

Quarterly Report: July 1, 2009 – September 30, 2009
Armenia Social Protection Systems Strengthening Project
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AECOM International Development
September 2009





USAID ARMENIA, SOCIAL PROTECTION SYSTEMS
STRENGTHENING PROJECT

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July 1, 2009 – September 30, 2009

Implemented by: AECOM International Development (dba TSG)
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Deliverables Submitted/Used During the Quarter (in chronological order)	
SPSS_FY09Q4_Jul1_PensRefScenarios_arm; SPSS_FY09Q4_Jul1_PensRefScenarios_eng; SPSS_FY09Q4_Jul1_ComprsnPRef_eng; SPSS_FY09Q4_Jul1_ComprsnPRef_arm SPSS_FY09Q4_Jul1_ComprsnWith&WithoutPRef_eng	7
SPSS_FY09Q4_Jul2_DataExchgSRC-MLSI_arm; SPSS_FY09Q4_Jul27_DataExchgSRC-MLSI_arm; SPSS_FY09Q4_Jul27_DataExchgSRC-MLSI_eng	19
SPSS_FY09Q4_Jul27_OSHrulesjustification_Arm.doc; SPSS_FY09Q4_Jul27_OSHrulesjustification_Eng.doc; SPSS_FY09Q4_July28_OSHregulationsREVISEDlast_arm.doc; SPSS_FY09Q4_July28_OSHregulationsREVISEDlast_eng.doc	26
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SPSS_FY09Q4_Jul15_RiskAssessGuide_arm	16
SPSS_FY09Q4_Jul17_SLI3rdtrainingNILSRpart1_arm.ppt; SPSS_FY09Q4_Jul17_SLI3rdtrainingNILSRpart1_eng.ppt; SPSS_FY09Q4_Jul17_SLI3rdtrainingNILSRpart2_arm.ppt; SPSS_FY09Q4_Jul17_SLI3rdtrainingNILSRpart2_eng.ppt; SPSS_FY09Q4_Jul20JulEvaluations.xls	28
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ABBREVIATIONS

AAET	Anushavan Abrahamyan Education Fund
AED	Academy for Educational Development
ALMM	Active Labor Market Measures
ARS	Armenian Relief Society
AUA	American University of Armenia
CBA	Central Bank of Armenia
CoE	Council of Europe
FB	Family Benefit
FSDP	USAID/Financial Sector Deepening Project
GOAM	Government of Armenia
IALI	International Association of Labor Inspectorates
IBP	International Best Practice
ICHD	International Center for Human Development
IEC	Information, Education, Communication and Public Relations
IFES	International Foundation for Election Systems
ILCS	Integrated Living Conditions Survey
ILO	International Labor Organization
IMF	International Monetary Fund
IT	IT and Administrative System Design
ISSC	Integrated Social Services Centers
IZZ-DVV	German Adult Education International Project
LEC	Local Employment Center
LED	Labor and Employment Department, MLSI
LGP	Local Government Program
LI	Labor Inspectorate
ME	Ministry of Economy
MLSI	Ministry of Labor and Social Issues
MOF	Ministry of Finance
MOJ	Ministry of Justice
MOU	Memorandum of Understanding
MTA	Ministry of Territorial Administration
MTED	Ministry of Trade and Development
NILSR	National Institute for Labor and Social Research
NGO	Non Governmental Organization
NORK	Information-Analytical Center NORK
NSS	National Statistics Service
OMX	Central Depository
OSH	Occupational Safety and Health
PARNAS	Personal Account Registration, Numbering and Analysis System
PAYG	Pay-As-You-Go
PRIWG	Pension Reform Implementation Inter-Agency Working Group
PWG	Pension Working Group
REC	Regional Employment Center
RFP	Request for Proposal
RSSA	Regional Social Service Agency
RUEA	Republican Union of Employers in Armenia
SESA	State Employment Services Agency
SSIF	State Social Insurance Fund
SLI	State Labor Inspectorate
SMEC	State Medical Examination Commission
SSSS	State Social Security Service
SRC	State Revenue Committee
STTA	Short-Term Technical Assistance
TBD	To Be Determined
UNDP	United Nations Development Program
UNFPA	United Nations Fund for Population Armenia
UNICEF	The United Nations Children's Fund
VET	Vocational Education Training

INTRODUCTION

The Social Protection Systems Strengthening (SPSS) Project was organized by USAID Armenia to provide technical assistance to the Government of Armenia and the NGO sector to improve public and private social protection systems in a way that will increase Armenians' opportunities for self-reliance that reduce dependence on public support to meet citizens' basic needs. To achieve this, SPSS provides support for capacity building, training, limited commodities, and public education to select public and private sector entities. SPSS activities fall under four main components:

- Social Insurance
- Employment Services
- Occupational Safety and Health and Labor Protection
- Social Assistance

These components are supported by a set of crosscutting activities focused on:

- Information, education, communication and public relations
- Policy, regulatory, and legislative drafting and promotion
- IT and administrative design
- IT and other commodity procurement
- Anti-corruption initiatives
- Gender balance
- Monitoring and evaluation
- Sustainability strategies
- Grants management

This report covers the fourth FY09 quarter of the project's activities from 1 July 2009 through 30 September 2009.

Counterparts: The Ministry of Labor and Social Issues (MLSI) is the primary counterpart for the four SPSS project components. The project has established a close working relationship with relevant implementing MLSI agencies such as State Employment Services Agency (SESA) and the departments: Labor and Employment, Social Assistance, Elderly and Disabled, Women and Children, Monitoring, Legal, and its Secretariat since activities began in early 2007. A framework agreement, reflecting the MLSI's work plan for SPSS, was adopted jointly in March 2007 by the project and MLSI after a series of collaborative iterations. Each year a revised agreement was formulated that coincided with the MLSI fiscal year and calendar year. The initially weekly working groups, chaired by First Deputy Minister Araik Petrosyan, have not been convened for the past year which has diminished communication with MLSI leadership but not with SPSS working counterparts.

The project established working relationships with a number of other relevant agencies and working groups, including the GOAM, its Pension Reforms Working Group (PWG), its Pension Reform Implementation Inter-Agency Working Group (PRIWG), Central Bank of Armenia (CBA), the State Revenue Committee (SRC), the National Institute for Labor and Social Research (NILSR) of MLSI, the NORK Information-Analytical Center of MLSI, the SESA of MLSI, the State Labor Inspectorate (SLI) of MLSI, the National Statistics Service (NSS), the Ministry of Finance (MOF), the Ministry of Economy (ME), the Ministry of Territorial Administration (MTA) and a large number of NGO partners.

Financial Update: Please see Appendix 1 for current financial data.

Structure of the Quarterly Report. The following sections of this report discuss activities undertaken for the four project components and key crosscutting elements in detail with reference to deliverables associated with the particular task. Each section follows the SPSS Year 3 Approved Work Plan, submitted 1 September 2008, providing the status of activity and sub-activity. This Work Plan was finalized through prolonged negotiations with the primary counterpart MLSI and accepted by USAID

on 17 March 2009. Sub-activities not mentioned have been closed out prior to this quarterly report. The section immediately following presents highlights from the quarter in each component area.

QUARTERLY HIGHLIGHTS

General

FY09 Quarter four, progress in achieving component and crosscutting objectives to finalize the completion of the project are as follows:

All SPSS components prepared and presented three years of accomplishments and results during the SPSS final project Conference.

In the fourth quarter of FY2009, the pension reform component worked with intensity to assist counterparts to meet an aggressive schedule in developing a detailed pension reform program. This quarter's support focused on organizational project management, business process development, information management assistance, legislative drafting and comments on draft laws. A study tour to Estonia for pension reform decision makers was organized in September.

