

# ARMENIA

## RESIDUAL HUMANITARIAN NEEDS

Independent Report

Sponsored by UN Resident Coordinator's System in Armenia



## **PREFACE**

The year of 1998 was marked for Armenia with a manifest shift from rehabilitation and stabilization to long-term development. This shift was clearly expressed in the stance of the Government and reflected itself in increased share of ODA vis-à-vis Humanitarian Aid provided to the country.

However, the need for targeted humanitarian assistance still remains. At this stage of the development of the country, it has become important to identify the pockets of humanitarian assistance and address them adequately.

With this purpose in mind, the Office of UN Resident Coordinator in Armenia undertook the exercise of preparing this Report. An independent consultant, a former Deputy Minister of Economy of Armenia in charge of humanitarian assistance was recruited to work closely with the Government and the international community in an attempt to identify pockets of humanitarian assistance and present them in such a way as to optimize and streamline the cooperation with the donors aimed at supporting the rehabilitation and development processes in Armenia.

The scope and coverage of the Report are quite comprehensive. The consultative process in the course of its preparation is commendable. At the same time, finding a broad consensus on the conclusions and recommendations of the Report has been a challenge. Hence, the views and analyses presented in this Report are not necessarily those of the United Nations, and are the sole responsibility of the author.

It is our belief that in spite of some controversy this Report may raise, it would still be a useful document for the international community in planning for and delivering humanitarian assistance to Armenia. We also hope that in spite of the fact that the need for such assistance is still very much there and will continue for several years to come, the joint efforts of the Government of Armenia and the international community will eventually enable the country complete the humanitarian stage.

# **RESIDUAL HUMANITARIAN NEEDS IN ARMENIA**

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## **ABBREVIATIONS AND ACRONYMS**

AMD	Armenian Dram
ECHO	European Commission Humanitarian Office
FAO	Food and Agricultural Organisation
ICRC	International Committee of the Red Cross
IFRC Societies	International Federation of Red Cross and Red Crescent
IMF	International Monetary Fund
NGO	Non-governmental Organisation
NRC	Norwegian Refugee Council
OCHA	UN Office for the Coordination of Humanitarian Affairs
UNDP	UN Development Programme
UNHCR	UN High Commissioner for Refugees

## **1. INTRODUCTION**

Armenia, which has been in an emergency situation since 1991, has started to take measures to stabilise and restructure its economy in 1994. Due to structural reforms undertaken by the Government of Armenia with support from the international financial institutions the economy of the country has been stabilised and has shown signs of recovery.

However, the transformation of the country's economy has not led to improvements in the living conditions of the vulnerable population in the country. It has, in the short term, a negative effect on the provision of social services. In the new environment as prices are increased and state subsidies are eliminated the situation of the vulnerable people on fixed incomes grows worse. There is a general consensus among the humanitarian community that the need for ongoing humanitarian support to the most vulnerable people in a number of priority sectors remains while the country undergoes the economic and social transformation. Humanitarian assistance should be provided in ways that supports recovery and long-term development. The need to establish a link between relief and development activities is essential in the country undergoing transition. Another key issue for the country as provision of funds for humanitarian assistance is being decreased and the emphasis is being placed on development strategies is the careful targeting of humanitarian assistance.

This document, Residual Humanitarian Needs in Armenia, is an attempt to outline the humanitarian situation in the country, the residual humanitarian needs and the types of assistance required. The formation of an efficient institutional and coordination system for the implementation of aid programmes is also outlined in the present document.

## **2. OVERVIEW OF THE SOCIAL AND ECONOMIC SITUATION**

Armenia had been in an emergency situation since 1991 when it gained its independence. In addition to the complicated political, economic and social problems faced all states of the former Soviet Union, Armenia also had to mitigate the consequences of the devastating 1988 earthquake, which was then aggravated by a transportation and energy blockade brought about by the conflict in Nagorno-Karabakh. The conflict also resulted in a flow of refugees from Azerbaijan.

Armenia, supported by the international financial institutions, particularly the IMF and the World Bank, and bilateral donors undertook structural reforms in 1994. By its ninth year of state building, it has achieved progress implementing economic reforms. In 1998, the Gross Domestic Product (GDP) has increased by 7.2%.

Despite some economic growth, and as a consequence of an insignificant amount of private investments in relevant sectors, there has been a lack of any substantive progress in the social condition of the majority of the population. The structural reforms while supporting the macro-economic stability of the country, have a negative impact particularly on the social welfare system. The situation of the most vulnerable has been deteriorated due to the low level of income and high level of unemployment as a consequence of price liberalisation, elimination of state subsidies and privatisation and restructuring of state enterprises. Between 1990-1993 the decline in GDP was so dramatic that despite the growth during the recent years, the 1998 GDP was comprised of only 61.8% of the 1990 GDP.

According to the data provided by the Ministry of Statistics of Armenia, the average monthly nominal wage (including in-kind assistance and social privileges) amounted to approximately USD 34 in 1998, the monthly average income of a family approximated USD 109, the average pensions approximately USD 7, unemployment benefits ranged USD 4-6, while the real absolute unemployment rate reached as much as 29.1% of the economically active population [1]. According to the Ministry's Household Survey embracing 5000 respondents, 54.7% of the population are poor, 27.7% are very poor, and 8.5% are extremely poor [2].

The current socio-economic conditions and persisting negative implications of a number of factors in the country's economic life will not allow for the considerable improvement of the social conditions of the poor population in the near future. Thus, the country still remains dependent on external assistance to cover basic humanitarian needs of the most vulnerable people.

### **3. DYNAMICS OF HUMANITARIAN ASSISTANCE**

#### **3.1. Volumes and Tendencies of Humanitarian Assistance Provided to Armenia**

In the aftermath of the declaration of independence, pre-requisites for the provision of large-scale humanitarian assistance to Armenia stipulated by international donor community are both social difficulties of a country in transition and a transportation and energy blockade imposed as a consequence of the Nagorno-Karabakh conflict.

In the course of the recent eight years, humanitarian assistance has been extended to the Republic of Armenia by the USA, European Union, the Netherlands, Germany, France, Italy, Norway, Greece, Denmark, Japan, Great Britain, Sweden, Switzerland, Finland, Austria, Canada and other countries. The majority of the countries listed, including the European Union, provide assistance both directly and through international organisations and. The most active share is attributed to the United Nations agencies, such as WFP, UNHCR, UNICEF. In addition, effective humanitarian assistance operations are carried out by IFRC, ICRC, as well as other international organisations and NGOs.

The humanitarian assistance provided to Armenia has proved invaluable in its support to the population, especially in 1992-95. Without the actual assistance in food (grains, in particular) and fuel, hundred thousands of people would have been doomed to starve and freeze. Moreover, hundreds of schools, polyclinics and hospitals would have stopped operations in winter without assistance. Aid in the shape of medicines and medical supplies and equipment enabled a considerable part of the population to some extent have access to basic medical services. The humanitarian assistance was essential particularly for urban population, a vast majority of which was not in a position to meet even basic living requirements because of wide spread unemployment and low incomes.

The Ministry of Statistics of Armenia has not completely recorded all humanitarian assistance provided to the country in 1992-93. In 1994, the Ministry of Statistics began to calculate humanitarian imports in domestic market prices, the value of which (without grains, which made some 270 thousand tons) totaled USD 71.3 million.

Meanwhile, the volume of humanitarian programmes funded only by the United States in 1992 totaled USD 85 million. In addition to food products and medicaments, the USA and European Union commenced financing of oil and mazut import programmes. According to

the Information Note, compiled by the US Embassy in Armenia, the imports of mazut funded by this country only during 1993-95 comprise 180 thousand tons, while the imports of oil in 1993-98 totaled 112,5 thousand tons, of which 95 thousand tons was delivered in 1993-96.

The volume of humanitarian assistance to Armenia reached its highest point in 1995, when, according to the data of the Ministry of Statistics, the value of humanitarian assistance totaled USD 151.3 million.

According to the information contained in the Annual Report of the Ministry of Statistics reflects a reduction of humanitarian assistance directly aimed at meeting the needs of the vulnerable population since 1996.

Humanitarian assistance in 1994-98. Data of the Ministry of Statistics (million US Dollars)

1994	1995	1996	1997	1998
71.3*	151.6	76.6*	94.8	83.6

\* figures do not include value of humanitarian grains imported in the reported period.

It should be mentioned that the data for 1997 and 1998 consider food, grains and other commodities, which were sold to the population as humanitarian assistance. Based on agreement with the respective donors, the generated receipts were channeled to the state budget.

The share of humanitarian assistance in 1995 and 1998 in the GDP and volume of imports for these years reflected 9.5% and 22%, 4.4% and 9.3% respectively.

The reduction of humanitarian assistance in the last three years becomes more obvious when decline in programmes carried out by humanitarian agencies is considered. The aid provided by ECHO in 1998 relative to 1995, is curtailed by approximately 13.7 times. Only Euro 0.5 million was initially envisaged for 1999, but in order to alleviate the spillover effects of the Russian crisis, additional amount of Euro 1.5 million was allocated as well. The humanitarian assistance provided by US government agencies has, though not to the same extent, also decreased. According to the US Embassy in Armenia, in the last six years funds for humanitarian assistance has declined approximately 4.8 times. The slower rate of reduction of aid is attributed to the UN agencies.

