

**Quarterly Report: July 1, 2007 - September 30, 2007**  
Armenia Social Protection Systems Strengthening Project  
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USAID ARMENIA, SOCIAL PROTECTION SYSTEMS  
STRENGTHENING PROJECT  
ԱՄՆ ՄԶԳ Հայաստան, Սոցիալական պաշտպանության  
համակարգերի հզորացման ծրագիր

# **Quarterly Report**

## **July 1, 2007—September 30, 2007**

**Implemented by: The Services Group, Inc. (TSG)**  
**Contract Number: 111-C-00-06-00067-00**

**10 October 2007**

**Submitted to: USAID/Armenia**

**Submitted by: The Services Group, Inc. (TSG)**

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## ABBREVIATIONS

AED	Academy for Educational Development
AmCham	American Chamber of Commerce
ARS	Armenian Relief Society
AUA	American University of Armenia
CASP	Civic Advocacy Support Program
CBA	Central Bank of Armenia
EU	European Union
FB	Family Benefits
GOAM	Government of Armenia
ICHD	International Center for Human Development
ILO	International Labor Organization
IEC	Information, Education, Communication and Public Relations
IT	IT and Administrative System Design
IZZ-DVV	German Adult Education International Project
LGP	Local Government Programme
LI	Labor Inspectorate
MLSI	Ministry of Labor and Social Issues
MOF	Ministry of Finance
NILSR	National Institute for Labor and Social Research
NGO	Non Governmental Organization
NORK	Information-Analytical Center “Nork”
NSS	National Statistics Service
PARNAS	Personal Account Registration, Numbering and Analysis System
PAYG	Pay-As-You-Go
PWG	Pension Working Group
RFP	Request for Proposal
RSSA	Regional Social Service Agency
SESA	State Employment Services Agency
SMEC	State Medical Examination Commission
SIDA	Swedish International Development Agency
SSIF	State Social Insurance Fund
TBD	To Be Determined
UMBA	Union of Manufacturers and Businessmen of Armenia
UNFPA	United Nations Fund for Population Armenia
UNICEF	The United Nations Children's Fund
YCAP	Youth and Community Action Programme

## INTRODUCTION

The goals of the Social Protection Systems Strengthening Project (SPSS) are to improve public and private social protection systems in Armenia and, at the same time, increase opportunities for self-reliance that reduces dependence on public support to meet citizens' basic needs. To achieve this, SPSS is providing technical assistance and support for capacity building, training, 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 Labor Code
- Social Assistance

These components are supported by the following crosscutting activities: 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; monitoring and evaluation (M&E); sustainability strategies; and grants management.

This report covers the final FY 2007 quarter of the project's activities from 1 July through 30 September 2007.

Counterpart relationships. The Ministry of Labor and Social Issues (MLSI) is a primary counterpart for the four project components. The project has established a close working relationship with relevant implementing departments and agencies in MLSI. 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. This framework has had additions, a construction project, for example, and some deletions, but essentially remains intact as the basis for monthly planning with MLSI counterparts. The previously weekly working group, chaired by Deputy Minister Araik Petrosyan, is now convened on an ad hoc basis with MLSI to provide review of progress by components as needed. The project has simultaneously established relationships with all other affected agencies and working groups, including the CBA, the SSIF, the Government Pension Working Group, the NILSR, the NORC Information Analysis Institute, the Employment Services Administration, the LI, the NSS, the Ministry of Trade and Development, the Ministry of Territorial Administration and a large number of NGO partners.

Financial Update. The Project has used fewer resources than originally anticipated during the first part of Year 1, mostly due to inactivity during a 3-month Stop Work Order. Actual expenditures now have caught up to the planned budget as SPSS compressed the short-term assistance originally planned to be spaced evenly across Year 1 into the few remaining months of Year 1. Increased local staffing, in response to both a request from the USAID mission and to the demands of the work, as well as significant appreciation of the dram against the dollar have increased the burn rate. A recent decision by USAID to support a MLSI request for assistance with reconstruction of its NILSR more than consumes the shortfall caused by the stop work order. Contract modification #1 was received on July 11 and included both a budget modification and increased obligation; Contract modification #2, which increased the obligated amount to \$6,980,00, was received on September 24 (see Appendix 1).

Structure of the Quarterly Report. The following sections of this report discuss activities undertaken for the four project components in detail. Each section follows the Year 1 Work Plan, providing the status of activity and sub-activity. Sub-activities not mentioned are scheduled to be undertaken at a later date. The section immediately following presents highlights from the quarter in each component area.

## **QUARTERLY HIGHLIGHTS**

### **General**

Each component is producing events and publications specific to its mission, among them:

- Organized SSIF Retreat to develop work plan for pension management reform 3-4 August 2007.
- Lead PWG study tour to Moscow to understand Russian system's Pillar 2 lessons learned.
- Trained 15 local partners and 150 employers for SESA-led job fair.
- Delivered Labor Inspection Manual, which sets a basis for standard and rational inspections.
- Completed introduction of a social contracting specification, selection and contracting process jointly with MLSI.
- Trained 100 community-level Social Workers in new decentralized services for people with disabilities.

### **Component One: Social Insurance**

- Further technical contribution to the GOAM Pension Reform Working Group.
- Assistance to the MLSI and the NILSR on current pension policy: draft analytic report on the current status of the pension system delivered in Armenian to MLSI on July 23; comments received in September; revisions in process.
- Technical Assistance to the Pension Reform Working Group in development of sections for the Pension White Paper, modeling pension reform options, analysis of the economic implications of pension reform, translations of international best practice examples, and administrative support for PWG operations and communications.
- Completed assessment of information technology system of SSIF (PARNAS).
- Completed assessment of business process of SSIF.
- Completed assessment of socio medical commissions that make disability pension determinations.
- Completed assessment of integrated social services centers.
- Conducted SSIF retreat to discuss governance, management, business process and IT on 3-4 August Sponsored Armenian delegation to non-state pension fund conference in Moscow 24-25 September.

### **Component Two: Employment Services**

- Submitted three translated examples of relevant-to-Armenia National Employment Strategies for reference use MLSI Employment Departments.
- Prepared ToR for Employment Strategy Plan presented as guide document for MLSI and SESA in developing a national employment strategy that includes pro-active employment services.
- Provided examples of model employment offices with diverse employer and job seeker services, better use of IT and vocational training programs, stronger links with employers, increased partnerships with community counterparts to address the needs of vulnerable groups.
- Presented recommended revisions of the Employment Law to MLSI and SESA Staff with recommendations reflecting international best practice.
- Assessed SESA's Employer Survey instrument and provided expert recommendations for survey revisions to conform to international best practices.
- Prepared with SESA and NSS a Labor Market Research capacity building plan to provide on-going support for future survey analysis of the employer-generated data.
- Identified Employment Office model service pilot site shortlist based on assessment of 12 offices.

- Trained SESA and 13 partners in organization of a job fair to be conducted during Adult Learning Week in October. To date, 90 employers are committed and estimated 1,500 job seekers have been enlisted for participation.
- A creative partnership has been implemented with USAID BRIDGE project to renovate 7 offices using vocational training of unemployed as key principle for job creation.
- Twenty-four technical assistance and training documents have been sent to the Ministry and to SESA based on their requests for information and capacity building.

### **Component Three: Occupational Safety and Labor Code**

- Draft Manual for Labor Inspectors delivered to LI and revised for submission to MLSI.
- Draft government decree on explosive atmospheres delivered to MLSI.
- Roundtable on mining safety, involving five government agencies and the private sector, held at SPSS Project on August 31, 2007.
- Presented and prepared membership documents for the SLI to the International Association of Labor Inspectorates (IALI).
- Produced preliminary analysis of network and IT issues at the Labor Inspectorate.