SPSS continued to support SESA to sustain active labor measures and launch employer councils. Self-service kiosks were installed in the three model offices, additional furniture and IT equipment was placed in the 8 remodeled offices to support group job-search sessions and employer services. Municipal Employer Council training for 17 employment centers was conducted and two councils launched. SESA received assistance to publish the first labor market bulletin based on the employer surveys and other Armenian data. SPSS focused on close-out tasks and final activities.

During the fourth quarter, SPSS built upon the technical contributions initiated earlier to deepen adoption of the practices by SLI. SPSS finalized its activities with SLI by signing a transfer and acceptance agreement with SLI granting to it the equipment previously provided to them for free usage including 10 fax machines, a conference table, a bookshelf, a computer, a projector, 30 chairs and two iron curtains. SLI committed to continue to adopt and implement occupational safety standards and norms, workplace safety programs and modern labor inspection tools proposed by SPSS.

SPSS sustained outsourcing mechanisms for state and local social service provision, within SESA and closed out all grants. Outsourcing capacity building is being done with MLSI, SESA and four pilot local government units. SPSS monitored all grants with counterparts to assure skills and knowledge transfer. SPSS and SESA organized a celebration event for USAID showcasing the jobs created for blind people using the social enterprise grant mechanism.

Component One: Social Insurance Highlights

The highlights of the quarter's activities are:

- Additional modeling and preparation of scenarios for the PRIWG as well as a final scenarios paper using the SPSS pension model.
- Project management assistance to MLSI in managing the entire reform process through the use of a detailed Gantt chart and assessment of overall reform progress.
- Assistance to the PRIWG and the SRC in discussing the business process for the new pension system, especially the unified tax and funded contribution calculations, declaration, payment and reconciliation issues.
- Discussion of IT issues related to tax return submissions, data exchange and verification issues.
- Continued development of IT specifications for the personified recordkeeping system, training on the modules of the system for persons designated by SRC, additional revision of the system.
- Completion of a policy paper on social insurance.

- Presentations to USAID and a final project conference.¹

Component Two: Employment Services Highlights

- Organized and implemented Community Employer Council training for 17 employment centers and SESA Leadership.
- Launched Employer Councils in Gyrumi and Dilijan.
- Provided computers, and furniture for 10 remodeled employment centers.
- Solved construction issues in Gyrumi Employment Center to enable office to open.
- Designed and installed 3 self-service Kiosks in the model offices.
- Jointly prepared and published the Armenia's First Labor Market Bulletin.
- Organized and attended visits by Ambassador to Ijivan Employment center and the USAID visit to Charentsavan Employment Center for model office implementation.

Component Three: Occupational Safety and Labor Code Highlights

- The team continued working with MLSI and SLI on drafting Government Decree on Basic OSH Rules and Norms.
- As part of anti-crisis measures the Government has made a decision to stop programmatic inspections in SMEs until 1 January 2011.
- Provide training for 17 Labor Inspectors on Labor and Occupational Safety Inspections Procedures as part of budget funded SLI trainings at NILSR.
- Booklet on occupational health and safety issues in small business was prepared and submitted to the Labor Division and SLI.

Component Four: Social Assistance Highlights

- The community based social services grants implemented in Nor Norq, Alaverdi and Artik will be closed by the end of September. The community centers will be transferred to municipalities and sustained by communities.
- Constructed 6 ramps in Gyumri and Dilijan communities in partnership with local Disability public organizations and municipalities.

1. COMPONENT ONE: SOCIAL INSURANCE

In this final quarter of the project, Component One continued to support counterparts in developing a detailed pension reform program. SPSS support focused on pension reform implementation, and consisted of organizational project management support, business process development, information management assistance, legislative drafting and comments on draft laws, and continuation of economic and demographic modeling. SPSS also responded to a request for a study tour to Estonia to investigate implementation issues in detail. The principal activities addressed the needs of the MLSI, the State Social Security Service (SSSS), the State Revenue Committee (SRC), the Ministry of Finance (MoF), and the Pension Reform Implementation Inter-Agency Working Group (PRIWG) convened by the GOAM.

The major risks to pension reform evident in this final quarter of the project are:

- Pension reform laws are not yet in the National Assembly; their submission is imminent and parametric changes may be introduced.
- The PRIWG will need to address possible parametric changes after the termination of the project and lacks capacity to use the SPSS pension model.

¹ SPSS_FY09Q4_Aug20_CapacBldngPension2007-2009_eng.doc; SPSS_FY09Q4_Aug20_SPSSAccmplishm2007-2009_arm.doc; SPSS_FY09Q4_Aug20_SPSSAccmplishm2007-2009_eng.doc

- The SRC leadership has changed and it is unclear if the new leadership will maintain commitment to 100% electronic filing and sustained attention to pension reform.
- While the system specification for personified recordkeeping has been delivered to the SRC, SRC has not dedicated staff to understanding the specifications. SRC contractors attended the training instead and this may present issues in the contracting for the system.
- The PRIWG chronically falls behind schedule, and does not meet the deadlines imposed by the GOAM; the GOAM has determined that reform will be implemented 1 January 2010 and not 1 January 2009, and this resulted in significant relaxation of efforts in all agencies.

1.A Advise on the establishment of a multi-pillar pension system.

1.A.1 Finalize design, structure and parameters of proposed pension reform and propose an action plan.

- The PRIWG is charged with producing four draft reform laws to implement the pension reform program adopted by GOAM in November 2008. Four draft laws have been prepared as discussed in more detail in 1.C.1.
- A regular meeting of the PRIWG took place on July 31st. The aim was discussion of the progress in drafting laws, review the implementation of assignments to different agencies in the June 26th meeting and discussion of the needs assessment and risk assessment draft papers and other issues related to IT TOR. Subsequent meetings of the PRIWG took place August 7 and August 31 with SPSS support and participation.²

1.A.2 Final draft of report with solid quantitative analysis of reform scenarios.

- SPSS completed a paper updating the document presented to MLSI in November 2007 with several proposed scenario of pension reform. The document contains an updated description of the pension system and presents several different reform scenarios. In addition, the revised document will incorporate changed growth assumptions resulting from the economic crisis. See also 1.B.1.³

1.A.3 Provide ongoing policy advice on reform scenarios.

- See activity described in 1.A.1, 1.A.2, 1.B.1 and 1.C.1.
- The PRIWG requested a policy and implementation study tour to Estonia. SPSS organized the Study tour in August and September. Officials from four agencies attended the study tour: State Revenue Committee (SRC), Central Bank (CBA), Ministry of Finance (MoF) and the Ministry of Labor and Social Issues (MLSI). These agencies had different interests. SRC was primarily interested in the collection of contributions and electronic filing of reports.⁴ CBA and MoF were interested in collection of contributions, and also in asset management choice, and appropriate regulation of investments. MLSI was interested in the operation of the system as a whole but also in pension administration, the business process of regional offices, and customer service. SPSS developed a program that met the needs of all three groups. Each group had a separate facilitator accompanying it.⁵
- The Tallinn, Estonia pension study tour included appointments with:
 - 1) Veliko Tali, the Deputy Secretary General of the Ministry of Finance, an economic analysis of the reasons for pension reform and of the early results of the new funded system.

² SPSS_FY09Q4_Aug12_MinutesPRIWGMeetingAug7_arm.doc

³ SPSS_FY09Q4_Scenarios_Sept21_eng.doc; SPSS_FY09Q4_Scenarios_Sept21_arm.doc; SPSS_FY09Q4_Scenarios_Annex1_eng.doc; SPSS_FY09Q4_Scenarios_Annex2_TheSPSSProjectModel_eng.doc; SPSS_FY09Q4_Scenarios_Annex 3.1; SPSS_FY09Q4_Scenarios_Annex 3.2; SPSS_FY09Q4_Scenarios_Annex 3.3; SPSS_FY09Q4_Scenarios_Annex 3.4; SPSS_FY09Q4_Scenarios_Annex 4 Comparison SPSSPWG.