The data set forth in the Annex 2 on donors, international and non-government agencies carrying out humanitarian programmes in Armenia present evidence in regards to the reduction of purely humanitarian assistance projects.

### 3.2 Reduction in Humanitarian Assistance

The reduction of humanitarian assistance is conditioned by the factors as set forth below:

**Nagorno-Karabakh Conflict:** The accelerated expansion of humanitarian aid in 1993-1995 was a result of the emergency humanitarian situation due to Nagorno-Karabakh conflict and energy and transport blockade brought on by the conflict. The cease-fire in Karabakh and consistent implementation of economic reforms ensured certain positive shifts in the economy, particularly in the energy sector. This entailed some improvement in the humanitarian situation. Specifically, round-the-clock electricity supply became available, if paid, and incomes of the population, although slowly and insignificantly, started to grow. The

latter was also conditioned by the increase of remittances from relatives residing in other countries. According to the data provided by Head Office of Aviation of Armenia, some 600,000 economically active people left Armenia in 1992-98, who support their relatives in the country. Transfers and remittances were received mainly from Russia, and according to expert estimates in 1995-1997, they comprised as much as some USD 120-150 million per year. The requirement for emergency assistance was put on the back burner. The current humanitarian situation in Armenia accompanied by widespread poverty is typical of many developing countries.

**Transition to Market Economy:** For a country in transition to a market economy embarking on a reform process, when it is imperative liberalise prices, establish macroeconomic stability to foster favorable framework for investments, rehabilitate and develop industrial infrastructures, the financing of development programmes become a priority both for the state and the donors. According to the information available, humanitarian assistance provided by bilateral and multilateral donors in 1992-99 was approximately USD 1 billion. Development support through loan facilities and grants exceeds the level of USD 1.7 billion. In other words, the reduction of humanitarian assistance has been correlative with the growth of support to development programmes.

**Collapse of Soviet Union:** The limited stock of official assistance is another factor. In the aftermath of the Warsaw Pact and the collapse of the Soviet Union, the number of countries in need of such assistance has drastically increased making the provision of unlimited official funds to one country difficult. However, those countries that successfully implement political, economic and social reforms and adjustment are in a position to anticipate larger assistance.

In such a situation, the major challenge is ensuring maximum compliance of the provided assistance with the set objectives, i.e. targeted to the needy. However, the authorities of Armenia did not elaborate and introduce a targeted humanitarian policy in a timely and efficient manner. As a consequence, aid was distributed to all layers of the population. Thus, humanitarian aid only partially fulfilled its mission, failing to reach only to the most needy. This factor could not have been ignored by the donors. The inception of the PAROS vulnerability index in 1994, supported by USAID, is a result of these considerations.

### **3.3. Deterioration of Humanitarian Situation after 1996**

It was only in late 1996 and during 1997, when it became possible to obtain comprehensive and compendious information on social conditions of the population as a result of the sample surveys undertaken by the Ministry of Statistics with the support of the World Bank and UNDP (Survey of incomes and expenses, demographic situation, depth and nature of poverty among 1500 households; Survey of labor force in 1500 non-agriculture companies and 1000 urban households; Complex survey of socio-economic problems in 3400 agricultural farms; Survey of poverty indicators in 1000 households, 1000 urban pensioners, 300 families in focus groups, 200 families having hospital patients, educational establishments, including special institutions). The outcomes of these surveys allow for drawing a certain picture of living standards and poverty situation, in particular. They are summarised in the National Report called "Social Snapshot and Poverty in Armenia" issued by the Ministry of Statistics, State Register and Analysis of the Republic of Armenia. The data set forth below is taken from this Report.

#### **Poverty Survey**

A fairly comprehensive and compendious picture of poverty situation is provided by the first section of the National Report, i.e. outcomes of the Household budget survey, according to which more than half of the population, around 54.7%, are poor, more than the quarter, around 27.7%, is very poor, and 8.5% is extremely poor. The part of population that is considered extremely poor has a relative poverty line calculated as a 40% benchmark of the average current expenditure per capita, whereby the poverty line is equal to AMD 3960, or USD 9.5.

The Survey considers households whose per capita average current expenses are lower than the food line as very poor. The latter represents the standard of per capita energetics consumption in developing countries (2100 kilo calories per diem), recommended by FAO, and certain types of food stuff, most frequently and widely used and numbered 24, have been separated to attain this level. The resulting minimum food basket denominated in-kind has been considered to be the minimum food basket, and the money value denomination thereof has been considered to represent the poverty food line, and then current prices totaled AMD 6612, or around USD 15 (at the exchange rate of the time). Households whose per capita average current expenses are lower than the general poverty line, have been considered to be poor. Households whose per capita average current expenses were higher than the general poverty line, have been considered not to be poor. The per capita general poverty line in December 1996 totaled AMD 10,784, or USD 24.5 at the exchange rate at the time. The latter has been calculated with the application of data from the households whose food expenses were equal to or very close to the value of the actual minimum food basket.

In addition to the poverty line, the study reflected on such indicators as depth of poverty, concentration of the poor on the lowest level, territorial and other parameters of the poor (location, i.e. village, city, earthquake zone; gender; age; economic status, etc.). The outcomes of the first two parameters have shown that the depth of poverty comprised 21.5%, and acuteness 11%, which means that the predominant part of the poor population is far below the poverty line. The economic conditions of the urban population are worse. 29.2% are below the poverty line, and 29.6% are below the food line. Economic conditions of the rural population are slightly more favorable which is preconditioned by privatisation of land and livestock. Poverty in rural areas grows in proportion to geographical altitude of the areas in question. From the territorial perspective, a larger share of the very poor is attributed to the earthquake zone, comprising 30%, and 33.6% is attributed to urban areas of the zone.

The most frequent groups of the population identified as poor have been identified as follows:

- members of large families and families with many children,
- the unemployed,
- pensioners and the handicapped,
- persons lacking sufficient education.

The presented poverty data could be representative of the current poverty situation, since despite certain growth in incomes in 1998 (compared to 1996), general living standards or the poverty situation of the population have not improved essentially (Table 5).

Table 5

The dynamics of the incomes of the population from 1996 to 1998\*

	1996	1997	1998
Average monthly real income per family (USD)	84.30	84.10	100.45
Growth rate of real income	x	99.8	119.4

Average nominal wages of the employed (USD)	20.8	23.9	34
Average size of pensions (USD)	6	7	7
Average monthly unemployment benefit (USD)	5	5	5

*\*Source: Ministry of Statistics (see the appendix for more details )*

According to the Ministry of Statistics study of 1,000 households, the share of food expenses in total of the first semester of 1998 was as much as 67.6 %. According to the study carried out in late 1996, food expenses per family made up 50% of its budget, and 73% for the extremely poor. These figures testify to the fact that the intrinsic income of families has not grown, but rather decreased, since the share of food in a family budget has grown.

A series of implicit indicators, such as payments for natural gas and electric power supply is also representative of the severe social conditions of the population. For example, according to the data of the Ministry of Energy as of March 1999, the population has paid only dram 250 million for the consumption of natural gas worth dram 4 billion. The payments for electricity for the first quarter of 1999 shrank to 73 % from the 85 % of the same period the last year.

### **Education and Health**

Access to and quality of education and health care were examined in a study conducted at the end of 1996 and in the beginning of 1997 by the Ministry of Statistics, with the assistance of UNDP. The results of the study show violations of equality in respect to the lack of access to health care and education facilities and the low level of functioning of relevant infrastructures because of economic disintegration, and unfair distribution of social services. These violations tangibly affected the poor population in particular.

### **Employment Generation**

Progress was not significant in the sphere of employment as well. The analysis of the labor market by the Ministry of Social Welfare in 1996, 1997 and 1998 shows that the problems of unemployment in the country has become more acute. As of December 1998, the number of employed decreased by 8%, or 101,400 persons as compared with the same period in 1997. The number of the unemployed increased by 9.4 % from 1996 to 1997. The 1998 unemployment rate was 8.7%.

### **Macroeconomic Reforms**

In light of current macroeconomic reforms, prices for all types of food products have been liberalised, particularly those of bread and medicines. The latter represent a predominant share of any humanitarian assistance. Prior to the liberalisation of prices for bread in early 1995, the bread produced from humanitarian grains was sold to the entire population at subsidised prices. Thus, the whole population benefited from the humanitarian assistance. After price liberalisation, the picture has changed, i.e. duly agreed with the donors, the receipts from sales of humanitarian assistance have now been channeled to the state budget for the implementation of respective programmes undertaken by the Government in the areas of privatisation, energy sector reforms, agriculture, etc. Thus, the received humanitarian food could no longer be fully considered as such, because it was not directly targeted to the needy, despite the fact that a portion of the received assistance was utilised to finance social projects through the budget allocations.

### **Earthquake Victims**

Humanitarian situation in Armenia remains disturbing also because of the consequences of the devastating 1988 earthquake as well, which took 25,000 lives and rendered a further 100,000 homeless. Some 34,000 families still live in temporary shelters.