### **Component Four: Social Assistance**

- Demonstrated first application of a sustainable outsourcing mechanism guidelines, manuals for internal and external participants, agreement and contract instruments, and training guides.
- Completed first round of Trilateral Grants between MLSI, SPSS and four selected NGOs to provide MLSI-sponsored services.
- Demonstrated complete sustainable outsourcing process with MLSI involvement at every step.
- Conducted a three-day working-seminar “Increasing Accessibility of Services Provided to the Elderly and Persons with Disabilities” to train 100 community-based Social Workers.
- Analyzed requirements and drafted scope of work for development of Information System for Disabled registration to improve efficiency of work of Medical Social Examination commissions.

## 1. COMPONENT ONE: SOCIAL INSURANCE

Component One has continued to assist the counterparts in developing a detailed pension reform program reflecting all available data. The assistance consists of policy analysis, economic and demographic modeling and administrative support. The principal activities of this final fourth quarter addressed the needs of the MLSI and the NLSRI as well as the Pension Reform Working Group (PWG) convened by the Government of Armenia (GOAM). SPSS has modeled the economic and demographic condition of the social insurance system, provided materials drafted for the PWG White paper, organized study tours, provided translations of research materials, and other administrative support.

### 1.A ADVISE ON THE ESTABLISHMENT OF A MULTI-PILLAR PENSION SYSTEM

#### 1.A.1. Finalize design structure and parameters of pension reform.

- Continued revisions of paper analyzing current pension system for MLSI, with discussion of problems and solutions, and provided materials for white paper on pension reform for the PWG (Landis MacKellar, Lena Zezulin, David Snelbecker, Arsen Manukyan, Gyulnara Hovhannisyan, Karine Boyakhchyan, Hasmik Ghukasyan).<sup>1,2</sup>
- Assisted SSIF to improve the pension administration process with assessments of customer service, information handling, PARNAS, and IT.
- Conducted retreat for SSIF managers in order to define a plan of work for business process improvement (see reference 39 in list of deliverables).

#### 1.A.2. Write draft report with analysis and recommendations, including a concept paper.

- SPSS Staff is engaged in ongoing revision of inserts to white paper. Initial draft delivered to PWG July 13. Additional materials provided in August.<sup>3,4,5,6</sup>
- Reviewed August 8 summary of PWG reform proposal and prepared comments for PWG; IMF representatives concurred with these comments.<sup>7,8</sup>

#### 1.A.3. Organize a Study tour in cooperation with AED.

- A proposal for an additional study tour to Sweden and Estonia, scheduled for November 17-24, was revised and delivered to AED and ongoing meetings with AED have been taking place. AED will organize the Estonia portion and SPSS will organize the Sweden portion.
- An additional conference attendance was organized to study lessons learned in introducing private pension funds in Russia. PWG, MLSI and SSIF staff attended the conference on the “Development of the Institutions of Non-State Pension Security in Russia” 24-25 September, 2007, Moscow.<sup>9</sup>

#### 1.A.4 Analyze the pension system and reform proposals, and advise on macroeconomic issues related introducing a funded pillar.

- Analysis of current pension system was continued by the labor modeler Landis MacKellar through further development of the model and incorporated into the paper being written for the MLSI. See 1.A.1 above.

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<sup>1</sup> SPSS\_FY07QR4\_Sept13\_CurrentPensionSystemDraft\_eng

<sup>2</sup> SPSS\_FY07QR4\_Sept13\_CurrentPensionSystemDraft\_arm

<sup>3</sup> SPSS\_FY07Q4\_Jul13\_InsertsWhitePaper\_engl

<sup>4</sup> SPSS\_FY07Q4\_Jul13\_FiguresPWGWhitePaper\_eng

<sup>5</sup> SPSS\_FY07Q4\_Jul13\_TablesPWGWhitePaper\_eng

<sup>6</sup> SPSS\_FY07Q4\_Sep10\_TableofContentsWhitePaper\_engl

<sup>7</sup> SPSS\_FY07Q4\_Sep 5\_Com-sOnPensRefParamAug8\_eng

<sup>8</sup> SPSS\_FY07Q4\_Sep 5\_Com-sOnPensRefParamAug8\_arm

<sup>9</sup> SPSS\_FY07Q4\_Sep28\_ReportMoscowConference\_eng

- Macroeconomic issues relating to the introduction of a funded pillar were analyzed in the previous quarter, and that work is being revised further in light of the revised results obtained in the model.

1.A.5 Final draft of report with solid quantitative analysis to support draft legislation and discussion with financial institutions.

- Mr. MacKellar initiated quantitative analysis when the project began, in February 2007. In June 2007, the Government announced a significant 60% increase in all pensions, in general terms. Details on the increase were not provided until several weeks later. When the specifics were available they were incorporated into the model.
- As noted above, the PWG produced a draft summary reform proposal on August 8. This proposal reflected the 60% increase. SPSS reviewed it and provided comments. The due date for the final report with quantitative analysis and the draft legislation has been deferred a number of times since the project began. The due date was moved from June 2007 to September 2007 to December 2007. A retreat was scheduled for October 2007 to finalize the analysis for the reform.
- Most recently, the team was informed that the due date for the quantitative analysis in support of the reform and the draft legislation will be June 2008. The October 2007 retreat was canceled. Thus, there cannot yet be a final draft of a report.
- However, quantitative analysis in support of the reform detailed on August 8, with the 60% increase in pensions, is now being prepared for submission to the PWG in the first quarter of the second year.

1.A.6 Produce materials on new pension system and how it works including public service announcements for television and radio covering: impact on pensioners, employee obligations, employer obligations for identifying beneficiaries and making payments.

- In light of the delay in adopting a reform proposal for the pension system, as noted above this is now delayed until June 2008, this could not be done.

1.A.7. Develop proposal for disability insurance

- Report delivered (Ilene Zeitzer)<sup>10</sup> describing the strengths and weaknesses of current disability pension system, with recommendations to increase conformity with the International Convention on Disability signed by Armenia in March 2007.

1.A.8 Develop proposal for disability insurance in reformed system.

- A proposed approach was presented to the PWG in June 2007, the previous quarter.

## **1.B PROVIDE ONGOING MODELING SUPPORT AND TRAINING IN MODELING TO PROVIDE ACTUARIAL CALCULATIONS TO INFORM THE REFORM**

1.B.1. Develop model with the following capabilities: revenue and expenditure projections of PAYG, growth of capital and funded accounts, average pensions and replacement rates, outstanding pensions liability, generational accounting.

- A modeling approach was completed to provide needed information on the pension system while (i) taking account of structural factors (urbanization, the shift from agriculture and industry to services, and likely, changes in pension system participation/compliance), (ii) highlighting links between the pension system and other areas of interest to the project, such as disability, occupational health and safety, and active labor market policies.

1.B.3. Refine model and produce preliminary fiscal and actuarial calculations (Landis MacKellar).

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<sup>10</sup> SPSS\_FY07QR4\_Sep28\_RevDisabProg&PolicIlene\_eng

- The modeling work had been expanded (demographic, labor market, and Pillar 0/1 pension modules) to encompass Pillar 2 pension module. Preliminary analyses of pillar two transition costs are now prepared based on demographic and labor market modules.
- The zero- and first-pillar pension models were completed during the July trip of Landis MacKellar, with initial results generated in context of producing MLSI “Current Status Paper.”
- During off-site days assigned to months of July and August, Mr. MacKellar finalized the second-pillar component of the model in general terms (i.e., the details remained to be worked out as the nature of the reform was decided upon).
- Mr. MacKellar also produced two technical notes, which were sent to the PWG modeling and technical analysis team:
  - The likely future trend in average years of contributory service and proportion of the population entering the retirement age bracket that will qualify for an old-age insurance pension.<sup>11</sup>
  - Estimation of the cost of initiating a second pillar using standard internally accepted methodologies.<sup>12</sup>
- Also during July and August Mr. MacKellar produced the bulk of an English-language manual or user guide for the model. It will be delivered in October 2007.
- In September work began on the training plan for introducing use of the model to the several PWG counterparts and Yerevan State University’s actuarial mathematics department.