⁴ SPSS_FY09Q4_Sep11_SRCIssuesEstStudyTour_eng.doc

⁵ SPSS_FY09Q4_Aug14_EstonActMemo_eng.doc; SPSS_FY09Q4_Aug28_StudyTourLetterSRC_arm.doc; SPSS_FY09Q4_Aug28_StudyTourLetterSRC_eng.doc; SPSS_FY09Q4_Sept23_EstStudyTourReport_eng.doc

- 2) Irena Lipatova, Deputy Head of Department at the Estonian Tax and Customs Board, to provide information on how social insurance contributions are collected with the income tax, as well as other officials of the tax agency.
- 3) Kulli Pedak, the Director General of the Social Insurance Board, to explain the functioning of her agency, which spends one quarter of the state budget.
- 4) Andre Nomm, Head of the Division on the Supervision of Financial Services, Financial Inspection, to introduce the history of the institution, which resulted from a merger of securities, insurance and banking regulators, and explain the institution's role with respect to the pension funds in the mandatory system.
- 5) The OMX Company, which provides central registry services to the Estonian securities market, to explain how individual accounts are maintained.
- 6) Private sector pension investment providers, including Skandinaviska Enskilda Banken (SEB), the second biggest provider and LHV Varahaldus / LHV Asset Management, which provided the highest rates of return in the last half year.

1.A.4 Present pension reform to the public.

- SPSS staff prepared a detailed list of questions and answers (Q&A) on pension reform.⁶ The Q&A has been discussed in detail with the MoF. MLSI has made no comments on it to date.

1.A.5 More actively involve civil society in general and NGOs in particular in the reform discussion.

- No activity this quarter. However, GOAM intends to discuss the draft pension reform laws with the National Assembly and is open to the possibility of parametric change based on input from legislators.

1.A.6 Develop proposal for disability insurance in reformed system.

- See 1.G. where disability insurance is discussed as part of the social insurance policy paper.

1.B Provide ongoing modeling support and training in modeling to provide actuarial calculations to inform the reform.

1.B.1 Refine previously developed statistical model and produce preliminary fiscal and actuarial calculations.

- In view of current economic changes as a result of the global financial crisis, the SPSS team produced changed scenarios on the SPSS statistical model with updated data on GDP, inflation, employment, and unemployment. A roundtable discussion on the proposed scenarios and impact of the crisis and reform on the financial sustainability of the system was held at the SPSS office on 1 July 2009 with participation of representatives from MOF, MLSI, SRC and SSSS. The SPSS team prepared the scenario tables and the presentation slides using the statistical data received from MOF, NSS and SSSS on early May⁷. However, during the discussions the MOF representatives presented the last estimates of the Government on possible GDP growth and economic developments for years 2009-2011 and requested the SPSS team to rerun the scenarios using the updated information. In addition the MLSI and MOF counterparts requested the SPSS team to estimate the impact of diverse approaches to calculation of the individual coefficient applied in estimating of old-age insurance pensions on Pillar I balance and old-age pension amounts. The SPSS team prepared Memorandum 20 and presented the requested calculations to PRIWG on 8 July 2009.⁸ The revised scenario tables with MOF July data were developed and submitted to interested parties on July 27.⁹ Please also see 1. A. 2.

⁶ SPSS_FY09Q4_Sep1_40FAQsNewPensSys_arm.doc; SPSS_FY09Q4_Sep1_40FAQsNewPensSys_eng.doc

⁷ SPSS_FY09Q4_Jul1_PensRefScenarios_arm; SPSS_FY09Q4_Jul1_PensRefScenarios_eng;

SPSS_FY09Q4_Jul1_ComprsnPRef_eng; SPSS_FY09Q4_Jul1_ComprsnPRef_arm

SPSS_FY09Q4_Jul1_ComprsnWith&WithoutPRef_eng

⁸ SPSS_FY09Q4_Jul8_PRIWGMemo20PersCoefficient_arm; SPSS_FY09Q4_Jul8_PRIWGMemo20PersCoefficient_eng

⁹ SPSS_FY09Q4_Jul27_ComprsnScenarios_arm

SPSS_FY09Q4_Jul27_ComprsnScenarios_eng

- A revised model was produced, with a manual for its use.¹⁰

1.B.2 Provide training to local staff and counterparts on model use.

- Upon MLSI request the SPSS team has selected one of the successful students of the modeling trainings conducted by the SPSS Modeler Landis MacKellar in 2007-2008 to prepare for permanent employment at MLSI. She will be responsible for developing different reform scenarios using SPSS statistical model after the project ends.
- As the project ends, there is a risk that before the start of the next project a calculation will have to be made of parametric changes that the National Assembly may propose. The new project will have to be able to operate the model to provide support to the PRIWG.

1.B.3 Revise model as necessary to support discussions of law with international donors.

- Revisions were made to the model to reflect changed economic conditions. Discussions with international donors took place on the overall pension reform program. The revised scenario tables were submitted to the WB experts and differences in estimations were communicated by e-mail.

1.C Draft and facilitate discussion on new pension law, regulations, and other legal documents.

1.C.1 Support legislative activities within the Government's PRIWG.

- SPSS experts continued to advise the PRIWG on drafting a complete set of pension laws, following the GOAM program that was adopted in November 2008. The reform package includes four laws: on the unified tax (MoF responsible for draft), on the solidarity pension system (MLSI responsible for draft), on the funded pension system (MoF responsible for draft), and on personified recordkeeping (MLSI responsible for draft); SPSS provided comments on the draft laws and participated in working group discussions of the PRIWG and GOAM. Taking into account comments and recommendations of SPSS experts and other counterparts MOF and MLSI provided GOAM new updated versions of draft laws on July 22. The discussion of the four laws was included in the agenda of PRIWG meeting on July 31.
- SPSS translated the draft laws, first translating the April versions, then updated the translations to reflect the May versions of the laws, and posted the translations on its website to make them available to all interested parties, such as other donors. An update on translation of draft laws was to be done in August. However, the PRIWG has not provided updated drafts to SPSS.
- As the project ends, the most current available draft laws are on the website. They will have to be updated by the next project.

1.C.2 Produce first draft of law(s) on pensions.

- Several drafts of the four laws constituting the package of pension reforms were produced throughout 2009 (see previous quarterly reports).

1.C.3 Final draft laws submitted to Parliament.

- On September 10, MoF staff informed SPSS staff that the Prime Minister has instructed GOAM to complete revision of the package of pension reform laws and to submit them to the National Assembly within two weeks, to see what the reaction would be. Upon receipt of the legislators' reaction, additional changes might need to be made by GOAM, including those of a parametric nature.
- As noted above in 1.B.2., as the project ends, the new project will have to be able to operate the model to provide support to the PRIWG.

SPSS_FY09Q4_Jul27_ComprsnWithWithoutPRef_eng_arm

¹⁰ SPSS_FY09Q4_PensionModel; SPSS_FY09Q4_Sept22_ModelManual_eng; SPSS_FY09Q4_Sept22_ModelManual_arm

- 1.C.4 Advise Parliament and Government on refining draft laws.
- See 1.C.1. for extensive activity on advising the GOAM. No additional activity this quarter advising Parliament, at the explicit request of the PRIWG which repeatedly informed SPSS that GOAM is not yet ready for discussions with the National Assembly.
- 1.C.5 Draft other legislation including regulations, bylaws, beneficiary designation, and other forms and legal documents as needed.
- No activity this quarter; drafting of regulations is not possible until laws are closer to be finalized.
- 1.C.6 Advise on mechanism and governance of asset management for second pillar.
- No activity this quarter, apart from comments on draft laws as discussed above.
- 1.C.7 Advise on legal responsibilities of custodian.
- No activity this quarter.
- 1.C.8 Advise on legal requirements and administrative process of reporting to individuals.
- SPSS staff engaged in discussions with the Centralized Depository of Armenia (CDA) to determine needs and specifications of CDA activities in the new reformed pension system, including reporting to individuals.
 - CDA data exchange protocol has been proposed by CDA. This proposal was discussed during meeting of SPSS team with CDA and SRC and agreed changes were reflected in the Data exchange protocol document. See also 1.F.1 below and the deliverables referred to therein.