### **Refugees**

Another humanitarian problem in Armenia is the bulk of socio-economic difficulties of the most vulnerable refugees (there are 310 thousand refugees, as registered as of October 1, 1998, of them 64 thousand are temporarily absent from the country). Of these problems, the most important and the most difficult one to resolve is the housing problems for about 14 thousand refugee families. These people currently reside in resorts, hospitals, hotels, schools, dormitories, damaged dwellings, shelters, basements, etc. Another problem of refugees is unemployment. Although official statistics do not separately reflect data on refugees, a number of studies have revealed that the unemployment rate among them is in the range of 35-40%.

### **Special Institutions**

The increase of the number of children attending special institutions (boarding schools) is another humanitarian problem in Armenia. According to official data, such institutions numbered 48 and housed 10,131 children in 1997, which is 1700 more than in 1995. According to the special findings of the dedicated study carried out by the experts of the World Bank, poverty represents the main reason why parents send their children to such institutions.

In considering the circumstances that have caused the present humanitarian situation in the country, transition hardships which have arisen following the collapse of the former Soviet Union are the Karabakh war and the blockade are mentioned. However, in addition to these issues the present severe humanitarian situation is preconditioned also by a number of political, economic and social factors, which have had negative implications as to the economic growth and living standards of the population, affecting the reduction of poverty.

### ***Economic Factors***

In the aftermath of the accelerated privatisation of land, Armenia launched large-scale privatisation in commercial, industrial and other sectors only with a lag of four years. As a consequence, the formation of the private sector, structural adjustment in the real estate sector, market infrastructures and institution of adequate legislative framework were delayed, giving rise to the near impossibility of engaging in normal business activities. This resulted in a delay of foreign investments in the economy, which represents the main source for growth of export for Armenia. In addition, privatisation may have provided a solution for a number of economic and social challenges, if the same rate were maintained in respect to cash privatisation instead of the voucher method. For a transition country like Armenia with scarce resources, limited local market and low competitive output, the only option to avoid economic and social shocks is to ensure the accelerated growth of the private sector through rapid implementation of reforms.

### ***Political Factors***

The controversial 1995 parliamentary elections and 1996 presidential elections coupled with other negative developments in the domestic political life of Armenia, were considered a major setback for the transition to democracy. It thus undermined the establishment of democratic institutions and traditions, as well as Armenia's plans to present itself to the world as a country building a lawful and democratic state. The creation of a democratic and civil

society could have counterbalanced the negative circumstances of being a landlocked country located in an unstable region of the world. That would have been an advantage for Armenia, establishing trust on the part of developed countries and their business circles. It still is the most important premise to carry out economic activities in Armenia. In addition, internal political tension, creating an unhealthy atmosphere both among the authorities and in the society, does not allow to focus on the consistent implementation of social reforms, thus aggravating the conditions of the population even further.

### ***Social Factors***

Because of the above-mentioned reasons coupled with the absence of targeted social policies, economic reforms in Armenia are not accompanied by the improvement of the social status of the majority of population. As a result, the population that was by far more prosperous during the former regime considers economic reforms to be the reason for the decline of living standards and intensified poverty. This results in strong opposition to market reforms. The reforms stagnated or were not carried out in a consistent way hence giving rise to the slowing rate of economic growth and decline in living standards of the population. Such a situation emerged in Armenia especially in the last 2-3 years.

Other factors which contribute to the situation, such as shadow sponsorship for personal purposes of the high-rank officials thus damaging the state building process, result in bribery and corruption in public agencies, improper intervention of law-enforcement, judicial and other bodies bestowed with supervisory authorities in operations of businessmen, existence of rather a large shadow economy, etc., have negative implications in regards to current social realities.

### **3.4. Public Policies to Cope with the Situation**

A turning point in the public policy to assist the needy population came about in early 1999 when, at the first stage a transition was made to a more effective and targeted social assistance system of family benefits. As of 1 April 1999, a transition was made to a system in which free medical care is targeted to the vulnerable population.

Prior to this shift, social assistance was not based on the degree of social insecurity of a beneficiary (person or family), but rather on the fact that the recipient belonged to a certain class of the socially vulnerable (single pensioners, children under age, handicap, families with more than four or five children, children of a lonely mother, etc.). 26 various socially vulnerable groups received different kinds of benefits, as well as financial compensations. It was impossible to uphold the most important principle of eliminating the distrust experience in the previous system or to preserve the targeted character to the degree of insecurity that caused sharp reduction in the capacity to carry out assistance through benefits and compensations to needy population. This was the main shortcoming of the previous system.

Implementation of the system of family allowances aims at solving the following problems:

- a. To prevent the further deterioration of living standards of the needy.
- b. To exclude cases when obviously well-to-do families benefit from social assistance, by evaluating vulnerability levels of families as accurately as possible, excluding, at the same time, the possibility of excluding more vulnerable families beyond the scope of the endeavor.

c. As the shadow sector of the economy does not allow to define real level of family incomes, a system should be established allowing for precise and proper evaluation of vulnerability. Such a system would provide for more effective, targeted and just social assistance policy.

d. Public social policy should be made more transparent and straightforward through the reduction of organisational and surveillance costs.

The PAROS vulnerability index established under the support of USAID in 1994 to make the distribution of humanitarian assistance more targeted has formed the basis of a distribution mechanism of family benefits. Due to the activities carried out, 520,000 needy families from the preliminarily registered 740,000 remain in the PAROS system. This is 59% of the overall number of families in Armenia. Of these, according to a decree of the Government of Armenia, only 230 thousand families (about 27% of the overall number) are eligible for family benefits (almost the same number of families were considered extremely poor as a result of the household budget survey). An average statistical family consisting of 4 members receives AMD 8700, or around USD 16, which approximates the per capita poverty food line. Additional 70,000 vulnerable families receive AMD 1,450, or \$2.7, as compensation related to the increase of electricity tariffs. In order to make the system of family benefit more productive and to ensure adequate coverage of the most needy families, a 5% benchmark of needy families in each community has been established under the respective decree of the Government. Within this benchmark, local authorities have the right to include the most vulnerable families of the community in the list of those eligible for receiving family benefits.

Today, the state is not capable of more. It is worth mentioning that as compared to 1998, the budgeted benefits increased by AMD 8.1 billion, thus totaling AMD 23 billion in 1999. Under the budgeted average exchange rate AMD 543 per USD 1, this consideration comes up to USD 42.3 million.

Apart from this, the Government passed a targeted social services development programme at the end of 1997, aimed at rendering services to single elderly people and handicapped at home. In Yerevan alone, the programme includes more than 2,000 pensioners. It is planned that effective the year 2000, the programme will cover the entire country.

In order to update the data on poverty and to adjust the family benefit programme for the years to come, the Ministry of Statistics carries out a study of incomes and expenses of 3,600 families.

Apart from improvement of the family benefit system, the Ministry of Social Welfare envisages a number of other measures, to be undertaken by 2001, which aim at institutionalisation and enforcement of more targeted state policies on social assistance. The following measures include a clear-cut definition of various types of state benefits and their legislative stipulation, drafting of legislation on provision of social services, enlarging the scope of services in question, gradual enhancement of local authorities in the implementation of social assistance policy, development and implementation of regionally and nationally targeted programs for social protection of families with lonely elderly persons, vulnerable single mothers, handicapped, orphans and children left without parental care and other citizens belonging to the most vulnerable social groups.

Current public policy in public health care is also aimed at the needy population. The share of funds envisaged in the state budget apportioned to the health sector has increased and as a result, the share of expenditures for health care in GDP increased from 1.1% in 1995 and to 2% in 1999. If the number of the currently absent population from the country is not taken into account, this amount totals USD 12 per person which is the minimum allowed level of per capita USD 12-20 recommended by the World Bank for low-income countries. Besides this, the new policy in the health sector focuses on the most vulnerable social groups, providing, in addition to what is anticipated for the entire population, additional free of charge medical care and a package of services. In contrast to the system of family benefits, the method for social groups is applied here because of limited resources. The three groups of handicapped, veterans of war, orphans and others (all in all 16 categories) constitute these socially vulnerable groups.

#### **4. HUMANITARIAN ASSISTANCE AS NEEDED**

##### **4.1. Factors Affecting Humanitarian Situation**

Despite the fact that certain measures aiming at mitigating poverty were undertaken by the State during the recent two years, the necessity to render humanitarian assistance will persist for at least 3-4 years to come, taking into consideration the level and depth of poverty and scanty public resources. This term is contingent upon the pace of economic development and increase of living standards of the population.

This statement is based on the assessment of realistic capacities available for economic development and growth in that same period. Here are several important factors that hamper or negatively affect economic growth in the coming 3-4 years.

##### **Limited Investments**

Due to limited investments (especially foreign private investment) in industry structural adjustment reforms and particularly the process of development of export-oriented industries and branches are being implemented slowly. For this reason, even a decline of 23% of export has taken place during the last two years. Under the best scenario, this year exports can remain at the last year's level and only insignificantly grow in the next 2-3 years. This means that the large current account deficit in the balance of payments will persist, giving rise to the necessity of enormous foreign funding. The small scale of Armenia's domestic market contains limited capacities for sustainable economic growth at a high pace. For this very reason the Armenian economy should be export-oriented. Only expansion of export volumes might radically solve Armenia's social problems, i.e. growth of incomes, curtail of unemployment, creation of an effective and efficient social security system, etc. However, with a view toward substantial enlargement of exports, large-scale foreign private investments are needed, and their attraction requires presence of respective political, legal and economic prerequisites.