1.B.4 Provide training to local staff and counterparts on model use.

- Mr. MacKellar completed preparation of the model and the manual; they are being translated. He is preparing training materials. Training has been scheduled for December, 2007. In light of the delay of the draft reform to June 2008, this will be the optimal time to work through the options presented on August 8.

1.B.5 Produce revised fiscal and actuarial calculations to feed into law (law to be submitted to Parliament in September 2007).

- As noted above, the Government’s reform schedule has been significantly delayed. A draft law is now due in June 2008. It is possible the law will not be submitted to Parliament until the year 2009.
- Revised calculations have been prepared to reflect the 60% pension increase and the August 8 summary reform proposal.

1.B.6 Revise model as necessary to support discussions of law with international donors.

- International donors, in particular the World Bank and the International Monetary Fund, have been kept abreast of the development of the model and the financial results.

**1.C DRAFT AND FACILITATE DISCUSSION ON PENSIONS LAW REGULATIONS AND OTHER LEGAL DOCUMENTS**

1.C.1. Support legislative activities within the Government’s PWG

- Contributions to the PWG White Paper document were tailored to the group’s draft outline requirements.

1.C.2 Main parameters of law approved.

- As noted above, the due date for adoption of this reform has been changed by the Government to June 2008.

1.C.3 Produce first draft of law on pensions and disability.

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<sup>11</sup> SPSS\_FY07Q4\_Aug 8\_YearsofService\_eng

<sup>12</sup> SPSS\_FY07Q4\_Aug 8\_SecondPillarTransitionCost\_eng

- An outline of the law has been drafted and set aside pending further work by the PWG on producing a reform proposal. As noted above, the Government's deadline has been altered.

#### 1.C.4 Final law submitted to Parliament.

- As noted above, the initial plan to submit the law to the Parliament in September 2007 has been changed by the Government. The due date for a reform proposal is now June 2008.

### **1.D ADVISE ON PARAMETRIC REFORMS INCLUDING INCREMENTAL IMPROVEMENTS IN ADMINISTRATION PROCEDURES AND IT UPGRADES OF REFORMED PENSION SYSTEM**

#### 1.D.1 Assess current administration and business process.

- Business process advisor Liz Cusick developed basic interview protocol for use with SSIF staff. After an initial meeting with the Chairman, she met with each SSIF Department head (10 people) and the Deputy Chairman. She also prepared draft recommendations on both pension administration and management business processes for discussion with the SSIF at the retreat on Aug 3 and 4. Her report was submitted as a draft and will be completed and translated for SSIF.<sup>13</sup>

#### 1.D.2 Assess current IT system

- IT advisor Jon Tomar reviewed requirements documentation for current IT system (PARNAS).
- Status of functionality and capacity of current IT system reviewed.
- Capacity of hardware and software platform for current IT system reviewed.
- Attended SIF retreat and delivered presentations on corporate network, electronic signature and IT strategy.
- Functioning of integrated social service centers evaluated – visits to Masis and Vanadzor conducted, team report to assess integrated centers prepared and submitted.

#### 1.D.3 Produce report on current pension system

- Draft report delivered July 23; comments received from MLSI in September, revisions in process.

#### 1.D.4 Initiate discussion on recommendations. Achieve high-level buy-in for improvements.

- As noted above, the PWG submitted a general reform proposal on August 8. This proposal included significant changes to the very nature of the SSIF. One option under discussion is to abolish the SSIF and to have the Ministry of Finance pay pensions. Another option being discussed is to have the SSIF be transformed into a state service similar to the State Tax Service.
- Pending this decision making process, SPSS cannot make final recommendations. However, analysis of the structure and work process is ongoing. In particular a workflow analysis of 10 regional offices is being conducted in order to have recommendations for improvement ready when the final structure is determined.

#### 1.D.5 Create new organizational design covering departments, staffing levels, position descriptions, and pay and grading. Design IT system to support new structure.

- As noted above the new structure of SSIF is still being discussed and it would be premature to design an IT system to support it. In addition, SSIF does have a currently operating IT system in the headquarters office. However, it is not connected to the field offices. Some recommendations have been made as to how this should be enhanced. See report of Jon Tomar.

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<sup>13</sup> SPSS\_FY07Q4\_Sept5\_BPAssesstRev1chapters\_eng

1.D.8 Provide IT and administrative training and support for improvements

- SPSS worked with AED and SSIF to organize and hold a Pension Administration retreat to discuss governance, management, business process and IT on August 3 and 4 in Aghveran. The event brought together key decision makers at SSIF with AED and SPSS experts to discuss status quo, draw out recommendations and outline a plan for future steps. A package of presentations was delivered simultaneously in English and in Armenian<sup>14</sup>, the event generated media coverage<sup>15</sup> as well.

**1.F EVALUATE AND IMPROVE PARNAS AND SSC'S ADMINISTRATION, AND ROLLOUT PARNAS ACROSS THE COUNTRY**

1.F.1 Review IT systems underlying PARNAS and SSCs and write report with recommendations for improvements, including creation of information sharing system.

- Status of functionality and capacity of current IT systems reviewed (report prepared).<sup>16</sup>
- Reviewed IT operations room and the servers and network equipment.
- Reviewed operations of Personification Department and discuss issues of data collection and management of the personified data collection effort.
- Data exchange requirements of PARNAS and SSCS reviewed.
- Capacity of hardware and software platform for current IT system reviewed.
- Draft IT strategy developed (see cross-cutting section).

**1.G MANAGE TENDER FOR IT SYSTEM INTEGRATED WITH PARNAS AND TAX ADMINISTRATION SYSTEMS**

1.G.1 Evaluate PARNAS including integration with tax collection and verification functions

- Initial meeting with State Tax Service conducted to begin to understand its capacity to collect and distribute social contributions.
- Additional information requested from STS.

1.G.2 Propose reforms for improvements and develop action plan.

- Reforms for improvements to integrate PARNAS and Tax Administration cannot yet be proposed, for two principal reasons. First, the structure of the new pension system is not yet finalized. Second, the project team does not have access to any information on the STS information systems or business process.
- As part of the overall reform proposal of August 8 the PWG made recommendations as to the collection of contributions to the funded pension pillar by the STS. Based on preliminary information from STS, the project team expressed grave concern about the readiness of the STS for such a function. As the pension reform proposal is developed, the appropriate role of STS will be addressed.

**1.H HARMONIZE SOCIAL SECTOR DATABASES TO MEET INTERNATIONAL STANDARDS AND IMPROVE SECURITY.**

1.H.1 Develop strategy for database management in social sector.

