the dormitory | 1.03 |
| | | 5. Other: rented area or area that does not belong to the family, hotel, school, loft, and garage or not having certain living place.) | 1.02 |
| | | 6. Private house | 1.00 |
| | | 7. Flat | 1.00 |
| 5. | Possession of a vehicle (K_{car}) | 1. Availability | 0.00 |
| | | 2. Otherwise | 1.00 |
| 6. | Engagement of a family member in entrepreneurial activity (K_{ent}) | 1. Involvement in business | 0.00 |
| | | 2. Otherwise | 1.00 |
| 7. | Real estate-related transactions ($K_{realest}$) | 1. Acquisition of real estate | 0.00 |
| | | 2. Otherwise | 1.00 |

| | | Vulnerability Assessment Parameter | Vulnerability score (Pi) |
|---|--|--|--------------------------|
| 8. | International trade contracts (K _{custom}) | 1. Customs payments | 0.00 |
| | | 2. Otherwise | 1.00 |
| 9. | Consumption of electricity by the family during summer months (K _{el}) | 1. If the electricity consumed by the family during summer months exceeds the defined limits, calculated as the following: $w = 1.3 \times (80 \text{ kW per hour} + 40 \text{ kW per hour} \times n)$, n is the number of family members); | 0.00 |
| | | 2. Otherwise | 1.00 |
| 10. | Evaluation on socio-economic conditions of the family, made by regional agency (RoA) (C _{hopin}) | 1. Wealthy families | 0.00 |
| | | 2. Socially vulnerable ones | 1.00 |
| 11. | Family total income (K _{inc})- The family total income has an impact on vulnerability score through the coefficient K _{inc} , defined by the following formula: | $K_{inc} = 1.2 - \frac{0.028 \sum_{j=1}^d S_j}{n \times 2000}$ | |
| <p>Where</p> <ul style="list-style-type: none"> - d is the number of family members registered and actually living at the residency at the moment of filling in the Social Passport; - S_j is the income of family jth member at the moment of filling in the Social Passport; - n is the total number of family members (without temporary absent members) at the moment of filling in the Social Passport <p>Example, the family or the household consists of 6 members, and all the members are present: n = 6; Only 3 members of family/household receive an income:</p> <p style="margin-left: 40px;"> S₁=AMD 70,000 S₂= AMD 45,000 S₃= AMD 18,000 S₄= AMD 0 S₅= AMD 0 S₆=0 AMD </p> <p> $K_{inc} = 1.2 - 0.028 \times (70,000+45,000+18,000)/6 \times 2,000$ $K_{inc} = 1.2 - 0.028 \times (133,000)/12 = (-309.13)$ </p> | | | |
| <p>Note: The total average monthly income for family comprises accrued and payable remuneration and other similar income of household members for paid work, childcare benefits for children under 2 years of age, benefits to the families of deceased national heroes of Armenia and to the families of posthumous holders of "Battle Cross" order, monetary allowance in accordance with the Government's Decree No 668-N from May 5, 2011 On Establishment of the Size of Monetary Allowance to Military Servicemen and to Members of Their Families, by Categories of Persons Eligible for Monetary Allowance, and of the Procedure for Award and Payment of Monetary Allowance, as well as the income from livestock breeding and land cultivation.</p> | | | |
| <p>The family vulnerability assessment formula is the following:</p> $P = P_{av} \times K_{family} \times K_r \times K_{apt} \times K_{car} \times K_{ent} \times K_{realest} \times K_{el} \times K_{inc} \times K_{custom} \times K_{opin}$ | | | |