##### **Spillover Effects of Russian Crises**

The negative spillover effects of the Russian economic crises on the Armenian economy will continue, both because export to that country will diminish and because of the reduction of the amount of remittances from that country to the Armenian population. These factors result in the decline of a solvent demand of the population, and, therefore, the reduction of consumption, limiting the capacity for domestic production based GDP growth. Any decline

in solvent demand in the domestic market will inevitably entail reduction of incomes and increase of unemployment rate.

### **Financing of Social Programmes**

The potential of the state budget financing of the social programmes will be greatly limited both because of the intangible growth of budget revenues (resulting from the slow pace of economic growth) and the impetuous upraise of external debt service costs. According to the data provided by the Ministry of Finance and Economy of Armenia, external debt service, while USD 37.7 million in 1999, will become USD 56.5 million in 2000, USD 79 million in 2001, USD 71.5 million in 2002, and USD 78 million in 2003.

### **Weak Tax Administration**

Along with these factors negatively affecting economic growth, strengthening of tax administration with the objective of mitigating the shadow economy is largely conducive to the bankruptcy of small businesses especially in the spheres of commerce and services, taking into account decline of business activity as a consequence of unfavorable conditions therefor, which, in its turn, fuels unemployment.

Finally, public authorities have not yet elaborated on a strategy focusing on poverty alleviation in the country.

Due to those negative factors, requirement for humanitarian assistance to Armenia will remain for another period of 3-4 years. As a consequence of the persistence of these factors, real incomes of the population will grow only insignificantly, and hence, the poverty situation will not tangibly improve. The Government's circumspect forecast of the GDP growth in 1999, 2000 and 2001, respectively 4%, 6.5% and 6.5% also come to witness such a situation.

### **4.2. More Targeted Humanitarian Assistance**

Although on 1 January 1999 a transition was made to a more effective system of assistance to the needy, i.e. the system of family benefits, widespread poverty and scarce public resources have prevented families from benefiting, thus failing to maintain their standard of living at the poverty food line.

It is true, that family benefits are not the only source of a family's income. According to the Ministry of Statistics survey of the first semester of 1998 of the structure of the current and gross income of 1,000 households, state allowances made up only 10.6% of a family's current income (the average monthly income of a family was USD 109 in 1998, roughly coinciding with the general poverty line of a family, although comprising 45.5% of the minimum consumer basket of a family). The main part of family income – 78.1% -- is derived from the following three sources: wages and salaries (29.8%), self-employment (20.2%) and different kinds of transfers (28.1%). However, since unemployment and low income are the main factors giving rise to poverty, transfers including humanitarian assistance, along with benefits, represent another main source of income, particularly for the very poor population.

Hence, a considerable section of the most vulnerable 230,000 families receiving family benefits, particularly those, which lack other sources of income, need additional assistance. In this case the most important source is humanitarian assistance. According to data from household budget surveys, this group constitutes 7.52% of households or 8.54% of the population. If we take into account the estimates of experts that during the last seven years, 700 thousand people left Armenia, the extremely poor will total 265,000 people, or

approximately 66,000 families. The number of extremely poor people has, naturally, changed since 1996. More precise information on the current situation of the poor population will be available by the end of this year when the Ministry of Statistics concludes the analysis of the budgets of 3000 households.

However, the humanitarian assistance received should be targeted to families belonging to the above categories. Only in this case will humanitarian assistance serve its primary goal, i.e. to render consistent assistance to the extremely poor groups of the population. A further increase in the number of recipients of humanitarian assistance will result in inefficient utilisation of these resources. Meanwhile, if humanitarian assistance addresses those really in need, the state policy on family benefits could become more productive. It is possible to include extremely poor families in the list of those eligible for receiving humanitarian assistance through social services, local communities and local non-governmental organisations dealing with issues of vulnerable groups of the population, such as disabled, needy multi-children families, needy pensioners, etc.

### **Humanitarian Assistance to Population Living in Poverty**

Because of the extreme poverty in the country, the priority objective of humanitarian assistance remains the provision of food assistance to the 280,000 most vulnerable people. Around 15,000 of these people are dwellers of special institutions, or persons who use the services of such institutions (depending on the level of income, their number may somewhat increase or decrease in the coming 2-3 years).

For the extremely poor food sharing in current expenses hits the 73% level. From the point of view of both energetics and value of the consumed food stuff, a large share is attributed to bread and bread products, i.e. 42.5% and 65% respectively. Oil and sugar bear importance in their diet from the perspective of both parameters (also important are meat and potatoes; however, their local production is cheaper, and, consequently inappropriate for importation from the perspective of donors). These four components constitute energetics (2100 kilo calories) and value (USD15) portions (78.4% and 55.5%) of the minimum food basket.

### **Humanitarian Assistance to Institutions**

The second aspect of humanitarian assistance should deal with the provision of food and non-food items to special institutions such as elderly homes, orphanages, boarding schools, psychiatric hospitals, soup kitchens, etc. At present there are more than 10,000 children living in 48 various special institutions. The majority of these children entered these institutions because of poverty, and only a small group consists of those with physical and mental disabilities or because they are orphans and "difficult children". The number of pensioners in elderly homes will reach 1,050 in 1999. The number of such institutions will grow by one this year, totaling seven.

In both cases the state finances maintenance costs. However the resources received from the state budget are not sufficient to provide their dwellers with subsistent food and adequate clothing. According to surveys conducted in November 1997 in the framework of "Children's Initiative" project of the World Bank, only one third of the food that children receive in these institutions is financed from the state budget. Today, humanitarian assistance has been called for to cover this gap, since such institutions have no other source of assistance but the state. In line with the reduction of the number of boarding schools and resident children, there will be a reduction of humanitarian assistance provided to those institutions.

### **Provision of Food through Soup Kitchens**

Another efficient way of providing food to the extremely poor is to provide humanitarian food to soup kitchens. With the establishment of new soup kitchens by the state, humanitarian organisations could have provided most of the food. In Armenia only those people, who indeed have no other source of food would make use of the kitchens.

### **Health Care**

Another priority of urgent humanitarian assistance is the health care sector. In spite of the reforms the state has initiated in this area, where more attention is given to the policy of meeting health care requirements of insecure population in particular, due to limited state resources the need for continued provision of vaccines for immunization of the population, as well as humanitarian medicine for vulnerable groups still remain.

### **Distribution of Humanitarian Assistance**

Except for cases when humanitarian goods are imported under a preliminary arrangement with the state and monetised through a wholesale trade system, humanitarian assistance should be immediately distributed to the needy population. The sale of the above in domestic market at low prices seriously thwarts the local business community and undermines budget revenues.

An important circumstance to note is that the above approach would also exclude the potential to import expired or low quality food products through humanitarian assistance - something which used to happen before. This circumstance taken into consideration, the Government has undertaken the drafting of relevant decisions aiming, *inter alia*, at the regulation of this aspect of humanitarian assistance.

### **4.3. Transition from Relief to Rehabilitation and Development**

As mentioned earlier, the present humanitarian situation in Armenia is preconditioned by the emergence of extreme poverty, for which the need of humanitarian assistance to the population of Armenia is still pending. However, the main solution for poverty alleviation is the creation of relatively well paid jobs, which could be provided through international programmes aimed at rehabilitation and development. Thus, the main trend is toward eliminating the lingering unemployment problem, as this might ensure gradual alleviation of poverty, while other social problems will be resolved due to the growth of budget revenues.

The main resolution to the pending unemployment problem is a sustainable and high rate of growth in export oriented services and commodities, however, due to the reasons mentioned already, radical changes which would have material implication for improving the humanitarian situation will not take place for at least 3-4 years to come.

### **Priorities for External Assistance Programmes**

Therefore, priority programmes of foreign aid to Armenia are those which, by creation of job opportunities, contribute to the solution of the following problems:

- reduction of poverty through the increase in incomes;
- social infrastructure development (schools, hospitals, polyclinics, networks of potable and irrigation water, apartments for refugees and residents of the earthquake zone in need of proper residential utilities).

- development of small and medium business through technical and financial support

Hundreds of social institutions in Armenia have not been constructed or repaired because of a severe lack of resources. According to the "Concept of the Republic of Armenia on settlements in bordering and elevated mountainous regions," about AMD 23.5 billion, or USD 43,5 million, is required for the reconstruction of priority utilities, such as potable and irrigation water networks, schools, clinics and roads only in bordering and high mountainous regions of all the ten regions of the country. Only a limited share of the above mentioned amount can be funded by the state budget.

Currently, several international organisations, including UNDP, NRC, Save the Children, OXFAM, etc. are in the process of implementation of similar programmes in these areas. Expanding the activities of these organisations, as well as other international, government and non-governmental agencies, especially in the said regions, will significantly contribute to the resolution of major economic, social and demographic problems.