- Prepared Information Strategy 17 for Social Protection system. The primary aim of the document is to recommend necessary actions to rectify present deficiencies in Management

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<sup>14</sup> SPSS\_FY07Q4\_Aug3\_SSIFLegStatPresent; SS\_FY07Q4\_Aug3\_SSIFBusinessProcPresent, SPSS\_FY07Q4\_Aug3\_GovernPresent, SPSS\_FY07Q4\_Aug3\_SSIFVisMgmtPresent, SPSS\_FY07Q4\_Aug4\_SSID\_MgmtProcPresent, SPSS\_FY07Q4\_Aug4\_SSIFCorpNetPresent, SPSS\_FY07Q4\_Aug4\_SSIFE-sigPresent, SPSS\_FY07Q4\_Aug4\_SSIFITStratPresent, SPSS\_FY07Q4\_Aug4\_SSIFSumRetrSuggest\_eng

<sup>15</sup> SPSS\_FY07Q4\_Aug28\_Pension Admin Retreat Coverage Recap

<sup>16</sup> SPSS\_FY07Q4\_Aug15\_ITAssessmentSSIF&relatedSPPs

<sup>17</sup> SPSS\_FY07Q4\_Sep26\_IT\_Strategy\_eng

Information Systems and Databases management in Social Protection System of Armenia and outline essential actions ensuring the essential ICT development and efficient utilization of information supporting decision making process, and monitoring and evaluation system of Social Protection System.

1.H.2 Assess current databases and make recommendations on improvements.

- The PARNAS database has been assessed. An overall information strategy will be recommended in Year Two including integration of PARNAS with other social sector databases.

### **1.I IMPROVE ACTUARIAL EDUCATION THROUGH TRAINING PROFESSORS, CURRICULUM ENHANCEMENT, DIRECT TEACHING, AND INTEGRATION OF ACTUARIAL PROGRAMS WITH PUBLIC POLICY AND FINANCE PROGRAMS**

1.I.1. Review current actuarial education.

- Provided SPSS materials prepared in May 2007 to FSDP.
- Manual for modeling pension system prepared.
- Planning for instruction in model underway with MLSI and Institute.

### **1.K ADVISE ON POLICY AND INSTITUTIONAL REFORMS FOR OTHER SOCIAL INSURANCE PROGRAMS.**

1.K.1 Suggest revisions of eligibility requirements, benefit formulae, means testing, population targeting, disbursement, policies and procedures.

- This activity will be undertaken in Year Two.

## **COMPONENT TWO: EMPLOYMENT SERVICES**

Component Two aims to strengthen ongoing modernization of the employment sector by emphasizing employer relations, targeting vulnerable populations and restructuring administrative functions for more program delivery. A comprehensive plan will guide targeting services to vulnerable populations, assure new services for all job seekers, promote innovative job creation in communities with high vulnerable populations, and promote market-responsive labor interventions. The Employment Services team has assessed 12 employment centers, creating the base for the partnership with USAID BRIDGE project for renovation of at least 7 targeted pilot offices. These pilot offices will have internet capacity, ability to implement new active measures such as job search groups for targeted populations, job clubs and job fairs along with enhanced employer services. Selection criteria for the pilot centers were used for the short listing of 11 offices out of which 7 will be selected. The Employment Plan will drive new employment legal frameworks that mandate better utilization of Labor Market Data to better target services to vulnerable populations at the local levels. Community partnerships will leverage resources to serve those most in need.

An excellent working relationship has been formed with the SESA staff eager to learn about new programs such as the job fair, create model centers and learn how to establish new partnerships with the private sector. Partnerships with vocational training institutions and the Armenian educational system will introduce flexible skills and career training opportunities with several programs targeting vocational training to vulnerable populations such as youth, the long term unemployed and the disabled. Job matching mechanisms using the new GORTS automated systems will be integrated into local offices. Adjustments to the body of laws and regulations affecting employment are a primary focus using a participatory process to promote inclusion of local beneficiaries. Public participation will expand through public outreach campaigns that inform Armenia of new and improved employment services. Labor Market Information research capacity will be enhanced via improved labor market information dissemination with a focus on the demand side of providing services to employers.

## **2.A DEVELOP STRATEGIC NATIONAL EMPLOYMENT SERVICE PLAN WITH KEY ELEMENTS: OUTSOURCING TO NGOS TRAINING OF VULNERABLE GROUPS, RATIONALIZATION OF STAFFING, IMPROVED SELF-SERVICE, IMPROVED TRACKING OF VACANCIES, LOCALLY BASED STRATEGIES.**

2.A.1 Assist ESA to write Strategic National Employment Service Plan that applies best practices to a EU conforming strategy and the RA- ILO 2007-2011 Strategy.

- A series of meetings and discussions have been held with Armenian counterparts, including MoLSI, SESA and UMBA on the Strategy development process.
- SESA and UMBA are willing to facilitate local partnership round tables once MLSI has approved the ToR<sup>18</sup>.
- Because the Ministry Counterparts are more comfortable with the “old Soviet style” of support to internal institutions, they focus support for the NILSR and therefore the Ministry remains reluctant to accept the participatory and inclusive process of Strategy development suggested by the TOR submitted by the SPSS team in June. The last discussion with the department of Labor and Employment of the MLSI regarding their future needs in developing the National Employment Strategic Plan resulted in three requests, which the SPSS staff agreed to provide as the main focus of work in the next two months. The requests are:
  - To provide translation, compile, and review three specifically identified strategies
  - To review and provide comments and solutions for an eighteen point employment issues/strategic directions paper provided to SPSS
  - To offer suggestions for a template or new model for an annual employment action plan.<sup>19</sup>
- However, during the Working Group meeting chaired by the Deputy Minister, it was decided the two last activities should be postponed until the priority decisions have been made by the inter-ministerial committee chaired by the Minister of Labor and Social Issues.<sup>20</sup> SPSS has begun preparation by gathering strategic documents, which include EU strategic guidelines, and strategies from transition countries.<sup>21</sup>

2.A.2 Harmonize employment legislation with the EU-conforming strategy, the RA-ILO 2007-2011 Strategy for Decent Work, ratified ILO conventions and Employment strategy guidelines, the European revised charter, RA PRSP priorities and the National Employment Strategy Plan. This will include legislation for agricultural workers and legislation addressing labor force external migration.

- There was positive feedback from the Ministry on the SPSS staff comments on the current Employment law and recommendations for amendments. The Ministry used those comments and recommendations when developing the draft amendments to the current Employment Law, which has been disseminated to stakeholders for their comments. The final draft of the Ministry was not shared with the SPSS staff for review. After the working group meeting, upon our request, the document was provided.
- The staff attended an EU social charter report conference to better understand legal framework gaps and needed future assistance relevant to employment documents, legal

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<sup>18</sup> SPSS\_FY07Q2\_June 29\_ToR for Employment Strategy development\_engl; SPSS\_FY07Q2\_June 29\_ToR for Employment Strategy development\_arm

<sup>19</sup> SPSS\_FY07Q4\_Aug28\_MLSI\_SESA-TSG\_Septplan\_arm; SPSS\_FY07Q4\_Aug28\_MLSI\_SESA-TSG\_Septplan\_engl

<sup>20</sup> SPSS\_FY07Q4\_Aug29\_MLSI\_SESA-TSG\_Septplanupdated\_arm; SPSS\_FY07Q4\_Aug29\_MLSI\_SESA-TSG\_Septplanupdated\_engl

<sup>21</sup> SPSS\_FY07Q4\_Aug24\_KazakhStratDevPlan\_rus, SPSS\_FY07Q4\_Aug29\_EmplProgram2005-2007Kazakhstan\_rus, SPSS\_FY07Q4\_Sept20\_Azerbaijan\_YouthEmplStr\_2005-4, SPSS\_FY07Q4\_Sept28\_AzYouthEmplStr\_arm, SPSS\_FY07Q4\_Sept28\_EmplStr2004-2010\_Bulgaria\_arm, SPSS\_FY07Q4\_Sept28\_EmplStr2004-2010\_Bulgaria\_engl

framework. Feedback on MLSI documents stated there was not enough detail and more work must be done on the labor code and strategy papers.