1.D Implement ongoing stakeholder involvement and public outreach activities to promote ownership and awareness of pension reforms.

- 1.D.1 Arrange information, education, communication events to improve familiarity with pension issues.
- See 1.A.4.
- 1.D.2 Develop public education plan in accordance with the base period 3 year action plan.
- No activity this quarter to further develop the public information plan. The latest activity was in March when SPSS experts assisted MLSI in preparing the public information plan MLSI then submitted to the Government. MLSI has asked SPSS to specify what it can assist with in the remaining time of the project, and SPSS advised that it can provide methodological assistance, such as writing documents and presenting lectures and limited publication assistance. The SPSS project informed the PRIWG that the following activities could have taken place before September: seminar for spokespersons, preparation of materials for public outreach, trainings for spokespersons and journalists, etc. However, the PRIWG was not ready for these efforts within the timeframe of the project. Instead, the PRIWG requested assistance with the study tour to Estonia described in 1.A.3.
- 1.D.3 Conduct surveys, focus groups, and other information collection activities.
- See 1.F.4.
- 1.D.4 Design and implement information, education and communication materials and events to facilitate discussion on pension law.
- Drafting of question and answer materials on pension reform program.
- 1.D.5 Design and implement information, education and communication materials and events on improvements in household survey.
- No new activity this quarter.

1.E Advise on incremental improvements in administration procedures and IT upgrades in the current pension system.

1.E.1 Produce report on the current pension system with analysis and recommendations for improvements.

- Some review of the issues has occurred through needs assessment of SSSS, see 1.F.2.

1.E.2 Propose new organizational design covering departments, staffing levels, position descriptions.

- No new activity this quarter.

1.E.3 Improve use of automated processes in customer service.

- SPSS advisors discussed the provisions of the draft state pension law that may inhibit use of automated electronic processing.

1.F Assist in design and implementation of business process and IT specification of new pension system.

1.F.1 Assist in initiating project to design business process and IT System Specifications including collection of funds and data reconciliation.

- On March 31, 2009, SPSS experts delivered detailed system specifications for the information management system that will be required for the SRC to collect funds and reconcile all data to the level of the individual participant. The document was entitled “SRC Personified Recordkeeping and Unified Income Tax and Funded Contribution Collection System Software Requirements Specification.” It contains specific requirements for the software that the SRC will need to develop to implement the reform, including collection of the unified tax and personified data.
- The primary activity during the final two quarters of the project was to explain to the SRC staff the system specification document and to obtain understanding of all the modules of the proposed system.
- The SRC team and others have a great deal of difficulty in thoroughly reviewing the system specifications. No questions were raised by SRC about the document and SRC failed to attend scheduled events in June 2009 to further discuss the specifications.
- In the final month of the project, September 2009, SPSS brought back the IT expert who drafted the system specifications and made him available to the SRC and others for additional discussions.¹¹
- In the intervening time, there has been a change of leadership at the SRC and the person in charge of pension reform implementation has been removed. The SPSS team worked on the system specifications with the head of the IT department.
- In September 2009, the SRC appointed its representatives to attend a 5-day workshop to discuss the system specifications, module by module. SRC did not appoint its employees. Instead, it appointed staff of its contractor currently providing IT development services. SPSS respected SRC’s appointment of its representatives; however, there is a risk in conducting this information exchange with a contractor and not with SRC employees who are engaged in the business process.
- The SPSS team expressed its concerns to the SRC Armen Alaverdyan, Deputy Chairman of the SRC concerning the three major risks currently observed: 1) low level of familiarity with the specifications; 2) absence of SRC business process staff; and 3) absence of a project manager for the implementation of the new system.
- The SPSS project provided a report and an updated system specification document to SRC and the PRIWG.¹²

1.F.2 Assist in project management.

¹¹ Final-SPSS_FY09Q2June23_DataExchg_CDA-SRC_eng.doc; SPSS_FY09Q4_Sept13_DataExchg_SRC_MLSI_eng.doc; SPSS_FY09Q4_Sept08_DataExchg_SRC_Treasury_eng.doc.

¹² SPSS_FY09Q4-Sept13_PratcliffeExit_Report.doc; SPSS_FY09Q3_Sep21_TechSpecifcs_v2_eng;

- SPSS experts provided project management assistance to MLSI, MoF and SRC. The SPSS Project Management Expert developed a Pension Reform Implementation Gantt Chart (available in both Armenian and English). It includes project implementation tasks, time-schedules and shows progress. The Gantt chart is posted on the SPSS website and is available to all counterparts. The Gantt chart is an important tool to assist the PRIWG in implementing pension reform. It is updated on weekly basis, and requires Microsoft Project Software to view. The SPSS Project Management Expert has explained the use of the Gantt chart to MLSI and SRC staff, as well as MoF.¹³
- In addition, a detailed review of needs was conducted with each affected agency to determine what will be required to implement the reform.
- The Project management expert initiated pension reform implementation cost estimates. She met with Deputy Minister of Finance Vardan Aramyan. The Pension Reform Implementation Financial review chart and financial need assessment form was developed.¹⁴ A training needs assessment was started simultaneously. An appropriate form was developed and provided to MLSI, SRC and MoF.¹⁵ The financial needs assessment was not completed due to the ending of the project.
- The Project management expert assessed risk specifically for the SRC. A risk assessment guide was developed.¹⁶
- The System Specification IT expert prepared a Gantt chart for the SRC outlining its specific tasks in the pension reform process; an effective date of January 2011 can be met with appropriate effort, but this will be difficult.¹⁷
- The Project management expert prepared a report to the PRIWG outlining the activities undertaken, the work completed, and the work remaining to be done in the following areas: pension reform website, Q&A about pension reform; Gantt chart; business processes; risk assessment and timetable for the introduction of personified recordkeeping.¹⁸

1.F.3 Advise on tendering and management of contracts to develop new systems for collection on unified tax and personal data.

- The development of the system specifications for the personified recordkeeping IT is aimed at producing a document that will result in a contracting process that produces timely contract performance, with adequate testing, acceptance and implementation of systems for collection of the unified tax, funded contributions and personal data. See 1.F.1.

1.F.4 Advise on tendering and management of contracts to develop new systems to enroll individuals in the second pillar.

- The development of the system specifications for the personified recordkeeping IT is aimed at producing a document that will result in a contracting process that produces timely contract performance, with adequate testing, acceptance and implementation of systems for enrolling individuals in the funded pension system. See 1.F.1.

1.F.5 Advise on data migration from previous system as needed.

