



# Initial Poverty and Social Analysis

---

December 2017

## ARM: Social Sectors Reform Program

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

## **CURRENCY EQUIVALENTS**

(as of 15 November 2017)

Currency unit	–	dram (AMD)
AMD1.00	=	\$ 0.0020467
\$1.00	=	AMD 488.59

## **ABBREVIATIONS**

MOF	–	Ministry of Finance
MOES	–	Ministry of Education and Science
MOH	–	Ministry of Health
TRTA	–	transaction technical assistance

## **NOTE**

In this report, "\$" refers to United States dollars.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

## INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Armenia	Project Title:	Social Sector Reform Program
Lending/Financing Modality:	Policy-Based Lending	Department/ Division:	Central and West Asia Department Social Sector Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS
<p><b>A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy</b></p> <p>Human capital development and modernizing public administration and governance are among the priorities of Armenia's long-term development vision, as articulated in the Armenia Development Strategy 2025.<sup>a</sup> In addition, the Perspective Development Strategic Program for 2014–2025 is the main strategic reference document for the country's social and economic development.<sup>b</sup> Among its priorities is human capital development including education and health sector reforms and access to quality and affordable education and health care services.</p>
<p><b>B. Poverty Targeting</b></p> <p><input checked="" type="checkbox"/> General Intervention <input type="checkbox"/> Individual or Household (TI-H) <input type="checkbox"/> Geographic (TI-G) <input type="checkbox"/> Non-Income MDGs (TI-M1, M2, etc.)</p> <p>The proposed policy-based program has a broad and nationwide impact on inclusive growth through improved policies, strategies, system efficiency, resource allocation, and service delivery in social sectors. The proposed program has an indirect impact on poverty.</p>
<p><b>C. Poverty and Social Analysis</b></p> <p><b>1. Key issues and potential beneficiaries.</b> Poverty rate is up to 29.8 in 2015 from 27.6 percent before the global financial crisis in 2008.<sup>c</sup> The situation was exacerbated by an increasing inequality as measured by Gini coefficient increasing from 0.242 in 2008 to 0.279 in 2015.<sup>d</sup> Reducing poverty and increasing of economic growth inclusiveness will need not only support from higher economic growth but also equipping the bottom 40 percent with the assets to share in growth through education and increased protection from shocks through provision of better health care services.</p> <p><b>2. Impact channels and expected systemic changes.</b> Education and health are key drivers in promoting inclusive growth. Improvements in education will translate to better skills match and improved earnings for households. Improvements in the health sector will not only improve population productivity but also protect households from impoverishing effects of health shocks.</p> <p><b>3. Focus of (and resources allocated in) the TRTA or due diligence.</b> The project processing team will conduct consultations with key stakeholders to confirm health concerns, needs, and priorities. The project will have a participatory design and the necessary due diligence in respect to poverty and social issues.</p> <p><b>4. Specific analysis for policy-based lending.</b> The program will benefit all citizens, including the poor, through several channels. These include (i) improving equitable access to all for education and (ii) targeting of health interventions through Family Benefit Package beneficiaries which targets the poorest and vulnerable. The intervention will have a broad, nationwide direct impact on inclusive growth; however, it has an indirect impact on poverty reduction.</p>
II. GENDER AND DEVELOPMENT
<p><b>1. What are the key gender issues in the sector/subsector that are likely to be relevant to this project or program?</b> Armenian women earn less than men not because they are less educated but because of the occupations and sectors they work in. The proposed revisions in curricula and educational standards will contribute to inclusive growth, and more balanced situation regarding the social and economic roles of men and women and will help address the stereotypes that negatively correlate with career paths of women.</p> <p>In health, mortality rate among men due to lifestyle related risk factors is higher than among women. A strong preventive focus through introduction of integrated health care will help narrow the gap.</p>
<p><b>2. Does the proposed project or program have the potential to make a contribution to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision making?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please explain. Policy formulations will give high importance to equitable access to women and other marginalized groups</p>
<p><b>3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality?</b></p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Please explain</p>
<p><b>4. Indicate the intended gender mainstreaming category:</b></p> <p><input type="checkbox"/> GEN (gender equity) <input checked="" type="checkbox"/> EGM (effective gender mainstreaming)</p> <p><input type="checkbox"/> SGE (some gender elements) <input type="checkbox"/> NGE (no gender elements)</p>