- SPSS provided translation of the conclusions on the revised European social charter in Armenia<sup>22</sup>, as requested by the MoLSI.

2.A.3 Involve ESA internal and external stakeholders to obtain and incorporate feedback for strategic plan development.

- Extensive outreach has been done to involve SESA staff and the social partners as well as NGOs in discussions of the current situation and their perceptions of needs.

2.A.4 Assist ESA to implement Strategy through internal strengthening, reorganization, staff training, and strategic outsourcing.

- Preparatory data gathering is done, but the Strategy will await the completion of the larger Social Strategy.
- Translations of applicable ISBP strategies have been provided for reference.

## **2.B DEVELOP SERVICE TRIAGE METHOD FOR PRIORITIZING AND SOURCING ESA SERVICES ACCORDING TO THE NATIONAL EMPLOYMENT SERVICE PLAN.**

2.B.1 Create a validation panel to identify best practices previously piloted and define system into which practices will be adopted.

- A data list of NGOs active in the field of employment and labor market has been compiled.
- SPSS staff continues to meet active NGOs, donor organizations, stakeholders and social partners to identify best practices and opportunities for collaborative initiatives, to discuss and design methods for rollout of joining efforts and build synergies to achieve the best results. The meetings involved the following organizations and persons: WB POU, WB/GVG, ILO, SIDA/AMS, YCAP, CAPS, LGP, Save the Children, UMBA, Mission Armenia NGO, Black Sea NGO Network, IZZ-DVV, USAID/CHF, AmCham, Tavush region Community Unions, Lusastgh NGO, Seiran Avagyan: Advisor to the President of RoA on local governments.
- Based on SESA's request the SPSS employment team contacted the World Association of Public Employment Offices, for an inquiry on the membership benefits and fee. The WAPES is a global network of Public Employment Services that offers its members opportunities for learning, sharing experiences and exchange of views from a global perspective. Information from WAPES is encouraging and a Minister's request for membership is in process.

2.B.2. Define instruments and protocols required to implement a process of sorting and service delivery through involvement of stakeholder groups.

- SPSS staff proposed opportunities for partnerships and coordination of SESA efforts with social partners to better parallel international best practices.
- Discussions were held with Mission Armenia, Black Sea NGO network and the Advisor to the President on local governments on the subject of decentralization of programs to communities and on promoting more community and local government initiatives and actions in employment and social services.
- Explored with the Union of Manufacturers and Businessmen (employers) of Armenia the possibility of a partnership in a youth employment strategy.
- There is collaboration with IZZ-DVV in organizing a job fair that has expanded to included 12 partners representing both public and private sectors. This job fair will be implemented in Yerevan October 13, 2007. The SPSS staff is reviewing other donors' materials on active Measures, particularly job fairs and job clubs, in order to avoid duplication and build on initial presentations and trainings of these groups.
- A plan of action for adopting improved service protocols for each month in the 2008 program year has been agreed with the SESA Director.

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<sup>22</sup> SPSS\_FY07Q4\_Aug28\_EuropeanSocialCharter\_ArmComments

### 2.B.3 Refine and adopt necessary instruments and protocols.

- Discussion is initiated regarding the required service protocols and databases needed to make self-service possible in an Employment Office.
- Training has been provided on how to conduct improved job fairs, with the model fair scheduled for early in Year 2, October 13, 2007. SESA staff and 13 Armenian Partners which include the main education and employer representatives have been organizing a job fair. A focus is being made to target job seekers representing vulnerable populations as participants.
- Partners have been provided with several capacity building trainings<sup>23</sup>, guidance, and technical assistance – which includes a manual for job fair organization and implementation<sup>24</sup> useful for future fairs.
- The employer survey is being upgraded to better involve employers.
- Other instruments and protocols are in discussion.

### 2.B.4 Determine basic functions of full and partial service ESA offices based on ESA business process. Create list of services which may more efficiently be outsourced.

- Selection criteria for pilot sites to be renovated have been discussed with the SESA Director who approved the approach and process of selection.
- SPSS continued assessment visits to regional and local employment offices. As of September 30 the following offices were visited: Erebuni (two times to see before the WB renovation and after), Malatya-Sebastya, Arabkir in Yerevan, Armavir, Ijevan, Hrazdan, Gyumry, Artik, Kapan, Goris, Vanadzor and Masis. The last two offices were the sites of the previous project “Integrated Social Service Centers” (ISSC). Therefore during these visits an ISSC assessment team made up of SPSS Component Team Leaders and IT staff participated.
- As part of the assessment of the employment centers, the SPSS staff evaluated the working conditions, logistical and technical equipment and facilities as well the human resource capacities in terms of ability to implement new employment programs, concepts and methodologies.
- A status report has been drafted<sup>25</sup>, which includes IT comments and conclusions<sup>26</sup> for future connectivity for the pilot offices’ new information flow, job-matching, and data reporting techniques that will be tested. World Bank documents were used as a resource during SPSS employment office visits.
- A unique partnership has been formed with the USAID BRIDGE project. This partnership will result in seven selected office renovations. The renovations include furnishings and a new IT system. The BRIDGE project is a vocational training project to upgrade skills of the unemployed in basic construction work. To date, 11 employment centers have been shortlisted for further consideration by the partners and SESA<sup>27</sup>.
- SPSS has reviewed specifications and descriptions for potential job vacancy boards and a model has been selected for use in employment offices and job clubs after upcoming SPSS training is implemented.

## 2.C CREATE INSTITUTIONAL FRAMEWORK FOR STRATEGIC SOURCING OF ESA PRIORITY SERVICES.

### 2.C.1 Develop a legal framework for private or NGO employment service and training quality control.

- List of pertinent regulations and legal acts has been compiled

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<sup>23</sup> SPSS\_FY07Q4\_Sept4\_PartnershipsforJobFairs\_arm; SPSS\_FY07Q4\_Sept4\_PartnershipsforJobFairs\_eng

<sup>24</sup> SPSS\_FY07Q4\_Sept25\_JobFairManual\_arm; SPSS\_FY07Q4\_Sept25\_JobFairManual\_engl

<sup>25</sup> SPSS\_FY07Q4\_Sept28\_EC status report\_engl (in process but not delivered yet)

<sup>26</sup> SPSS\_FY07Q4\_Aug17\_IT Assessment of Employment Services

<sup>27</sup> SPSS\_FYQ4\_Sept26\_Shortlisted Centers for CHF renovation

- Current legal and regulatory frameworks and the experiences of Component IV are being studied for incorporation and use in component II
- Discussions with the Legal Division of MLSI has been initiated

2.C.2 Prioritize needed services according to National Employment Services Plan and determine internal and external capacity/cost to deliver.

- The plan is delayed by MLSI as it works in the fall of 2007 to design its larger Social Protection Strategy. Activity reported in Section 2.B will contribute to the eventual prioritization.

2.C.3 Define a functional, transparent tender process and an external audit process to assure quality control. Obtain necessary revisions of legal or regulatory provisions.

- The Grants Management crosscutting activity in SPSS has developed a model tendering process that will be applied by Component II.

2.C.4 Identify NGO and private sector providers with sufficient internal robustness to participate in outsourcing pilots of services in demand.

- See 2.B.1.

## **2.D SUPPORT CONTINUED RESTRUCTURE OF ESA OFFICES: MOVE ANALYTICAL WORK TO CENTRAL OFFICE, STRENGTHEN 11 MARZE OFFICES, STRENGTHEN OTHERS AS BASIC-SERVICES OFFICES.**

2. D.1 Involve internal ESA stakeholders to develop instrument to determine Marze office administrative and program resource needs, and basic service office needs. Engage in consensus building to develop local ownership.