A4. ARMENIA: SOCIAL INSURANCE PROGRAMMES

| Name of programme | Type | Eligibility Criteria | Number of Beneficiaries | Replacement Rate (RR) | Financing (Budget and % of Total Expenditure) | Implementing agency | Legislation (Year) |
|---|---|---|--|--|---|---|---|
| State labour pensions ¹ | Mandatory defined benefit (DB) PAYG | 1. Until 2008 – social contribution to the system, starting January 2013 -income tax payment 2. Minimum LOS requirement: 10 years 3. Statutory pensionable age - 63 for male and female | As of the end of the year, people: 2015- 463,471 2016- 466,170 | RR ³ for 2015: 23.6% | 1. Until 2008 financed by payroll contribution, 2. Starting January 2008 - state budget general income <i>Budget for 2015:</i> AMD 223.6 bin or: - 4.4% of GDP - 17.3% of total state budget expenditure - 37.6% of social protection budget | 1. MLSA is responsible for policy development 2. The agency responsible for pension appointment, calculation and recalculation and payment is the SSSS (under the MLSA of RoA) | 1. Law on State Pensions (December 2010) 2. Government Decree 1406-N on Pension Payment Procedures (November 2010) |
| Unemployment benefit | The unemployment benefit in Armenia was abandoned starting January 2014. Currently, the state employment policy is targeting activation of unemployed, especially incompetent job seekers and assuring sustainable employment. 14 active labour market programmes were approved for 2017, however because of budget constraints currently only 4 of them are implemented. | | | | | | |
| Motherhood benefit for working mothers ⁴ | Contributory-based benefit | Employed women during pregnancy / maternity leave | N/A | For the benefit calculation 80% of average monthly wage (in the past 12 months) is considered ⁵ . | Expenses for 2015: AMD 6.1 billion or: - 0.1% of GDP - 0.4% of total state budget expenditure - 1.6% of social protection budget | 1. The responsible body is the SSSS ⁷ . | 1. Law on Temporary Incapacity to Work and Maternity Benefits (October 2010) 2. Law on Minimum Monthly wage (December 2003) 3. Law on Income Tax 4. Government Decree 1024-N on Implementation of the Law on Temporary Incapacity to Work and Maternity Benefits (July 2011) |
| Childcare benefit | Contributory-based benefit | Employed parent of a child up to 2 years old | In 2015 12,611 or 1.6% of women aged 15-49 | Benefit size for 2015 - AMD 18,000 | In 2015 0.1% of GDP | The SSSS | N/A |

1. As of 2015, 1.9% of extreme poor and 32.7% of poor population was covered. NSSRA, Social Snapshot and Poverty in Armenia, 2016, page 55.

2. NSSRA, Social Situation of RoA, 2016.

3. Calculated as average pension/average wage ratio.

4. Motherhood benefit to non-working mothers is provided within and regulated by the Law on State Benefits and Law on Social Assistance. The official source of data on poverty in Armenia is the NSSRA; annual Report Snapshot and Poverty in Armenia. This category of women is not separated while providing poverty rate indicators, reason why the coverage of the poor is not available. (N/A)

5. If 80% of average monthly wage is greater than tenfold of the sum of minimum wage and income tax calculated for the minimum wage, then for the benefit calculation tenfold of minimum monthly wage is considered.

6. The motherhood benefit to working mother is calculated, appointed and paid by the employer.

7. Source: Ministry of Finance of RoA, Treasure, Budget Report, page 302, www.minfin.am/index.php?cat=76&lang=1

A5. ARMENIA: SOCIAL ASSISTANCE PROGRAMMES

| Name of programme | Type | Eligibility Criteria | Targeting Method | Number of Beneficiaries | Benefit Amount | Financing (Budget and % of Total Expenditure) | Implementing agency | Legislation (year) |
|--|------------------------|--|---|--|---|---|--|---|
| Family benefit (FB) ^a | Monthly cash transfer | The marginal vulnerability score (or score for eligibility to FB) - 30 & income threshold | Proxy means-test | FB recipient families as of 2015: 105,408 people | Base: AMD 17,000 AMD Additional amount per child: 5,500-7,000 depending on region and score | In 2015 ^b 0.7% of GDP 2.6% of state budget 9.5% of social protection budget | 1. MLSA for policy development 2. The programme is implemented by regional agencies (RAs) | RoA Law on Public Benefits (December 2013) RoA Law on Social Assistance (December 2014) Gov. Decree # 145-N, Jun 2014 Ensuring enforcement of RoA Law on State benefits RoA Law on Public Benefits |
| Childbirth benefit | One-off cash benefit | In case of birth of a child | Universal | In 2015 45,261 people | AMD 50,000 for first two children, AMD 1,000,000 for 3rd and 4th child AMD 1,500,000 AMD for fifth and consecutive child | 0.12% of GDP ^b | SSSS | RoA Law on Public Benefits |
| Lump sum EA: Childbirth benefit | One-off cash benefit | The benefit is provided only to FB recipient families | The family is FB recipient | In 2015 5,181 people | AMD 50,000 | 0.01% of GDP | Regional agencies (RAs) | Gov Decree 37-N, January 2017 On Defining the Size of FB, SB, Emergency benefit, and Childcare Benefit |
| Lump sum EA: Funeral benefit | One-off cash benefit | In case of death of a family member to FB or SB recipient families | The family is FB recipient | In 2015 166 | AMD 50,000 | 0.0002% of GDP | Regional agencies (RAs) | Gov Decree 37-N, January 2017 On Defining the Size of FB, SB, Emergency benefit, and Childcare Benefit |
| Lump sum EA: Schooling assistance | One-off cash benefit | To FB recipient families/households when enrolling a child in first grade | The family is FB recipient | In 2015 10,903 people | AMD 25,000 | 0.01% of GDP | Regional agencies (RAs) | Gov Decree 37-N, January 2017 On Defining the Size of FB, SB, Emergency benefit, and Childcare Benefit |
| Quarterly EA | Monthly cash transfer | Family is registered in family vulnerability assessment system, and the vulnerability score is > 0, but less than the eligibility score under RoA-s) | Based on the Social Councils (established under RoA-s) conclusion | In 2015 8,592 people | In 2015 AMD 17,000 | 0.03% of GDP | Regional agencies (RAs) | Law on Social Assistance Gov Decree 37-N, January 2017 On Defining the Size of FB, SB, Emergency benefit, and Childcare Benefit |
| Old age benefit | Monthly cash transfer | Granted to a person aged 65 who is not entitled for labour or military pension | N/A | In 2015 3,506 people ^c | In 2015 AMD 16,000 | | SSSS | RoA Law on Public Benefits 2. Government Decree 1406-N on Pension Payment Procedures (November 2010) |
| Disability benefits | Monthly cash transfer | Appointed in case a disabled person is not qualifying for a labour or military disability pension | N/A | In 2015 48,101 people ^c | In 2015 AMD 18,200 | In 2015 0.3% of GDP | | |
| Survivorship benefit | Monthly cash transfer | Appointed in case the person is not qualifying for labour or military survivorship pension | N/A | In 2015 11,748 people ^c | In 2015 AMD 16,882 | | | |
| Transfers for funeral in cases of pensioners; old aged, disabled or survivor social beneficiaries' death | Lump-sum cash transfer | To deceased pensioners', old aged, disabled or survivor social beneficiaries' family | The dead member of the family is pensioner | N/A | N/A | In 2015 0.1% of GDP | SSSS | RoA Law on State Pensions RoA Law on Public Benefits Government Decree 1406-N on Pension Payment Procedures (November 2010) |