WFP food for work programmes are unique and significant during transition period. In the framework of these programmes, food products are given to the needy and able-to-work in exchange for various community works. In the future, the same approach should be applied by humanitarian organisations distributing food products to the needy and able-to-work.

Within the programmes providing job and income opportunities, the issue of arranging permanent housing accommodations for refugees and people from the earthquake zone, who live in temporary shelters, is particularly singled out due to its exigency. In addition to the State, UNHCR, NRC and several other agencies assist refugees in solving the above mentioned issue, while the Lincy foundation, through the American Red Cross, ensures residential construction in the earthquake zone. To this end, according to "The Priority Programme for Rehabilitation of the Earthquake Zone", issued by the Government on 11 November 1998, some 34,000 families currently reside in temporary shelters [5]. The Ministry of Social Security data reports that of the 14,000 families of refugees without a permanent domicile, approximately 3,230 families face an urgent need for housing. The Government in close cooperation with UNHCR and other partners in this area should identify alternatives to an accelerated solution to the problem.

The advantage of these programmes is that while in pursuit of humanitarian goals, they simultaneously settle problems of economic development, contributing to the development of social and production infrastructures. In addition they increase solvent demand through the increase in population income. This results in an increase in the commodity turnover in the domestic market and, therefore, an increase in domestic production and services.

#### **4.4. International System for Foreign Assistance**

##### **Coordination**

Efficiency in implementing various aid programs (both humanitarian and development) rendered to Armenia is contingent upon the existence of an effective system for their coordination. The state, as the recipient of aid, plays the most active role in foreign aid coordination. Taking into consideration the current social-economic situation, the Government should, firstly, identify priority programmes implemented through foreign aid. Further, it should discuss the possibilities of the implementation of these programmes with potential bilateral and multilateral donors. After securing relevant funding from the latter,

responsible ministries and other respective agencies of public management should then cooperate with international and non-governmental organisations in charge of these programmes.

Various countries undergoing the transition period chose manifold schemes of aid coordination. In the case of Armenia, the Ministry of Economy was in charge of the coordination of development programmes, while humanitarian programmes were coordinated through the Humanitarian Assistance Commission of the Government (HAC). The Foreign Aid Coordination Centre (FACC), created under the Ministry of Economy, provided management assistance to programmes' databases. The activity of FACC is terminated while the HAC continues its operation.

### **Database for Management of Assistance**

For the purpose of efficient aid management and coordination, the Government needs a respective database. The information in this database (list of programmes concluded and underway, officials in charge of implementation, recipients, programme scope (coverage), number of jobs created, etc.) should be made accessible both to donors and involved national authorities. Establishment of a regularly updated database and the reinforcement of the state's functions in foreign aid coordination will facilitate activities of donor countries and organisations as well as enhance management and coordination of the programmes.

To realise all of the above, apart from a database which serves as a coordination tool, an effective system of state management of the process should be established with a view to target aid programmes. This would be in pursuant to the priorities of a country's social-economic development in cooperation with donors in a most efficient way, provided that decentralisation is one of the most predominant principles in management of foreign aid programmes.

### **Non-Governmental Organisations**

Local non-governmental organisations can play an important role, particularly in the implementation phase of humanitarian assistance programmes. However, the unsatisfactory level of cooperation between NGOs and public authorities, the latter not perceiving the former as serious partners in implementing humanitarian programmes, hampers the efficient utilisation of their capacity. 600 non-government organisations and associations out of 1,200 currently registered, received institutional and other types of aid from the NGO Training and Resource Centre financed through USAID. By now they have accumulated rather extensive experience in carrying out various projects. Close cooperation between these organisations and social, employment and health care public services will considerably foster the efficiency of programme implementation, especially if we take into consideration that low wages in the civil sector do not stimulate timely and high quality services for the needy.

### **Humanitarian Assistance Management by Government**

There is no clear-cut system of foreign aid management and coordination in Armenia, in spite of the assistance rendered to various ministries and agencies for establishment of relevant institutional opportunities. These activities have been administered for a number of years by numerous specialised organisations of the UN, such as UNDP, UNHCR, UNICEF, WFP, OCHA, as well as the World Bank and USAID.

In terms of practical institutional assistance, the ample experience was gained by specialised UN structures not only in Armenia but in other developing countries as well, could

significantly benefit Armenia. Before this system is established, the use of UNDP and OCHA databases, upon the replenishment of the contents and enlargement of its availability, could be beneficial both for the Government and donors.

## **5. CONCLUSION**

1. Current residual humanitarian needs are result of:
  - a. Nagorno-Karabakh conflict
  - b. 1988 earthquake
  - c. Transition to market economy
  - d. Spillover effects of Russian crises
  - e. Weak administration
  
2. There is a need for continued humanitarian assistance for :
  - a. Population living in poverty
  - b. Special institutions
  
3. There is a need for linkages between humanitarian needs and development strategies
  
4. There is a need for formation of an efficient institutional and coordination system for implementation of foreign aid programmes:
  - a. Humanitarian coordination
  - b. Non-governmental organisations
  - c. Humanitarian assistance management by Government

## ANNEX 1

Table 1. Main Employment Indicators for 1996 –1998

		1996	1997	1998
1	2	3	4	5
0 1.	<i>People having jobs, of which:</i>	1436000	1399000	1334600
01.1	<i>Persons working in farms and collective farms</i>	583500	553300	550000
02.	<i>Unemployment rate</i>	9,9%	11,1%	8,9%
03.	<i>Number of unemployed, of which:</i>	159254	174372	133779
03.1	<i>Women</i>	115808	124680	92847
03.2	<i>Persons with higher education</i>	18709	21629	16351
03.3	<i>Persons with secondary-vocational education</i>	36172	39345	31751
03.4	<i>Persons with secondary and incomplete secondary education</i>	104293	113398	85677
03.5	<i>Persons under 18 years of age</i>	6139	4840	2347
03.6	<i>Persons from 18 to 50</i>	139492	153659	119807
03.7	<i>Persons over 50</i>	13623	15873	11025
03.8	<i>Persons who have left their jobs at their own will</i>	18259	122793	94587
03.9	<i>Persons who lost their jobs because of the employer's liquidation, restructuring or a cut in the number of jobs</i>	11200	37901	28102
03.10	<i>Persons willing to resume their work after a long period of unemployment</i>	90575	122291	86464
03.11	<i>Persons looking for a job for the first time</i>	38335	12208	9789
03.12	<i>Persons fired because of violations of work discipline</i>	639	1470	1301
03.13	<i>Urban dwellers, of which:</i>	150184	165290	126286
	<i>Inhabitants of Yerevan</i>	49265	54048	34783
04.	<i>Persons who obtained jobs via the bodies for employment</i>	4729	4091	5379

Table 2. Indicators describing the status of the pension system as of 1998

	<i>Indicators</i>	<i>Unit of Measurement</i>	<i>Indicator value</i>
1.	<i>GDP (total)</i>	<i>Million USD</i>	<i>1700</i>
2.	<i>GDP per capita</i>	<i>USD</i>	<i>450</i>
3.	<i>“Real average” monthly wages</i>	<i>USD</i>	<i>44</i>
4.	<i>Average monthly income in the legitimate sector</i>	<i>USD</i>	<i>22</i>
5.	<i>The number of persons having jobs (the employed)</i>	<i>persons</i>	<i>1400000</i>
6.	<i>The number of persons making insurance payments</i>	<i>persons</i>	<i>570000</i>
7.	<i>The number of pensioners*</i>	<i>persons</i>	<i>587739</i>
8.	<i>The size of average monthly pension</i>	<i>USD</i>	<i>7.23</i>
9.	<i>The size of minimum pension</i>	<i>USD</i>	<i>4.4</i>
10.	<i>The sum of pension costs for a year</i>	<i>Million USD</i>	<i>51</i>
11.	<i>Pension costs as of GDP</i>	<i>%</i>	<i>3,0</i>
12.	<b><i>Payments to the pension fund ** /GDP</i></b>	<i>%</i>	<i>3,0</i>
13.	<i>Factual basis for taxation</i>	<i>Million USD</i>	<i>150.5</i>
14.	<i>Factual basis for taxation/GDP</i>	<i>%</i>	<i>8,8</i>
15.	<i>Insurance payments rate (employer+employee)</i>	<i>%</i>	<i>31</i>
16.	<i>Potential basis for taxation</i>	<i>Million USD</i>	<i>740</i>
17.	<i>Potential basis for taxation/GDP</i>	<i>%</i>	<i>43,5</i>

Note\* The number of pensioners is represented without the number of military pensioners

\*\* The amount of pension payments is equal to the amount of pension expenditures/costs

Table 3. Statistical information on the number of pensioners, average pension, monthly made payments and sources of funding (as of 01.07.1998)

	<i>Number of pensioners (persons)</i>	<i>Average pension size (AmD)</i>	<i>Monthly made payments (million AmD)</i>	<i>Source of funding</i>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<i>Pensioners (total)</i>	578,510	3,742	2,164.8	
<i>of which:</i>				
1. Work pensioners, of which:	516,397	3,719	1,920.5	<i>From funds composed of obligatory social security payments</i>
<i>a) after reaching pension age</i>	343,873	3830	1,317.0	
<i>b) on privileged terms</i>	75,391	3,633	273.9	
<i>c) for long period of service</i>	18,258	3,504	64.0	
<i>d) because of disability</i>	64,165	3,181	204.1	
<i>e) having lost the breadwinner</i>	14,710	4,182	61.5	
2. Social pensioners, of which:	51,522	2677	137.9	<i>./-./-./-./-</i>
<i>a) because of advanced (old) age</i>	13,938	2,380	33.2-	
<i>b) because of disability</i>	9,186	2,204	20.2	
<i>c) because of disability since childhood</i>	17,521	2,426	42.5	
<i>d) having lost the breadwinner</i>	10,877	3,861	420.0	
3. Pensions related to service in the armed forces, of which:	22,671	4,695	106.4	<i>From the funds of the state budget</i>
<i>a) handicapped in WWII and other handicapped servicemen regarded as equal with the former</i>	8,922	8,109	72.4	
<i>b) handicapped in the result of service- related activities</i>	1,537	4,680	7.2	
<i>c) families of killed servicemen</i>	12,212	2,200	26.9	
<i>Families from row "c" that receive double pensions</i>	12,080			

\* *Note:* The number of the pensioners in the Republic is presented here without the number of military pensioners.