¹³ A Gantt chart is a type of bar chart that illustrates a project schedule. Gantt charts illustrate the start and finish dates of the terminal elements and summary elements of a project. Terminal elements and summary elements comprise the work breakdown structure of the project. Some Gantt charts also show the dependency (i.e., precedence network) relationships between activities;

¹⁴ SPSS_FY09Q4_Jul22_FinancialNeedsAsstForm_arm
 SPSS_FY09Q4_Jul23_PRI FinancialAssess_arm; SPSS_FY09Q4_Jul23_PRI FinancialAssess_eng
 SPSS_FY09Q4_Jul22_NeedsAsstForm3_arm; SPSS_FY09Q4_Jul10_NeedsAssesPendingIssue_eng

¹⁵ SPSS_FY09Q4_Jul22_TrainingAsstForm_arm; SPSS_FY09Q4_Jul22_TrainingAsstForm_eng
 SPSS_FY09Q4_Aug10_FinlAsstActionPlan_arm.doc; SPSS_FY09Q4_Aug10_FinlAsstActionPlan_eng.doc

¹⁶ SPSS_FY09Q4_Jul15_RiskAssessGuide_arm

¹⁷ SPSS_FY09Q4_Sep18_ImplRoadMap_eng.PDF; SPSS_FY09Q4_Sep18_ImplRoadMap_arm.PDF

¹⁸ SPSS_FY09Q4_Sep22_PRIWGMemo21Status_eng.doc

- Data migration from PARNAS to the new system is essential. SPSS experts facilitated discussion of this issue by MLSI, SSSS and SRC and drafted proposed documents for implementation.
- Based on SPSS IT experts' analysis and recommendations the PRIWG decided to use the personified recordkeeping system PARNAS developed within the SSSS for the current pension system, because it has very useful information on employees, their employers and salaries that can be transferred into the new Unified Income Tax and Funded Contributions collection system at SRC. SSSS was required to personify data since 2004 to have data for pension awards and was also required to report on a regular basis to employees. PARNAS has never been used for pension awards, and not a single report has been produced from that system. However, the existing information can be used to reduce the anticipated workload of the SRC in preparing the new personified software tool for the reformed system. In cooperation with SPSS team the SRC and MLSI prepared a draft Decree for GOA to support transfer of two official databases (PARNAS and SSC) to SRC for developing the new system. The proposed collection infrastructure will require significant changes to the business process of the SRC and a new information management system. It has started the process of designing the system and will need additional resources. In a funded system with individual accounts, poor collection of contributions and information could be catastrophic. Introduction of funded program without adequate governance and infrastructure is a risk.
- SPSS staff has been informed in May that the migration of PARNAS data to SRC has started. Additional work will be required with SRC to understand exactly how the data is to be used.
- SPSS has initiated discussions with various counterparts on their detailed data exchange needs. Discussions were conducted to address SRC and MLSI exchange needs, as well as SRC and CDA needs. It is planned that the informational center NORK will transmit all data for MLSI. NORK will receive all required data from SRC, store it as necessary, and distribute to all MLSI agencies, including SSSS.
- A series of meetings were held to discuss the SRC-Treasury data exchange process. Many discussions were held with the informational center NORK, and a document was produced describing the process. Some updates to the document were suggested by MLSI. The revised document was sent to MLSI to be confirmed.^{19, 20}
- On July 21st, a follow up meeting was held at the State Treasury to discuss the data exchange document between SRC and State Treasury. The document was accepted without any changes.²¹
- An additional meeting was required with the State Treasury together with their software development contractor to discuss further technical details of the software module to be developed and implemented at the State Treasury.
- Data exchange continued to be discussed in the September meetings and workshops of System Specification expert Peter Ratcliffe. The latest version of the protocol of data exchange between SRC and Treasury was prepared in September.²²

1.F.6 Advise on tendering and management of contracts to report to individuals their contribution and investment return in the second pillar.

- This is an aspect of the system specification that was discussed above in 1.F.1.

1.G Advise on policy and institutional reforms for other social insurance programs.

1.G.1 Assess existing social insurance programs, make recommendations to revise eligibility, benefits, targeting and disbursement.

¹⁹ SPSS_FY09Q4_Jul2_DataExchgSRC-MLSI_arm;

SPSS_FY09Q4_Jul27_DataExchgSRC-MLSI_arm; SPSS_FY09Q4_Jul27_DataExchgSRC-MLSI_eng

²⁰ SPSS_FY09Q4_Jul27_InforFlowChart_arm; SPSS_FY09Q4_Jul27_InforFlowChart_eng

²¹ SPSS_FY09Q4_Jul21_DataExchgSRC_Treasury_arm; PSS_FY09Q4_Jul21_DataExchgSRC_Treasury_eng.doc;

SPSS_FY09Q4_Aug7_DataExchgSRC-MLSI_arm.doc

²² SPSS_FY09Q4_Sept08_DataExchgSRC_Treasury_eng.doc

- SPSS experts proposed to MLSI and the National Institute for Labor and Social Research (NILSR) a comprehensive review of social insurance other than pensions, to be conducted in the form of a workshop with a report submitted in advance. These issues appear to some extent in the draft law on State Pensions, but have generally not been addressed.
- From time to time, MLSI staff have requested examples of international good practices on several forms of social insurance and this has been provided by SPSS in previous months as requested; or instance policies on maternity in Estonia and Sweden, etc.
- SPSS proposed a comprehensive review of five forms of social insurance: unemployment, maternity, temporary incapacity, occupational injury, and disability. For each form of social insurance SPSS presented: international good practices, the current status of this form of social insurance in Armenia, the regulatory framework, institutional arrangements, GAP analysis and SPSS recommendations. This review was drafted by a team of SPSS experts over many months, translated and circulated for discussion to MLSI, NILSR and USAID. It is accompanied by extensive annexes containing examples of good practices from the ILO, as well as Austria, Estonia, France, Germany, Portugal, Poland, Sweden, UK, and US.²³
- MLSI notified SPSS that it would not make any substantive comments on the document and would use it as background for research and policy development; in light of that decision, a concluding workshop appears unnecessary. USAID provided expensive comments and guidance to the SPSS team.

1.G.2 Draft legislation as necessary to support reforms.

- No activity this quarter, with the exception of comments on the draft law on State Pensions which addresses temporary incapacity to a very limited and inadequate extent.

2. COMPONENT TWO: EMPLOYMENT SERVICES

In this final quarter, SPSS continued to build capacity of SESA staff in developing stronger links with employers and more effectively serve job seekers. Model offices received equipment and furniture including self-service kiosks to demonstrate efficient job-search services and non-paper programs. The first Armenian Labor Market Bulletin was prepared and published. SPSS increased the capacity for solving connectivity problems for the 49 connected employment offices as well as resolved construction issues to allow Gyrumi regional office to move to new quarters. All activities within the work plan were accomplished.

2.A Assist SESA to develop Strategic National Employment Service Action Plan with key elements: stronger links with employers, outsourcing of selected services using social contracting (social enterprises), implementing locally based new employment approaches tied to improve capacities of staff, improved job matching, improved self-service, improved tracking of vacancies

2. A.1 Build and strengthen internal capacities within SESA both on central and local levels to implement an Action plans.

- Met with SESA to discuss the outcomes and the performance of SPSS work, closing event presentations and final work plan review and acceptance.

2.B Assist SESA to create institutional framework for strategic outsourcing of SESA services.

2.B.1 Improve existing legal and regulatory basis for promoting outsourcing of services in SESA as well as support stimulation of community initiatives

²³ SPSS_FY09Q4_Sept15_SocInsurPaper_eng.doc and Annexes submitted separately; Annexes A-I to Social Insurance Paper Sept 14; Annex J Well Insured – Social Security In Austria 2008.pdf; Annex K US SocialSecurityDefinitionofDisability.pdf; Annex L Sweden social insurance.pdf., SPSS_FY09Q4_Sept15_SocInsurPaper_arm.pdf

- 2 Social Enterprise development projects were finalized.
- An event was organized to showcase the Armenian Union of Blind Echmiadzin Branch project that created 6 permanent jobs for blind people.
- The Grants Outsourcing Manual was accepted by SESA.
- Monitoring and closing of outsourcing functions were completed.

2.C Support continued reforms of SESA offices.