Sources: a. 12.2% of Armenia's households received transfers through the FB programme in 2015 (NSSRA, Social Snapshot and Poverty in Armenia, 2016, page 153); b. MOF of RoA, State Budget report for 2015; c. NSSRA, Social Situation of RA in 2015, page 428, A6. Informant Interviews

A.6 INFORMANT INTERVIEWS:

- Luca Molinas, Head of Programme Unit and Elmira Bakhshniyan, Programme Policy Officer at the WFP Armenia
- Sona Harutyunyan, Deputy Minister, Ministry of Labour and Social Affairs (MLSA)
- Armen Harutyunyan, Deputy Minister, Ministry of Agriculture
- Astghik Minasyan, Head of Social Assistance Department, MLSA
- Robert Stepanyan, Head of Development Programmes and Monitoring Department, Ministry of Education and Science
- Armenuhi Hovakimyan, Social Protection Officer and Mihran Hakobyan, Nutrition Officers at the UNICEF Armenia
- Karen Pahlevanyan, Head of Monitoring of Agricultural Programmes and Analysis Department, Ministry of Agriculture
- Hayk Galstyan, Armenia Territorial Development Fund (adjacent to Ministry of Territorial Administration and Development)
- Karine Saribekyan, Head of Maternal and Child Health Department, Ministry of Health.

The expert team also sent information requests to Gayane Nasoyan, Assistant FAO Representative in Armenia, and Anna Jenderedjian, the short-term WB expert in Food Security and Nutrition (the latter visiting Armenia for an expert mission). They gave the team feedback and provided information about their programmes.

A7: INFORMANT QUESTIONNAIRE

In your opinion,

- What is the role of your organization in national policy making for social protection and food security?
- What are your organization's current and future programmatic directions with:
 - Ministry of Agriculture?
 - Ministry of Labour and Social Affairs?
 - Ministry of Territorial Administration and Development?
 - Ministry of Education and Science?
- Does your organization fund or implement nutrition-sensitive programmes (also addressing child malnutrition)??
- Is your organization engaged in interagency groups (clusters) to address food security during emergencies? What are the other partners? Are there any plans/strategies for providing food security in emergency situations?
- What are the other major international organizations with which your organization partners in Armenia in food security issues? How is this partnership translated into programmes? Which are the main directions of these programmes?
- How does your organization intend to adjust its new programmes (new programmatic period) to SDGs 1 and 2? What will the changes look like?
- What are the challenges to inter-ministerial cooperation in providing protection related to food security and nutrition?
- What are the gaps in synergy among the stakeholders and donor community programmes/projects in the issue under review
- Are there programme/policy monitoring and evaluation mechanisms?
- Do you think social assistance programmes should be redesigned to improve targeting and efficiency and to become nutrition sensitive?



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WFP is the world's largest humanitarian agency fighting hunger worldwide, delivering food in emergencies and working with communities and governments to build resilience. Each year, WFP assists some 80 million people in around 80 countries.

Contact: wfp.mena@wfp.org