Table 4. The Number of Pensioners in 1997-1998

		01.07. 1997	01.07. 1998	Growth since
1	<i>Pensioners, total</i>	595,300	578,510	-16,790
2	<i>General work pensioners</i>	531,900	516,397	-15,503
3	<i>General age pensioners</i>	433,575	419,264	-14,311
4	<i>Age pensioners</i>	347,996	337,691	-10,305
5	<i>According to list I</i>	11,338	11,010	-328
6	<i>According to list II</i>	16,482	16,021	-461
7	<i>For a long period of service</i>	18,800	18,258	-542
8	<i>Disabled (because of work), total, of which:</i>	63,320	64,165	845
9	<i>Handicapped in the workplace</i>	4,003	3,493	-510
10	<i>Because of professional disease</i>	718	692	-26
11	<i>Because of general diseases</i>	56,755	57,111	356
12	<i>Disabled since childhood (having a record of work experience)</i>	1,844	2,869	1,025
13	<i>General social pensioners</i>	51,926	51,522	-404
14	<i>Advanced/old age</i>	14,747	13,938	-809
15	<i>Disabled ( social )</i>	9,880	9,138	-742
16	<i>Disabled since childhood, of which:</i>	16,500	17,521	1,021
17	<i>under 16</i>	7,400	8,268	868
18	<i>Pensioners related to service in armed forces</i>	22,876	22,671	-205
19	<i>Handicapped in WW II and other handicapped persons considered as equal to them</i>	8,575	8,922	347
20	<i>Orphans, total of which:</i>	39,873	38,612	-1261
21	<i>deprived of one parent</i>	37,760	36,823	-937
22	<i>deprived of both parents</i>	2,113	1,789	-324
23	<i>Total number of disabled persons</i>	100,143	101,825	1,682
24	<i>Families deprived of breadwinner, total</i>	45,155	37,799	- 7,356
25	<i>Persons receiving work pensions</i>	16,231	14,710	-1,521
26	<i>Persons receiving social pensions</i>	16,200	10,877	-5,323
27	<i>related to a killed serviceperson</i>	22,867	22,671	-196

Table 5. Average Pension as of January 1, 1998 and July 1, 1998

<i>N</i>	<i>Pension</i>	<i>Average Pension Size</i>	
		<i>01.01. 1998</i>	<i>01.07. 1998</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<i>01</i>	<i>General (national)</i>	<i>3,673</i>	<i>3,742</i>
<i>02</i>	<i>General, work and age conditioned</i>	<i>3,645</i>	<i>3,719</i>
<i>03</i>	<i>General, age conditioned</i>	<i>3,720</i>	<i>3,794</i>
<i>04</i>	<i>age conditioned</i>	<i>3,732</i>	<i>3,812</i>
<i>05</i>	<i>age conditioned, on privileged terms</i>	<i>3,576</i>	<i>3,633</i>
<i>06</i>	<i>for a long period of service</i>	<i>3,490</i>	<i>3,504</i>
<i>07</i>	<i>General, social</i>	<i>2,634</i>	<i>2,677</i>
<i>08</i>	<i>Age related</i>	<i>2,240</i>	<i>2,380</i>
<i>09</i>	<i>Disability, including</i>	<i>3,150</i>	<i>3,440</i>
<i>10</i>	<i>work related</i>	<i>3,110</i>	<i>3,181</i>
<i>11</i>	<i>social</i>	<i>2,180</i>	<i>2,204</i>
<i>12</i>	<i>disability since childhood</i>	<i>2,435</i>	<i>2,426</i>
<i>13</i>	<i>related to service in armed forces</i>	<i>8,050</i>	<i>8,109</i>
<i>14</i>	<i>Related to losing the breadwinner,</i>	<i>3,378</i>	<i>3,415</i>
	<i>of which:</i>		
<i>15</i>	<i>work related</i>	<i>4,012</i>	<i>4,182</i>
<i>16</i>	<i>social</i>	<i>3,832</i>	<i>3,861</i>
<i>17</i>	<i>related to service in armed forces</i>	<i>2,230</i>	<i>2,202</i>
<i>18</i>	<i>paid to orphans deprived of one parent</i>	<i>2,345</i>	<i>2,369</i>
<i>19</i>	<i>paid to orphans deprived of one parent</i>	<i>2,726</i>	<i>2,799</i>
<i>20</i>	<i>Paid to participants of WWII</i>	<i>4,230</i>	<i>4,574</i>
<i>21</i>	<i>Paid to persons handicapped in WWII and persons considered equal to them in status</i>	<i>8,050</i>	<i>8,109</i>
<i>22</i>	<i>Paid to persons handicapped in WWII</i>	<i>8,210</i>	<i>8,221</i>

Table 6. The Structure of Current and Gross Income

(According to a study of 1,000 households, total for the Republic, for 2<sup>nd</sup> half of 1997 and 1<sup>st</sup> half of 1998, per cent)

	<i>Income Sources</i>	<i>2<sup>nd</sup> Half of 1997</i>		<i>1<sup>st</sup> Half of 1998</i>	
		<i>Current Income</i>	<i>Gross Income</i>	<i>Current Income</i>	<i>Gross Income</i>
	<i>Total Income,</i> <i>of which:</i>	100	100	100	100
1.	<i>Salaries and wages</i>	22.4	19.3	29.8	26.3
2.	<i>Self-employment</i>	21.7	18.7	20.2	17.8
3.	<i>Sale of agricultural products and animals</i>	21.7	18.7	10.4	9.2
4.	<i>Property (rent, interest, dividends)</i>	1.3	1.1	0.9	0.8
5.	<i>State allowances</i>	8.3	7.2	10.6	9.4
6.	<i>Transfers</i>	24.6	21.1	28.1	24.8
7.	<i>Sale of property and valuables</i>		6.9		5.9
8.	<i>Credits for various purposes, loans, the sum of debt</i>		6.9		5.5
9.	<i>Sale of securities, bonds</i>		0.1		0.3

Cost structure, per cent

(According to the data from the survey/study of 1,000 households)

	<i>2<sup>nd</sup> half of 1997</i>	<i>1<sup>st</sup> half of 1998</i>
<i>Food</i>	64.6	67.6
<i>Tobacco</i>	3.3	3.8
<i>Industrial goods</i>	10.1	10.0
<i>Services</i>	22.0	18.6
<i>of which</i>		
<i>Housing-//// services</i>	35.9	39.1
<i>of which</i>		
<i>Electricity</i>	56.8	81.3

The dynamics of family income

	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>
<i>The population of the RA (at the end of the year)</i>	3,753.5	3,766.4	3,780.7	3,791.2	3,796.2
<i>Number of families*</i>	868,866	871,852	874,812	877,592	878,704
<i>Average monthly income of a family (Armenian drams)**</i>	8,992	27,650	41,375	47,073	55,124
<i>Income growth rate</i>	-	3.1 times	14.9.6%	113.7%	117.2%
<i>Index of consumer prices, %</i>	5,062.3	276.0	118.7	114.0	108.7
<i>Income growth rate taking into consideration the index of consumer prices, %</i>	93.5	111.4	126	99.7	107.8
<i>The real monthly average income of a family (AmD)</i>	177.6	10,018	34,856	41,266	50,712
<i>The rate of growth of real income</i>	-	56.4 times	3.48 times	118.4%	122.9%
<i>The average exchange rate of USD</i>	290.80		413.48	490.70	504.87
<i>The real monthly average income of a family (USD)</i>	0.61	24.68	84.30	84.10	100.45
<i>The rate of growth of real income</i>	53.5%	40.5 times	3.4 times	99.8%	119.4%



## HUMANITARIAN ASSISTANCE PROVIDED TO ARMENIA, 1992-1999

Source: Information provided by donors, UN agencies, international organisations and NGOs.