2.C.1 Assist SESA in rolling out the new methods of Active Labor Market Measures

- Conducted monitoring and the evaluation of 8 job club activities in order to improve their performance and create a sustainable program. The monitoring results show the positive impact of job clubs. Some of the job club participants found jobs due to the skills and techniques provided during the job club sessions. On average two jobs are found per job club of about 8 people.
- Conducted three one-day training sessions on “Employer Councils” reaching out to 17 Regional and Local Employment Centers staff and Directors, SESA lead staff, as well as 9 employer’s representatives. Total of 48 people participated in the trainings (of which 22 were women).²⁴ As a result of training, Gyumri and Dilijan Employment Centers organized and implemented Employer Councils. SPSS Employment team attended the opening session of Gyumri and Dilijan Employer Councils, as well as provided prior coaching and mentoring for the Employment Center staff.
- The second Annual Shirak Job Fair was organized by SESA, based on the methodology and techniques institutionalized by SPSS Employment team.

2.C.2 Set up model offices where self-service programs will be initiated and where one can obtain information on vacancies and active LM measures, including training opportunities, on a walk-in basis.

- Custom designed and purchased local employment office entrance signs for 48 SESA offices.
- The first 3 Armenia’s self-service kiosks for job seekers were installed for use in Gavar, Hrazdan and Charentsavan model offices. Gyumri, Dilijan, Ijevan and Berd Employment Centers were provided chairs to create a good working environment for Job Club implementation.
- Purchased furniture and equipment for Vanadzor and Gyumri centers and SESA headquarters to assure continued active measures implementation.

2.C.3 Assist in developing a sustainable monitoring and evaluation system with internal controls for determining overall effectiveness of employment services.

- Completed all activities within this task.

2.C.4 Implement management reform and strategic staffing in pilot offices.

- Completed all activities within this task.

2.D Support improvements to job-matching.

2.D.1 Strengthen capacity to analyze labor market and forecast supply and demand. Improve forecasting and analysis to: inform management, support policy reform, and program improvement. This includes: collection of labor-market data beyond firms registering with SESA and upgrading analytical capacity--either in-house or linking to other governmental or non-governmental groups and providing reports and data to employer for job promotion.

²⁴ SPSS_FY09Q4_Aug3_EmplCouncils_eng.ppt; SPSS_FY09Q4_Aug3_EmplCouncils_arm.ppt; SPSS_FY09Q4_Aug14_EmplCouncilsTrEvRpt_eng.doc; SPSS_FY09Q4_Employer CouncilsAugust_Evaluations.xlsx

- The first statistical Labor Market Bulletin, covering data on employment and unemployment, prepared and publicized through SESA with SPSS support, providing the foundation for SESA's statistical publication capacity²⁵.

2.E Promote upgrade of SESA IT system; linking field offices to center and installing (in coordination with World Bank IT projects).

2.E.1 Provide IT training and support for improvements.

- Due to the slow connectivity of Gorts system in the regions, SPSS worked with SESA, Nork and Arminco to upgrade connectivity capacities in those SESA regional offices where IT infrastructure has been very poor. Alternative solutions for two regional SESA offices which were not connected to Gorts due to lack of Arminco IT infrastructure in those regions have been resolved. SPSS has assured that the connectivity of GORTS system to 49 SESA regional offices will be sustainable after the Project ends.

2.F Implement ongoing stakeholder involvement and public outreach activities to promote ownership and awareness of Employment services.

2.F.1 Design and implement a public outreach campaign including production of brochures, round tables and seminars on employment services for employers and employees.

- SPSS accompanied the US Ambassador on a trip to visit the Ijevan Employment Center. The Ambassador visited an active job club and learned from employers about SESA services.
- SPSS organized an event at the Armenian Union of Blind Echmiadzin Branch for USAID and SESA to promote successful job creation for people with disabilities

3. COMPONENT THREE: OCCUPATIONAL SAFETY AND LABOR

The Component Three team aimed to coordinate actions at the Ministry level to reinforce and harmonize Armenia's achievement of its ILO Strategy for Decent Work 2007-2011, including development of safe workplaces and widespread awareness of occupational health and safety. The team worked with the SLI with the aim to expand its impact and build its capacity more effectively to carry out its mission of customer service and oversight. During last quarter, Component Three continued working with MLSI and SLI on promoting the draft Government Decree on Basic OSH Rules and Norms. After joint discussion of Draft Rules and Norms at Labor and Employment Department the results were presented to the Minister by the Head of the Labor and Employment Department. The Minister had agreed that the draft rules were ready to be put into official circulation. Draft OSH Rules and Norms have been put into official circulation in the beginning of the August.

As part of capacity building trainings for inspectors to focus on high risk industries SPSS experts conducted a one-day training for 17 Labor Inspectors on Best Practices of Labor and Occupational Safety Inspections as part of budget funded SLI trainings at NILSR.

For strengthening SLI employer relations a booklet on occupational health and safety issues in small business was prepared and submitted to the Labor Division and SLI to be published on the SLI's website.

Lessons learned from the last quarter centered mostly on the need for assisting SLI with establishing better interaction and coordination within different inspectorates and agencies across the Government.

3.A Promote adoption of rules and regulations for health and safety.

3.A.1 Assistance for development of basic norms and rules for insuring workers' health and safety protection.

²⁵ SPSS_FY09Q4_Sep8_LaborMarketBulletin.doc

- The team continued working with MLSI and SLI on drafting Government Decree on Basic OSH Rules and Norms.²⁶ After joint discussion of Draft Rules and Norms at Labor and Employment Department the results were presented to the Minister by the Head of the Labor and Employment Department. The Minister had agreed that the draft rules are ready to be put into official circulation. Draft OSH Rules and Norms have been put into official circulation in the beginning of the August. The comments from 7 Ministries were received. A discussion on the comments from the Ministry of Health was held at the MLSI Deputy Minister's with the representatives of Ministry of Health.

3.B Continued modernization of Labor Inspectorate.

3.B.1 Assist LI to issue regular reports on labor issues, and provide outreach programs for the private sector, labor unions, employers and workers.

- As a follow up on two previous handbooks on OSH systems a booklet on occupational health and safety issues in small business²⁷ was prepared and submitted to the Labor Division and State Labor Inspectorate for comments. The report will be published at SLI website.

3.B.2 Conduct annual survey of business community views on LI performance, transparency and practices.

- A workshop on LI performance and transparency was planned to be organized this quarter with participation of employers and representatives from RoA Chamber of Commerce and Industries, Republican Union of Employers and Trade unions. However, it has been decided to cancel it as at the end of the May the head of SLI had resigned and the newly appointed head of the Inspectorate asked SPSS not to conduct any such event at the moment as the Government has made a decision to stop programmatic inspections in SMEs until 1 January 2011 changing the landscape of inspections. More time is required for understanding how this decision is impacting on business community views on LI performance, transparency and practices and the two previous surveys of businesses have created enough bases to work for improving the transparency and practices at SLI.

3.B.3 Promote establishment of efficient, effective complaints mechanism.

- In 2005 ILO established an Information Center at SLI which was meant to be an information point for employers. However, it was mainly used for handling the quarterly employer reporting process. Since 2007 quarterly employer reports have been changed to annual reporting and the Information Center resources are not being used effectively. The Component Three team worked with the SLI to transform the information center into a reference and complaints point for employers in addition to its current function. The RoA Law on Rules of Consideration of Citizens' Proposals, Applications and Complaints and the RoA Law Administrative Bases and Administrative Proceedings create the necessary system for complaints mechanism at SLI. They provide for rules to receive, register and deal with incoming complaints in a timely and effective manner.

3.B.4 Provide training on data collection and analysis such as MIS/IT systems and changes in business processes.