- This activity is a part of the assessment process during the visits to the employment centers. The SPSS staff have gathered data and administrative information and been provided several opportunities for continued evaluation during meetings and discussions with the SESA director and staff.

2.D.2 Determine level of resistance to change. Explore possibility of conducting a change management training.

- SESA management is motivated to change, and the strategy for doing this in a way that brings along the employees throughout the system will be the subject of a retreat included in the Year 2 work plan.

2.D.3 Establish task group to develop criteria to select pilot offices.

- SPSS staff has begun introducing concepts to be implemented within the model office and begun discussions of self-service methods with the SESA Director who is supportive.

2.D.4 Assess current training system and make suggestions for improvements.

- The field office assessments have included initial assessments of staff skill baselines, which will be built upon in establishing model services in model centers. The training needs assessments will continue in Year Two as the Employment Plan defines priorities.

2.D.8 Assist in developing a sustainable monitoring and evaluation system with internal controls for determining overall effectiveness of employment services.

- A performance management system consultation is scheduled for October. This will be the basis for establishing a performance management system that will include monitoring and evaluation.
- In the preparatory discussions during the quarter, SESA management has indicated interest in establishing the system.

## 2.E IMPROVE JOB-MATCHING

2.E.1. Assessment of job-matching system. Evaluate how employers submit job vacancies and how job seekers find them.

- SPSS reviewed the new GORTS system and its ToR<sup>28</sup>, assessing its purpose and use within the regional offices and the plan for its use as a tool for electronic job matching.
- Two visits to the NORK Information and Analytical center included SPSS IT experts have focused on job-matching functions designed within GORTS software, to learn the relationships and the function of NORK in SESA's flow of information as a result of these meetings the SPSS teams has the following concerns:
  - Analysis of the issue of whether or not the new GORTS system can adequately address employer needs if the program stays as designed, which screens out qualified job seekers.
  - Identify the level of preparedness of SESA and NORK to roll out the new IT system all at one time.

2.E.2 Assess how stakeholders group would be received. Form stakeholders group or change approach based on reception.

- Stakeholder involvement is noted above.

2.E.3 Improve forecasting and analysis to inform management, policy reform, and program improvement. This includes: collection of labor-market data beyond firms registering with ESA and upgrading analytical capacity – either in-house or linking to other governmental or nongovernmental groups (such as CAPS and Armenian Development Agency), developing labor-market models.

- Mr. Szumilo, SPSS Statistician, prepared a summary of his suggestions and recommendations<sup>29</sup>, which were discussed with SESA Data Analysis and Forecasting Department leader Anahit Parsadanyan. During this meeting, plans for further support and new software were discussed.
- SPSS subcontractor VGM Partners will continue data reporting and analysis support.
- Initiated a plan to provide training for interviewers administering the upcoming employers' survey, a workshop on LM analysis and forecasting, how to make a good presentations, and how to structure reports.

2.E.4 Initiate self-service programs, which provide basic training information and information on vacancies at all branch offices on a walk-in basis.

- Discussion is initiated regarding the required service protocols and databases needed to make self-service possible in an Employment Office.

2.E.5. Conduct assessment of client counseling techniques and capacity to use the triage tool.

- Field office assessments have produced initial assessment of readiness; counseling techniques are scarcely evident, and considerable training will be needed to use a triage tool.

2.E.6 Improve client outreach and counseling techniques, for vulnerable groups as identified in the ESA Employment Plan.

- The plan is not completed, as MLSI is first preparing its Social Strategy.
- The plan for services is thus not yet developed, leaving outreach to be initiated when there is more a more coherent package of services and priorities for service to promote.

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<sup>28</sup> SPSS\_FY07Q4\_Aug\_27\_ToR for the GORTS system\_engl; SPSS\_FY07Q4\_Aug\_27\_ToR for the GORTS system\_arm

<sup>29</sup> "SPSS\_FY07Q2\_Jun29\_Review of Preliminary Results from the Employer Survey\_eng"

## **2.F UPGRADE ESA IT SYSTEM, LINKING FIELD OFFICES TO CENTER AND INSTALLING DATABASE SOFTWARE**

2.F.1 Assess IT requirements for a centrally managed job bank with the following mechanisms uniform coding and categorization for vacancies, mechanisms for local input to a national job bank, mechanisms for countrywide distribution, and a link to a self-service job search mechanism.

- Reviewed IT issues related to ESA. Prepared assessment on current IT situation in regional employment services offices<sup>30</sup> and GORTS System<sup>31</sup> with recommendations for new software installation.

2.F.2 Explore IT up-grades needed including job bank, interconnection with other Social Safety Net components, service to labor market projection function, self-service workstations for job seekers, ESA management information systems (MIS).

- Component Two participated in an assessment of previously initiated, but now defunct, Integrated Service Centers in which some of the service barriers to information sharing were identified.
- The IT assessment pinpoints connectivity as a key barrier to a self-service network, especially in rural Marzes.
- The current GORTS system is not conducive to job-matching, and the methods of obtaining, classifying and matching employer/job seeker information require significant revision.
- A meeting in NILSR began inquiry into the status of occupational classifiers and the role of the institute in development of classifiers.
- Materials have been procured from The US Department of Labor on vocational Careers and Classifications per the request of the NILSR staff to serve as examples of these uses.
- The NILSR agreed to have the SPSS expert consultant provide support and capacity building in FY08.

## **2.G IMPROVE EMPLOYMENT TRAINING.**

2.G.1 Assist ESA determine demand, identify provider supply and pilot an outsourcing method using grants.

- The mechanism is piloted in Component Four, and will be used after outsourcing priorities are determined.

2.G.2 Initiate NGO grant-matching program for job training: Design programs and procurement rules, reach GOAM agreement, oversee grants.

- Deferred to Year Two. Outsourcing is ahead of the planning process at this time in SESA.

2.G.3 Assist ESA and employer stakeholders to develop a method for assessing Labor Market demand supply shortfalls.

- The attention to labor market and employer surveys discussed above addresses this activity.

## **2.H IMPROVE CAPACITY TO ANALYZE LABOR MARKET.**

2.H.2 Analyze rural labor market.

- Three separate studies of the rural labor market have recently been completed by other donors. SPSS has agreed to summarize these for SESA and to produce recommendations for the National Employment Strategic Plan.

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<sup>30</sup> SPSS\_FY07Q4\_Aug17\_IT Assessment of Employment Services

<sup>31</sup> SPSS\_FY07Q4\_Aug\_27\_ToR for the GORTS system\_engl; SPSS\_FY07Q4\_Aug\_27\_ToR for the GORTS system\_arm

### **3. COMPONENT THREE: OCCUPATIONAL SAFETY AND LABOR CODE**

The Component Three team works with MLSI to reinforce and harmonize Armenia's achievement of its ILO Strategy for Decent Work for 2007-2011. The team continues collaboration with the Labor Inspectorate to expand the LI's impact and build its capacity more effectively to carry out labor regulation.

The Component Three team spent the fourth quarter working with the Labor Inspectorate to better understand and define its business processes, including standardizing processes for inspections in harmonization with Armenian laws. Specific regulations were produced at the behest of the Ministry regarding explosive atmospheres and mining, as part of the general move towards risk-based enforcement. The Component also collaborated with the Labor Inspectorate in producing a work plan of deliverables for the next year, including the possibility of a study tour to Lithuania.

The main lessons learned in this quarter were the relative dispersion of inspection services throughout the Armenian government, and the unclear demarcation between "technical safety" and "occupational safety" (embodied in the split of functions between the National Safety Technical Center and the Labor Inspectorate). Work for the first quarter of FY2008 will be concentrated on the administrative tasks necessary to consolidate inspection functions and streamline the burden on businesses.