\* Financial Summaries of the UN Consolidated Inter-Agency Appeals (1994-1997), Financial Tracking Unit, OCHA Geneva

\*\* Main Programmes Implemented by Multilateral and Bilateral Donors in the Republic of Armenia, April 1997, Foreign Aid Coordination Centre, Ministry of Economy of the Republic of Armenia

Note: The amounts presented in the sections of UN Agencies, International Organisations and Non-Governmental Organisations should not be added on to that presented in the section of Donors.

The information on development assistance will be used in the UNDP Development Cooperation Report.

### **1. DONORS**

#### **United States of America, 1992-1999**

**USAID** (US Agency for International Development)

**USDA** (US Department of Agriculture)

Provision of food, fuel, medicine, medical supplies and equipment, clothing, shelter

1992	1993	1994	1995	1996	1997	1998	1999
\$ 85,000,000	\$ 187,000,000	\$ 133,000,000	\$ 125,000,000	\$ 96,000,000	\$ 85,000,000	\$ 39,000,000	\$ 30,100,000

#### ***European Union, 1993-1999***

**ECHO** (European Commission Humanitarian Office)

Provision of food, medicines, medical supplies and equipment, non-food, mother and child health care programmes, energy programmes, institutional feeding programmes, medical programmes, agricultural programmes, income generation programmes

1993	1994	1995	1996	1997	1998	1999
18,390,000 ECU	19,090,000 ECU	25,960,000 ECU	5,070,000 ECU	2,100,000 ECU	1,600,000 ECU	2,035,000 EURO

#### **Germany, 1995-1998**

Sector	1995	1996	1997	1998
Aid to refugees	5,000,000			
Integrated Nutrition Security		3000 MT+1055 MT wheat	1,570,000	2000 MT wheat

Programme)			1000 MT wheat meal and 117 t wheat seed	216 t wheat seed
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\* 1994-1997 - USD 1,983,801

#### **France**

\* 1994-1997 - USD 285,472

#### **The Netherlands**

\* 1994-1997 - USD 6,810,035  
 \*\* 1995 - 5,316,000 Dutch Guilders  
 - 2,562,000 Dutch Guilders (for 3,500 tons wheat procurement)  
 - USD 1,100,000 through Med Air organisation

#### **United Kingdom**

Emergency aid (£28,000) through **DFID** (Department for International Development)

\* 1994-1997 - USD 3,987,964

#### **Greece, 1993-1999**

Sector	1993	1994	1995	1996	1997	1998	1999 (projected)
Humanitarian aid (medical supplies, equipment, clothes, foodstuff)	278,398,630 Drachmas	436,894,200 Drachmas	\$50,070	84,001,366 Drachmas	\$64,000	\$600,000	Humanitarian (to be determined)
Food Security aid			5,000 t durum wheat	5,000 t durum wheat	4,500 t durum wheat	5,000 t durum wheat	5,000 t durum wheat 1,000 t fertilisers

#### **Japan, 1993-1997**

Sector	1993	1994	1997
Supply of UNICEF medical kits	\$ 60,000		
Supply of kerosene	\$ 1,000,000		
Supply of medicines through Red Cross		\$ 1,000,000	
Supply of cables for transmission of electricity			\$ 1,000,000

\* 1994-1997 - USD 3,929,508

#### **Denmark, 1992-1998**

Bilateral assistance: in kind winter assistance (medicine, clothes, carpets), relief provision, food provision, rehabilitation, establishment of hospital

Sector	1992	1993	1994	1995	1996	1998
Establishing of a public hospital						

In kind winter assistance		DKK 2,000,000				
Transport of relief provisions		DKK 500,000				
Temporary expedient to the needy			DKK 1,000,000			
Food provisions				DKK 1,151,693	DKK 3,358,000	
Repair of children's institutions						DKK 250,000

\* 1994-1997 - USD 2,651,890

### **Sweden**

**SIDA** (Swedish International Development Cooperation Agency), 1995-1999

\* 1994-1997 - USD 4,278,656  
 \*\* 473,118 USD - (Emergency and Food Aid to Trans-Caucasian three Republics)  
 1992 - USD 48,387 (medical supplies procurement)  
 1993 - USD 302,247 (emergency assistance)  
 1995 - 436 t pea, 170 t vegetable oil, 110 t sugar

### **Switzerland**

**SDC** (Swiss Agency for Development and Cooperation)

Sector	1997	1998
Rehabilitation of Special Institution for Children		\$ 8,000
Emergency and Relief Assistance (South Caucasus programme)		\$ 330,000
Food aid/food for work projects		\$ 666,000
Technical support for UNHCR shelter programme		\$ 40,000
Shelter programme		\$ 550,000
Food aid (South Caucasus programme)		\$ 266,000
Evaluation WFP Food for Work Activities	40,000 CHF	
Food for Work project	1,000,000 CHF	

\* 1994-1997 - USD 2,029,424

### **Norway**

Sector	1993	1994	1995	1996	1997	1998	1999
Emergency aid	NOK 75,000	NOK 2,110,000	NOK 2,565,600	NOK 1,030,000			
School project (construction/rehabilitation)			NOK 824,148		NOK 1,900,000		

Infrastructure rehabilitation				NOK 5,000,000			
Water project					NOK 6,775,000	NOK 4,552,653	
Housing project					NOK 3,700,000	NOK 4,892,209	NOK 3,500,000
Education (materials)				NOK 538,178			
Printing/distribution of school books					NOK 732,564		
Income generation			NOK 250,751	NOK 506,476			
Malaria control					NOK 400,000		
Refugees/IDPs			NOK 1,390,000	NOK 3,555,615			
Database/information centre (for handicapped refugees)				NOK 112,141			
CIS Appeal (for UNHCR)						NOK 1,000,000	
IFRC Appeal						NOK 1,392,354	
ICRC Appeal			NOK 1,184,200				
Emergency preparedness						NOK 2,554,812	

### **Italy**

* 1994-1997	-	USD 3,482,977
** Food Assistance		
1994	-	5,000,000,000 Lira
1995	-	3,000,000,000 Lira
1996	-	5,000,000,000 Lira
1997	-	3,000,000,000 Lira

### **Canada**

* 1994-1997	-	USD 602,367
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### **Finland**

1996	-	1,300,000 FIM
1998	-	1,000,000 FIM
1999	-	500,000 FIM
* 1994-1997	-	USD 1,511,658
** 1994	-	1,500,000 FIM

## 2. UN AGENCIES

### UNICEF (UN Children's Fund), 1993-1999

Sector	1993	1994	1995	1996	1997	1998	1999
Emergency Rehabilitation (health, nutrition, children in need of special protection, immunisation, education)	\$ 504,300	\$ 2,133,100	\$ 2,451,500	\$ 1,046,000	\$ 487,400	\$ 723,700	\$ 87,000

### UNHCR (UN High Commissioner for Refugees)

Sector	1993	1994	1995	1996	1997	1998	1999 (current budget)
Transport / Logistics	\$ 372,456.24	\$ 146,368.06	\$ 59,411.79	\$ 34,374.29	\$ 26,170.22	\$ 19,226.48	\$ 40,000.00
Domestic Needs/ Household Support	\$ 1,242,755.26	\$ 12,849.45	0.00	0.00	0.00	0.00	0.00
Water (Non-Agricultural)	0.00	0.00	0.00	0.00	\$ 5,870.00	\$ 288,734.04	\$ 175,000.00
Health/ Nutrition	0.00	\$ 52,265.45	\$ 65,231.52	\$ 118,382.00	\$ 172,030.00	\$ 226,848.04	\$ 234,000.00
Shelter/ Other Infrastructure	\$ 292,747.34	\$2,387,413.39	\$2,667,120.48	\$ 2,808,329.37	\$ 1,091,270.73	\$ 867,486.68	\$ 1,330,000.00
Community Services	0.00	\$ 52,324.59	\$ 183,566.21	\$ 297,100.00	\$ 325,151.08	\$ 206,919.00	\$ 287,978.00
Education	0.00	\$ 3,728.00	\$ 1,187.00	\$ 18,766.00	\$ 50,000.00	\$148,677.25	\$ 180,000.00
Crop Production	\$ 119,045.00	\$ 127,847.00	\$ 340,362.00	\$ 468,865.00	\$ 127,368.50	0.00	0.00
Livestock / Animal Husbandry	\$ 44,579.00	\$ 13,042.00	\$ 255,446.00	\$ 291,663.00	\$ 103,137.77	0.00	0.00
Forestry	0.00	\$ 39,408.00	0.00	0.00	0.00	0.00	\$ 50,000.00
Income Generation	0.00	\$ 134,640.86	\$ 62,842.00	\$ 88,137.00	\$ 182,338.19	\$ 277,905.36	\$ 425,990.00
Legal Assistance / Protection	0.00	\$ 10,278.00	\$ 28,587.00	\$ 138,648.52	\$ 236,479.86	\$ 244,141.16	\$ 377,034.00
Agency Operational Support	\$ 188,275.09	\$ 156,144.70	\$ 239,111.50	\$ 287,253.34	\$ 329,354.68	\$ 188,927.95	\$ 150,000.00

Comment: these figures do not include programme delivery costs and administrative support  
Estimated non-food assistance is around \$5,000,000

### WFP (UN World Food Programme), 1993-1999

Food aid, food for work projects (improving food security and reducing environmental degradation)

1993	1994	1995	1996	1997	1998	1999
\$ 2,721,777	\$ 8,903,381	\$ 7,781,112	\$ 3,749,033	\$ 2,621,834	\$ 6,831,977	\$ 1,076,192

### WHO (UN World Health Organisation)

Sector	1994-1997	1998-1999
TB Control	\$ 290,000	
Malaria Epidemic Prevention and Control		\$ 95,000

### OCHA (UN Office for the Coordination of Humanitarian Affairs), 1994-1999

Humanitarian coordination, assessing humanitarian needs, information dissemination, resource mobilisation, humanitarian advocacy. The UN Inter-Agency Consolidated Appeals (1994-1999) launched by OCHA have raised some USD 56 million for humanitarian and rehabilitation programmes implemented by UN agencies and their partners.