- After troubleshooting SLI's Access-based database, training for data representatives of all SLI regional offices was conducted by the "NORK" Center in cooperation with SPSS. 21 SLI employees participated in the two day trainings on November 6-7, 2008, and the use of the system is now being monitored.

²⁶ SPSS_FY09Q4_Jul27_OSHrulesjustification_Arm.doc; SPSS_FY09Q4_Jul27_OSHrulesjustification_Eng.doc;
 SPSS_FY09Q4_July28_OSHregulationsREVISEDlast_arm.doc;
 SPSS_FY09Q4_July28_OSHregulationsREVISEDlast_eng.doc

²⁷ SPSS_FY09Q4_Aug1_OSHbooklet3_eng.doc; SPSS_FY09Q4_Aug1_OSHbooklet3_arm.doc

3.C. Introduce methods for risk-based Occupational Safety enforcement.

3.C.1 Assist LI to develop and implement new business processes with mechanisms to identify, sanction and eliminated unsafe and unfair practices, and ensure that work conditions meet acceptable standards. Establish IT system and procedures for identifying high-risk firms.

- Implementation of the Risk-based Enforcement Action Plan at SLI, prepared by SPSS, to help identify high-risk firms through data analysis and accordingly prioritize inspections, is underway. The action plan sets forward necessary steps for implementing risk-based analysis and provides recommendations for linkages between the health care system, SMEC, SSSS databases and SLI. Analysis of data from SSSS and SLI on employers' social contributions, short term disability costs, employee numbers and accidents was conducted for identifying companies with potential occupational safety risks.

3.C.2 Capacity Building Training for Inspectors to focus on high risk industries.

- SPSS experts in cooperation with NILSR conducted a one-day training for 17 Labor Inspectors on Labor and Occupational Safety Inspection: International Best Practices and Applicability for Armenia as part of budget funded SLI training.²⁸

3.D. Implement ongoing stakeholder involvement and public outreach activities to promote ownership and awareness of Occupational Safety and Labor.

3.D.1 Assist MLSI to conduct Public Affairs campaign regarding occupational safety.

- A booklet on occupational health and safety issues in small business was prepared and submitted to the Labor Division and State Labor Inspectorate for comments. The report will be published at SLI website.

4. COMPONENT FOUR: SOCIAL ASSISTANCE TO VULNERABLE POPULATIONS

4.A Strengthen social safety net programs.

4.A.1 Development of a proposal package for the reforms of state policy on social assistance.

- No additional activities under this objective during this quarter.

4.B Assist in social contracting with non-state stakeholders.

4.B.1 Design and pilot cost-effective methods for subcontracting by grant matching programs.

- The community-based social services grants implemented in Nor Norq, Alaverdi and Artik were closed by September 30. The community centers were transferred to municipalities and sustained by communities.
- Constructed 6 ramps in Gyumri and Dilijan communities in partnership with local Disability public organizations and municipalities.

4.C Promotion and support of social work as an academic discipline and career path.

4.C.1 Incorporation of the institute of social work. Establish professional status of "Social worker" by strengthening civil society groups.

- All work on this activity has been completed as of FY09 Q2.

4.C.2 Develop in-service programs for social workers especially at community-based level.

²⁸ SPSS_FY09Q4_Jul17_SLI3rdtrainingNILSRpart1_arm.ppt; SPSS_FY09Q4_Jul17_SLI3rdtrainingNILSRpart1_eng.ppt; SPSS_FY09Q4_Jul17_SLI3rdtrainingNILSRpart2_arm.ppt; SPSS_FY09Q4_Jul17_SLI3rdtrainingNILSRpart2_eng.ppt; SPSS_FY09Q4_Jul20JulEvaluations xls

- All work on this activity has been completed as of FY09 Q2.

4.D Assist in clarifying new regulations and legal rules underlying social safety net.

4.D.1 Provide translation of manuals, recommendations and standards for monitoring and evaluation at the project level. Develop quality control and monitoring methods.

- No new activity on this objective during this quarter.

4.D.2 Advise on tendering and management of contracts with non-state providers.

- The Outsourcing Manual was delivered to the MLSI. The handbook provides detailed outsourcing mechanism and competitive selection process description.

4.E Implement ongoing stakeholder involvement and public outreach activities to promote ownership and awareness of Social Assistance to Vulnerable Populations.

4.E.1 Support of development of an internal stakeholder awareness campaign by arranging education, information, communication events and materials.

- No activities during this quarter

5. CROSSCUTTING ACTIVITIES

5.A Information, Education, Communication (IEC) and Public Relations.

5.A.1 Design round tables and forums as needed to support the four components.

- SPSS celebrated its 3-year operation in Armenia on September 3 gathering about 100 guests representing the GoA, USAID Armenia senior management, other USAID and non-USAID donor-funded organizations in Armenia, representatives of UN Armenia agencies, local NGOs and others. SPSS has proudly displayed its major results and achievements gained over the course of its operation profoundly boosting the social sector of the country. The press release²⁹ in English and Armenian on this remarkable event is located on the SPSS website.

5.A.2 Engage in discussions with all levels of Government regarding new policy procedure changes.

- Completed.

5.A.3 Create events such as press releases, round tables, forums, surveys, publications, etc. to disseminate information.

- Two new success stories were produced and posted on the SPSS website. The success stories titled “New Craft Markets Provide Income for People with Disabilities”³⁰ and “New Jobs for Workers Who are Blind”³¹ tell how SPSS is helping the disabled with employment issues and the blind with training and employment.
- SPSS Annual Fact Sheet was updated with the recent Project results and achievements³²
- Two press releases titled as USAID Armenia SPSS Project Celebrates Three Years of success (referenced above as: SPSS_FY09Q4_Sept3_PressReleaseCelebrationEvent.doc, SPSS_FY09Q4_Sept3_PressReleaseCelebrationEvent.arm.doc) and New Jobs for Workers who are Blind³³ were produced and put on the SPSS website.

5.A.4 Design courses and hold seminars. Publish manuals and guidelines.

- No new activity on this objective during the quarter.

²⁹ SPSS_FY09Q4_Sept3_PressReleaseCelebrationEvent.doc, SPSS_FY09Q4_Sept3_PressReleaseCelebrationEvent.arm.doc

³⁰SPSS_FY09Q4_Jul27_SuccessChambarak.doc

³¹ SPSS_FY09Q4_Jul27_SuccessBlind.doc

³² SPSS_FY09Q4_Jul20_2007-2009Factsheet_eng.doc

³³ SPSS_FY09Q4_Sept11_PressReleaseJobsForBlindWorkers_eng.doc,
SPSS_FY09Q4_Sept11_PressReleaseJobsForBlindWorkers_arm.doc

5.B Policy, regulatory, and legislative review, drafting and promotion (PD).

5.B.1 Seek stakeholder inputs.

- The legislative drafting work in Components 1 and 3 has been directed by the inputs of the various stakeholders to each. The MLSI has sent the draft Comprehensive OSH rules and norms for comments to Confederation of Armenian Trade Unions, Republican Union of Employers as well 9 Ministries. A series of discussions of the draft Comprehensive OSH rules and norms have been held at MLSI including one with representatives of the Ministry of Health.

5.B.2 Apply international best practices and lessons learned. Assist with identifying necessary changes for compliance with the.

- Requirements of European Social Charter have been reflected in draft OSH rules and norms.

5.B.4 Draft legislative and regulatory proposals.

- Legislative drafting is concentrated on the pension reform and on OSH during this reporting period.

5.B.5 Assist development of legislative and government adoption strategies.

- Completed.

5.B.6 Assist with revisions.

- Completed.

5.C Anti-corruption initiatives (AC).

5.C.1 Assess current laws and procedures for points of corruption risk.

- Completed.