III. PARTICIPATION AND EMPOWERMENT
<p>1. Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design. Identified stakeholders include (i) government agencies (Ministry of Education and Science, Ministry of Finance, Ministry of Health) and institutions in social sectors; (ii) teachers and health workers (iii) beneficiaries through parent-teacher associations, education sector professional associations, and patient organizations. The program, including the proposed timetable for implementing the policy actions, is being designed in close consultation with all primary stakeholders.</p> <p>2. How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable and excluded groups? What issues in the project design require participation of the poor and excluded? The policies in introducing integrated health care will cascade to the Family Benefit Package beneficiaries, which targets the poor and the vulnerable population.</p> <p>3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design? L <input checked="" type="checkbox"/> Information generation and sharing L <input checked="" type="checkbox"/> Consultation <input type="checkbox"/> Collaboration <input type="checkbox"/> Partnership</p> <p>4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how shall they be addressed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
IV. SOCIAL SAFEGUARDS
<p><b>A. Involuntary Resettlement Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. What action plan is required to address involuntary resettlement as part of the TRTA or due diligence process? <input type="checkbox"/> Resettlement plan <input type="checkbox"/> Resettlement framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
<p><b>B. Indigenous Peoples Category</b> <input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI</p> <p>1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3. Will the project require broad community support of affected indigenous communities? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>4. What action plan is required to address risks to indigenous peoples as part of the TRTA or due diligence process? <input type="checkbox"/> Indigenous peoples plan <input type="checkbox"/> Indigenous peoples planning framework <input type="checkbox"/> Social impact matrix <input type="checkbox"/> Environmental and social management system arrangement <input checked="" type="checkbox"/> None</p>
V. OTHER SOCIAL ISSUES AND RISKS
<p>1. What other social issues and risks should be considered in the project design? Not applicable. <input type="checkbox"/> Creating decent jobs and employment <input type="checkbox"/> Adhering to core labor standards <input type="checkbox"/> Labor retrenchment <input type="checkbox"/> Spread of communicable diseases, including HIV/AIDS <input type="checkbox"/> Increase in human trafficking <input type="checkbox"/> Affordability <input type="checkbox"/> Increase in unplanned migration <input type="checkbox"/> Increase in vulnerability to natural disasters <input type="checkbox"/> Creating political instability <input type="checkbox"/> Creating internal social conflicts <input type="checkbox"/> Others, please specify _____</p> <p>2. How are these additional social issues and risks going to be addressed in the project design? Not applicable.</p>
VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT
<p>1. Do the terms of reference for the TRTA (or other due diligence) contain key information needed to be gathered during TRTA or due diligence process to better analyze (i) poverty and social impact; (ii) gender impact, (iii) participation dimensions; (iv) social safeguards; and (v) other social risks. Are the relevant specialists identified? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No No poverty, social, or gender issues requiring specific attention have been identified.</p> <p>2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social and/or gender analysis, and participation plan during the TRTA or due diligence? Not applicable.</p>

<sup>a</sup> Government of Armenia. 2014. *Armenia Development Strategy for 2014–2025*. Yerevan.

<sup>b</sup> Government of Armenia. 2014. *Perspective Development Strategic Programme for 2014-2025*. Yerevan.

<sup>c</sup> Armstat, 2016. Social and Poverty Snapshot in Armenia, [http://www.armstat.am/file/article/poverty\\_2016\\_eng\\_2.pdf](http://www.armstat.am/file/article/poverty_2016_eng_2.pdf) (last accessed October 16, 2017).

<sup>d</sup> Armstat, 2016. Social and Poverty Snapshot in Armenia, [http://www.armstat.am/file/article/poverty\\_2016\\_eng\\_2.pdf](http://www.armstat.am/file/article/poverty_2016_eng_2.pdf) (last accessed October 16, 2017).