### **3. INTERNATIONAL ORGANISATIONS**

#### **IOM** (International Organisation for Migration)

Assistance in humanitarian aid coordination, capacity building in migration management, humanitarian travel assistance (provision of transport and related return assistance to stranded students and migrants), NGO migration sector development, micro-enterprise development projects

#### **IFRC** (International Federation of Red Cross and Red Crescent Societies), 1989-1999

Emergency assistance, construction/rehabilitation projects, social welfare projects, establishment of a Spinal Cord Injury Project (International Post-Trauma Rehabilitation Center), construction of a Regional Warehouse Base	1989-1992	
Provision of food parcels, medical kits and medicines, child nutrition programme, grain programme	1993-1994	\$ 4,568,000
Support to IPTRC, pre-school, school and institutional feeding programmes	1993-1998	\$ 14,400,000
Feeding programme, hygiene supplies, campaign against pediculosis, training and pharmaceutical procurement programme, ARI/DD programme, Home Visiting Nurse programme	1995-1996	\$ 8,415,323
Food parcels distribution, provision of food, winter kits, Home Visiting Nurse programme Campaign against skin and intestinal parasites	1996-1997	1,160,500 ECU \$ 122,270
Integrated non-food support to institutions, Home Visiting Nurse programme Sexually transmitted diseases: prevention, treatment and public health education, community health project Food parcels, institutional development and capacity building	1997-1998	370,000 ECU CHF 144,378 \$ 419,743
Home Visiting Nurse programme, psycho-social services Anti-malaria campaign, anti-pediculosis campaign, food parcels, rehabilitation of institutions, campaign against intestinal parasites, disaster preparedness programme Social Service Centres	1998-1999	\$ 187,800 CHF 1,378,130  360,550 ECU

#### **ICRC** (International Committee of the Red Cross)

1992-1998: Protection/tracing, relief, health activities for detainees, dissemination/promotion, distribution of blankets and family parcels to displaced families, assistance programme vulnerable population groups affected by the conflict (food parcels, blankets, winter cloths, candles, soap, furnished plastic sheeting for repairs to war-damaged buildings, provision of food parcels, flour, cooking oil, soap and candles, emergency medical supplies, visiting detainees, tracing activities, dissemination (seminars on international law of war), training and material support to the Armenian Red Cross for tracing services.

1996: Relief assistance and agricultural rehabilitation (provision of seed potatoes, wheat grain, distribution of staple foods), cloths and writing materials to poor children, food and non-food assistance to kindergartens, potato multiplication programme

**GTZ** (German Society for Technical Cooperation)

Small scale agriculture, rehabilitation of communal infrastructure, promotion of non-agricultural income, support to overcome food shortage of vulnerable people

**NRC** (Norwegian Refugee Council), 1995-1998

School rehabilitation, house construction for refugees, water projects, income generation, human rights,

1995	1996	1997	1998
\$ 75,000	\$ 1,180,000	\$ 1,292,000	\$ 2,038,000

#### **4. NON-GOVERNMENTAL ORGANISATIONS**

**AAA** (Armenian Assembly of America)

Kerosene distribution project, procurement of wheat seed, NGO Training and Resource Centre: development of local NGO sector, Armenian Tree Project: economic and social development reforestation

**ACH** (Accion Contra el Hambre)

Soup kitchen programme, food distribution, agricultural programme (seed and tools distribution, promotion of food production, training, rehabilitation of irrigation systems)

**ADRA** (Adventist Development and Relief Agency)

Food security greenhouse project, community support/income generation programmes

**AGBU** (Armenian General Benevolent Union)

Humanitarian programme (soup kitchens), educational, cultural projects, health programmes (establishment of medical centres), medical supplies, establishment of cold food storage, sponsorship programmes

**AMAA** (Armenian Missionary Association of America)

Sponsorship programme, medical services, milk programme (distribution of Isomil infant formula), special Christmas programme for children, education programme (language training), school construction, summer camps, soup kitchens, income generation

**ARC** (American Red Cross)

Sector	1992-1994	1995-1996	1988-1998	1997-1999
Relief (food parcels, winterisation supplies)	\$ 7,184,529			
Health programmes (pharmaceutical distribution, medical supplies, training)		\$ 730,000		
Earthquake assistance (construction, medical supplies, equipment)			\$ 11,044,000	
Construction programme in the earthquake zone				\$ 20,000,000

**APA** (Aznavour pour l'Armenie)

Distribution of baby food, infant formula, health (nutrition, medical supplies), education (provision of textbooks and teaching materials), infrastructure rehabilitation, school construction rehabilitation projects, training, financial assistance

**ARS** (Armenian Relief Society)

Special needs, health (maternal/child health care, vision screening), weatherisation projects, infrastructure rehabilitation, financial sponsorship, business creation/income generation, education (textbook provision), food aid

**CARE** (Cooperative Assistance and Relief Everywhere)

Distribution of food, community support/income generation, agricultural projects (credit/loans, supplies)

**CRS** (Catholic Relief Services), 1996-1998

Health, agriculture/animal husbandry, water & sanitation, education (mobilising parents and communities to make essential repairs to their schools), micro-credit projects, training, institution building, humanitarian assistance (relief items, medicines, food, blankets, soup kitchens, biscuit distribution, repair of local water mains, provision of fuel, seeds and tools)

**FAR** (Fund for Armenian relief)

Food aid, irrigation/water pipeline construction, social development (sponsorship)

**JMP** (Jinishian Memorial Programme)

Community development/income generation, infrastructure rehabilitation, agriculture (supplies, equipment, irrigation system reconstruction, cultivation), special needs, shelter, education (vocational training, supplies), health (rehabilitation, equipment, supplies, advocacy)

**MO** (Mission Ost)

Distribution of food parcels, health programme, primary health care (medical supplies), special needs

**MSF/B** (Medecins Sans Frontieres/Belgium), 1988-1999

Medical services (drugs, medical equipment, clothes, dialysis services and prosthesis), mental health programmes (improvement of buildings of psychiatric institutions, heating, food supply and therapeutic facilities, medical training), technical assistance, transfer and exchanges of medical expertise, support to the family planning activities (technical assistance, train consultations, supplies, equipment), support to the STDs treatment and their prevention (consultations, treatment, laboratory testing facilities, training)

**MSF/France**

Programme for prevention and treatment of STDs, drug distribution, medical supplies, education (psychological assistance)

**OXFAM**

Provision of basic needs: shelter (supply of basic building materials for self-help repair), drinking water and sanitation, community development, health services (supplies and refurbishment of isolated village medical posts, community based primary health care: health insurance schemes, upgrading of health posts, access to safe drinking water, health education and information)

rights to health, health personnel training, reproductive health), local production and relief (knitwear, footwear and bed linen), winter warmth assistance (heating), micro-credit/tied to support to local NGOs in the sectors of disability, gender equity and livelihoods

**Save the Children**

Humanitarian and transitional programmes, community development, micro-credit programmes

**SPFA** (Solidarite Protestant France-Armenie)

Food aid (soup kitchens), special needs (sponsorship, financial assistance), education (supplies, training), weatherisation programme

**UMCOR** (United Methodist Committee on Relief), 1994-1999

Sector	1994/95	1996	1997	1998	1999 (Jan-Apr)
Health(pharmaceutical distribution, primary health care, medical relief for flood, summer camps, health grant programme)	\$ 142,679	\$ 274,231	\$ 1,128,638	\$ 568,487	\$ 86,068
Agriculture (fruit drying & marketing)		\$ 364,403	\$ 63,246		
Sales (Food for Progress)		\$ 79,648	\$ 363,821	\$ 195,360	\$ 76,695
Cheese distribution, Support to Vanadzor orphanage		\$ 21,326	\$ 69, 658	\$ 377,919	\$ 122,058
Noah's Arks (community development, vocational training)				\$ 11,696	\$ 40,500

**UAF** (The United Armenian Fund – Armenian Assembly of America, Armenian General Benevolent Union, Armenian Missionary Association of America, Armenian Relief Society, Dio of the Armenian Church of America, Prelacy of the Armenian Apostolic Church of America, Lincy Foundation)

Humanitarian aid, medicines, medical supplies, 1989-1999

**VOCA** (Volunteers on Overseas Cooperative Assistance)

Agricultural programme (production processing, marketing, irrigation construction)

**World Vision**

Weatherisation programme, small business development (micro-enterprise, business training, technical assistance)