5.C.2 Systematically address risks in the development of new policies, laws and procedures.

- Completed.

5.D Gender (G)

5.D.1 Seek gender balance in all training.

- During the reporting period, 269 people attended SPSS events, 131 women and 138 men (see the Accumulated Training Chart below, clause 8).

5.D.2 Seek gender balance in all assessments and events designed to generate public input.

- Gender balance was sought in all capacity building activities, and special effort was made to prepare female participants to assume roles of greater responsibility.

5.D.3 Assure gender balance is incorporated in all proposed policies and procedures.

- In its program development and policy writing work, SPSS carefully examined the potential effect on gender groups and sought balanced impact.

5.D.4 Model gender balance in project management structure.

- In its own staffing decisions (9 of 16 long-term staff are women), SPSS strived to maintain gender balance.

5.E M&E implementation and refinement.

- The SPSS quarterly report for July–September 2009 FY09 tracks the progress of the project components in conformity with the Work Plan of FY09 approved as of March 17, 2009.

- The final report of SPSS activities is in the process of development. This report encompasses all major activities and achievements of the project during its 3 years of operation in Armenia and will be submitted to USAID upon its completion.

5.F Sustainability Strategies (SS)

5.F.1 Seek alignment of present political will with proposed strategies, policies, regulations and procedures.

- Completed.

5.F.2 Assess potential programmatic costs for proposed innovations and seek long-term solutions affordable to GOAM.

- Completed.

5.F.3 Involve stakeholders at every design stage.

- Completed.

5.F.4 Provide training and mentoring sufficient to establish a sustainable skill base among implementers.

- See 5.A.3 for description of effort to encourage the sustainability of NGO-provided social services.

5.G Grants Management (GM)

5.G.1 Allocate grant funds in a manner consistent with strategic priorities and targeting established with GOAM.

- See 4.B.1.

6. OVERALL PROGRESS

6.A Progress Towards Work Plan Objectives

This report is built in accordance to the work plan of FY09, approved as of 17 March 2009. The revisions to date are, for the most part, refinements of the goals and objectives above tailored more specifically to the priorities of MLSI, counterparts. All of these derive from the original USAID SPSS contract based on an RFP designed by USAID in 2006 with consultation from GOAM, MLSI, and other stakeholders. The accomplishments of the project goals and objectives are consistent with the RFP, but adjusted to subsequent counterpart interests, and within anticipated timelines, with the most notable exception being the adjustments within the project's support for pension reform according to the changed GOAM's own timeline. Counterpart interest varied from strong support to very weak staffing or funding commitments. For example, despite continued requests that a grants manager be appointed in MLSI, none was assigned; the result is lack of accountability for the function that now spreads over program and monitoring staff without clear role definition. A similar pattern is within the pension reform which means that sustainable programs and functions will not survive without formal staff responsibilities assigned. With serious budget cuts in FY09 as against the original SPSS budget and design, many counterpart interests in new programs or capacity building trainings could not be addressed.

6.B Progress Towards USAID Armenia FY2009 Targets

The SPSS project was an implementing mechanism of the USAID Armenia Mission Operational Plan objective of investing in people with targets for Program Elements related to social policy, social services and social assistance as displayed in the table below.

Indicator Name	FY'07 Result	FY'08 Result	FY'09 Target	FY'09 Results
3.3.1. (a) Number of Social Protection Policy Reforms Drafted, Adopted or Implemented With USG Support	1	25	12	29
3.3.1. (b) Number of Nationwide Poverty/Vulnerability Mapping Efforts Being Supported	0	2	2	1
3.3.2. (a) Number of people benefiting from USG-supported social services	150,620	792,799	1,143,747	1,368,835
3.3.2. (b) Number of USG-assisted organizations and/or service delivery systems strengthened that serve vulnerable populations	5	17	29	29
3.3.3. (a) Number of people benefiting from USG-supported social assistance programming	547,250	497,954	453,888	453,888
3.3.3. (b) Percent of total eligible persons receiving assistance through USG-supported social assistance programming	57%	66.9%	72.3%	72.3%

The policy reform targets peaked in FY08 and the first half of FY09 with attention in FY09 has been in cementing implementation during the final year of the SPSS Project base period, FY09 has been an active year with a high level of technical advising in all components. The extension of this project was a competitive process. The process and sustainability of SPSS accomplishments rests within the knowledge and experience of the new project. Program Element 3.3.1, regarding policy change, registers the ongoing project support to GOAM reforms. SPSS worked throughout the project to provide assistance in creating and augmenting the legislative framework in the social protection sphere, working with the MLSI and other partners to support better policymaking, work toward meeting international obligations along with parallel legislative reforms related to all components, with pension policy and implementation, with employment and labor regulation policies, and with social assistance policies. Of this set, a pension reform was driven by the strongest force of political need, and thus required the greatest amount of legal drafting. SPSS assisted substantially in the drafting of the four separate laws comprising the reform that have been submitted to GOAM for final revisions.

SPSS assisted the MLSI and its agencies to more transparently administer existing programs. 2009 saw expansion of beneficiaries of assistance as targeting and public relations improved; outsourcing and social enterprises grants were completed.

7. ISSUES AND STRATEGIES

The 2009 Government leadership shifts continued to affect counterpart relations, especially in sustaining SPSS's mission within the leadership of MLSI. Challenges included the lack acceptance for the responsibility for pension reform implementation which falls to MLSI, despite the fact that it has opposed many aspects of the reform. MLSI has the responsibility to coordinate the implementation work of other GOAM Ministries and agencies. SPSS worked to support building the base for Armenia implementation, the continual issues of weak planning and management skills became insurmountable, although some responsible partners embraced the Microsoft Project management tool SPSS developed on their behalf and became dependant on SPSS-generated minutes to track progress on the many essential decisions. SPSS recorded and regularly educated the PRWIG decisions through a series of 21 memos.

The global economic crisis negatively impacted Armenia and MLSI through increased demand for services and lack of GOA budgets and resources to meet demand and rising unemployment. With SPSS budget cuts and staff downsizing, 2009 resources were targeted to completion of the work plan with limited flexibility to provide a response to the crisis.

8. TABLES AND CHARTS

TABLE 1: ACCUMULATED TRAINING/EVENT NUMBERS ORGANIZED BY TSG

(July.-Sept., FY2009)

#	Name	Organized by	Place	Date FY 2009	Total Number of Participants	Male	Female
1	"Pension Reform Scenarios" roundtable-discussion	SPSS	SPSS office	July 1	16	11	5
2	"International Best Practices and Applicability for Armenia"	Labor and Occupational Safety Inspection	SLI premises	July 17	17	15	2
1	"Job Search" Training	SPSS	Yerevan, AUA Business Center	July 31-Aug 01	23	1	22
2	"Job Search" Training	SPSS	Yerevan, Dilijan, Gyumri	July 31-Aug 13	17	15	2
3	"Job Search" Training	SPSS	Yerevan, AUA Business Center	Aug 04-Aug 05	21	6	15
4	"Job Search" Training	SPSS	Dilijan Hotel Impuls	Aug 07-Aug 08	21	14	7
5	"Job Search" Training	SPSS	Gyumri, hotel Isuz	Aug 12 - Aug 13	20	5	15
6	Celebrating 3-year achievements of USAID SPSS project	SPSS	Yerevan, Congress Hotel	Sept. 9	98	48	50
7	Presentation at the Armenian Union of Blind Echmiadzin Branch	SPSS	Blind Union of Echmiadzin	Sept. 11	20	11	9
8	Pension system study tour to Estonia	SPSS	Estonian Pension Institutions	Sept. 16-24	16	12	4
Total for July-Sept:					269	138	131

Chart 1: Organizational Chart

TSG Armenia Organizational Chart