#### **3.A ADOPT NEEDED AMENDMENTS TO LABOR CODE, AND RULES AND REGULATIONS FOR LABOR RIGHTS**

3.A.1 Analysis of gaps in current Labor Code for implementing Armenia's 2007-2011 ILO Strategy.

- Analysis and recommendations were presented to MLSI in Quarter Three.
- Portions of the recommendations were incorporated into the amendments promulgated in Quarter Four by MLSI.

3.A.2 Draft proposed changes to Labor Code based on ILO conventions, EU standards and public feedback. Write necessary rules and regulations.

- At the request of the MLSI, draft changes to Labor Code put into Government circulation have been translated into English<sup>32</sup>.

3.A.4. Assist MLSI to develop commentary for the Labor Code

- Agreement was reached with the Ministry and NILSR on outsourcing the commentary process to the private sector. After meetings and consultations with firms, a list was compiled for the Ministry on suitable private sector firms that would be willing and able to undertake the commentary process<sup>33</sup>.
- Initial Cooperation agreement with BSC for possible trainings of National Institute staff and Labor inspectors was secured.

#### **3.B ADOPT NEEDED AMENDMENTS TO LABOR CODE, AND RULES AND REGULATIONS FOR HEALTH AND SAFETY**

3.B.1 Analysis of gaps in current Labor Code.

- Analysis and recommendations were presented to MLSI in Quarter Three.
- Portions of the recommendations were incorporated into the amendments promulgated in Quarter Four by MLSI.

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<sup>32</sup> SPSS\_FY07Q4\_Aug10\_labourcode amendments\_ARM, SPSS\_FY07Q4\_Aug10\_labourcode amendments\_eng

<sup>33</sup> SPSS\_FY07Q4\_Aug24\_list of firms that can do analysis\_arm

3.B.2. Draft changes to Labor Code based ILO conventions and EU standards. Write necessary rules and regulations.

- A draft Government Decree regarding potentially explosive atmospheres was delivered to the MLSI in Armenian, and is currently awaiting their comments<sup>34</sup>. The draft has also been submitted to the Ministry of Trade and Economic Development (MTED).
- Mining Safety Expert Bruce Dial performed an analysis of Soviet mining regulations and proposed regulations from the MTED<sup>35</sup>.
- Basic standards for safety in surface mining were developed by Bruce Dial and submitted to MLSI, MTED and National Center for Technical Safety<sup>36</sup>.
- Based on the interest expressed at the round table in the US experience with mine regulation, a report on US Mining Safety history was prepared and submitted to our partners from MLSI and MTED<sup>37</sup>.
- Basic standards for safety in underground mining were developed by Bruce Dial and submitted to MLSI, MTED and National Center for Technical Safety<sup>38</sup>.
- At the request of MTED, US based safety standards for conducting explosive works in the Mines were developed and submitted to MLSI, LI, MTED, and National Center for Technical Safety<sup>39</sup>.
- At the request of MTED, an outline of US federal regulations for mining safety, including an outline of surface and underground mining standards, was prepared by Bruce Dial and submitted to MLSI, LI, MTED, and National Center for Technical Safety<sup>40</sup>.
- Two EU directives on safety and health in mining were submitted to MTED<sup>41</sup>.
- The RoA Law on technical safety was translated into English<sup>42</sup>.
- Translations of ILO regulations concerning occupational safety and health management systems were delivered to the MLSI<sup>43</sup>.

3.B.4 Stimulate Tripartite public discussion of Workplace Safety Issues

- A roundtable on mine safety was held on August 31<sup>st</sup> at the SPSS project, involving participants from major mining companies, the Labor Inspectorate, the MTED, the MLSI, Trade unions, and the American Chamber of Commerce<sup>44</sup>.

### 3.C CONTINUE MODERNIZATION OF LABOR INSPECTORATE

3.C.1 Undertake needs assessment of Labor Inspectorate.

- Needs assessment was completed.

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<sup>34</sup> SPSS\_FY07Q4\_Aug6\_Explosiveregulation\_arm and SPSS\_FY07Q4\_Aug6\_Explosiveregulation\_eng

<sup>35</sup> SPSS\_FY07Q4\_Sep10\_BruceDialExitReport\_eng

<sup>36</sup> SPSS\_FY07Q4\_Aug28\_SurfaceMiningBasicNorms\_Arm,  
SPSS\_FY07Q4\_Aug28\_SurfaceMiningBasicNorms\_ENG

<sup>37</sup> SPSS\_FY07Q4\_Sept4\_USMineSafetyLegisHistoryReport\_arm and SPSS\_FY07Q4\_Sept4\_  
USMineSafetyLegislHistoryReport\_eng

<sup>38</sup> SPSS\_FY07Q4\_Sept17\_RecommUndergroundStandsRevised\_arm and,  
SPSS\_FY07Q4\_Sept17\_RecommUndergroundStandsRevised\_eng

<sup>39</sup> SPSS\_FY07Q4\_Sept4\_TheUSBlustingMining\_ENG, SPSS\_FY07Q4\_Sept4\_TheUSBlustingMining\_ARM

<sup>40</sup> SPSS\_FY07Q4\_Aug30\_CFRoutlinrSurfaceMetal&NonMetalMines\_arm;  
SPSS\_FY07Q4\_Aug30\_CFRoutlinrSurfaceMetal&NonMetalMines\_eng;  
SPSS\_FY07Q4\_Aug30\_30CFRSubparts\_eng; SPSS\_FY07Q4\_Aug30\_30CFR Subparts\_arm;  
SPSS\_FY07Q4\_SEP 4\_CFRPART57UndergroundOutline\_ARM; SPSS\_FY07Q4\_SEP 4\_CFRPART  
57UndergroundOutline\_ENG

<sup>41</sup> See FY07Q2 June reports: SPSS\_FY07Q2\_Jun1\_EUdirectiveMining 1\_arm,  
SPSS\_FY07Q2\_Jun1\_EUdirectiveMining 1\_en, SPSS\_FY07Q2\_Jun1\_EUdirectiveMining 2\_arm,  
SPSS\_FY07Q2\_Jun1\_EUdirectiveMining 2\_en

<sup>42</sup> SPSS\_FY07Q4\_Aug15\_Lawtechnicalsafty\_eng, SPSS\_FY07Q4\_Aug15\_Lawtechnicalsafty\_arm

<sup>43</sup> SPSS\_FY07Q4\_Jul24\_ILOOSH GUIDetranslation\_arm, SPSS\_FY07Q4\_Jul24\_ILOOSH  
GUIDetranslation\_eng

<sup>44</sup> SPSS\_FY07Q4\_Sept5\_successstory2\_eng; SPSS\_FY07Q4\_Sept6\_Augtrainingevaluations

3.C.2 Make recommendations for design of management information and IT system and write specifications.

- The project team met with counterparts at the Labor Inspectorate to analyze of internal data flows and the current IT system. A report was produced on the state of information technology within the Labor Inspectorate, including recommendations for overseeing management of IT and creating an IT strategy for the organization<sup>45</sup>.

3.C.4 Establish efficient, effective complaints mechanism.

- Subcontractor VGM Partners concluded an expert survey regarding operations of the Labor Inspectorate and created a draft questionnaire for 200 firms throughout Armenia on their work with the Inspectorate. This will form the raw data for assessing the current complaints mechanism and suggesting improvements for the future.

3.C.5 Establish complaints hotline.

- This activity will be undertaken in Year Two.

3.C.7 Upgrade IT system, linking field offices to center. Improve internal data flow.

- This activity will be undertaken in Year Two.

### **3.E INTRODUCE RISK-BASED ENFORCEMENT**

3.E.1. Adopt and implement action plan, informed by the assessment, that: rationalizes staffing and adopts principles of "risk-based enforcement", introduces transparent and accountable management systems, links incentives to performance, provides checks and balances, strengthens supervision.

- A draft inspection manual for the State Labor Inspectorate was produced and submitted<sup>46</sup>. A meeting was held to discuss changes necessary to harmonize the manual with Armenian legislation, and written comments were received from the Inspectorate. Changes were made to the draft inspection manual per comments from the Head of the Legal Control Division and from the Head of the National Institute. The manual will be revised and published. It was agreed with counterparts that upon the final product, trainings will be conducted for inspectors and the introduction of the manual will be publicized.
- Working plan for FY2008 with activities and deliverables has been presented to the LI by their request.<sup>47</sup>
- The monthly action plan for September and October was prepared and presented to MLSI, LI, and NILSR and after receiving their comments and making appropriate changes initial agreement has been secured from their representatives<sup>48</sup>
- A technical proposal was drafted for the design of the State Labor Inspectorate logo. There is a concomitant need to brand the SLI to reflect its emphasis on customer service and values and objectives upheld by the Labor Code of Armenia. The competition will most likely be announced in FY08 and will mark a new level of outreach conducted by SLI.
- Consultant Elly Hopping prepared and delivered a presentation on the International Association of Labor Inspectorates (IALI) for the Ministry and the Labor Inspectorate<sup>49</sup>.
- Armenia's application to IALI was prepared, translated and submitted to the Ministry for the Minister's signature<sup>50</sup>.

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<sup>45</sup> SPSS\_FY07Q4\_Sept17\_AssessmLIIT\_TomarCHNORK\_eng;

SPSS\_FY07Q4\_Sept17\_AssessmLIIT\_TomarCHNORK\_arm

<sup>46</sup> SPSS\_FY07Q4\_Jul15\_InspectorateManual\_eng; SPSS\_FY07Q4\_Jul15\_InspectorateManual\_eng

<sup>47</sup> SPSS\_FY07Q4\_Aug1\_LaborInspectYearPlan\_eng

<sup>48</sup> SPSS\_FYQ4\_Sept12\_MonthlyPlanWPSafety&Labour\_arm and

SPSS\_FYQ4\_Sept12\_MonthlyPlanWPSafety&Labour\_eng

<sup>49</sup> SPSS\_FY07Q4\_Aug01\_IALInfoSheet\_arm; SPSS\_FY07Q4\_Aug01\_IALInfoSheet\_eng,

<sup>50</sup> SPSS\_FY07Q4\_Aug01\_IALI\_Application,

- IALI articles have been translated into Armenian and submitted to MLSI<sup>51</sup>.

#### **COMPONENT FOUR: SOCIAL ASSISTANCE**

Component Four has continued making progress in implementing Project activities and participating in Project related events (PRSP discussion, WB presentation, ARS etc.). Quarter Four was marked following important events:

- Grant competition on day care centers for disabled was accomplished and a Trilateral Grant Agreement with five attachments was signed between MLSI, TSG and four selected NGOs. The purpose of the tender process was to initiate a sustainable service outsourcing mechanism that can be used by GOAM to purchase needed basic social services in the future. The day care centers for people with disabilities are services newly added to the basic package of public obligation, and international experience has shown that such services are more efficiently provided by NGOs.
- On 22-24 August SPSS organized and held a three-day capacity-building seminar “Increasing Accessibility of Services Provided to the Elderly and Persons with Disabilities” for 100 community-based social workers.
- The Vanadzor SMEC regional office capacity and work efficiency was assessed through key staff interviews at site visit.
- On September 27 a roundtable discussion on problems and shortcomings of the project on house allocation to graduates of orphanages was organized at the request of the Department of Family and children issues of MLSI and the Armenian Relief Society (ARS), a project subcontractor.
- SPSS is close to completing an analysis and recommendations on targeting efficiency for the existing Family Benefit Program.
- SPSS has made contributions to the initial planning for a MLSI working group on Elderly Strategy. This has included provident background material on the situation of the Elderly in Armenia.

#### **4.A STRENGTHEN SOCIAL SAFETY NET PROGRAMS**

4.A.1. Advise on social safety net policy. Elaborate strategy on social assistance. Clarify state responsibility in provision of social assistance.

- Within the framework of the overall social assistance strategy, a working group (WG) on the development of Strategy on Aging was established. The first contribution of SPSS to the WG was the presentation of the report on the elderly situation in Armenia. SPSS also provided comments on the MLSI’s report on the elderly.
- SPSS received FB dataset for two months (May - June 2007) from MLSI and started analysis of trends in the FB system for further policy improvements. The first results of analysis were presented to MLSI by target and income groups: number of children under five<sup>52</sup>, average income per capita<sup>53</sup> and per household<sup>54</sup> by the request of MLSI. Some initial recommendations were made concerning family benefits (FB) system improvement, i.e. on the scoring system by short-term local economic modeling expert Narek Martirosyan.
- It was agreed with MLSI to conduct a survey among the RSSA employees and experts on FB system for future recommendations on System improvement. The questionnaire was developed, distributed among RSSAs<sup>55</sup> and currently more than 400 questionnaires are being summarized.
- Questionnaire on FB improvement for experts has been developed with MLSI and sent to about 80 national and international experts in the field.

<sup>51</sup> SPSS\_FY07Q4\_Aug1\_IALI\_Statutes\_ARM and SPSS\_FY07Q4\_Aug1\_IALI\_Statutes\_en

<sup>52</sup> SPSS\_FY07Q4\_Aug18\_child5\_eng

<sup>53</sup> SPSS\_FY07Q4\_Aug18\_PerCapitalIncome1\_eng; SPSS\_FY07Q4\_Aug18\_PerCapitalIncome2-eng

<sup>54</sup> SPSS\_FY07Q4\_Aug18\_HHIncome-eng

<sup>55</sup> SPSS\_FY07Q4\_Aug23\_FB questionnaire\_eng; SPSS\_FY07Q4\_Aug23\_FB questionnaire\_arm

- SPSS participated in site visits to assess existing systems, e.g. SMEC in Vanadzor, Erebuny community Employment office (assessed accessibility for disabled and working conditions), Integrated social service center in Masis.
- SPSS continued to have active participation in professional discussions, seminars on social economic changes within the framework of staff capacity improvement, particularly:
  - 19–20, July – Caucasus Research and Resource Center (CRRC) 2 days training course on "Simulation Modeling for Policy Analysis" conducted by Mr. Andrew Whitmore.
  - 23 July – CRRC workshop on "Demography in Focus: Using Focus Groups in Demographic Research".
  - 23 July – WB Country Director’s presentation on Fiscal Policy and Growth in ECA region.
  - 27 July – UNICEF presentation on Children’s situation in Armenian.
  - 3–4 September – Two-day seminar on M&E System of the Family Benefits Program conducted by the WB short-term consultant Miroslav Belavi. The seminar was organized at the NISS with the support of the WB Social Sector Administration Strengthening program.
  - 24 September – presentation of the survey results on “Family” as an Institution, conducted by UNFPA, NSS and MLSI at the Congress Hotel.
  - 28 September – presentation of the SESA and Ameria, a joint RA Labor Market Study, Congress Hotel.
- SPSS initiated cooperation with local self-government representatives, particularly with Emin Eritsyan, the Chairman of Community Association of the RA and Vache Terteryan, Deputy Minister of Territorial Administration of the RA. These meetings resulted in cooperation in the frame of the Working Plan, particularly, three main directions were defined: (1) drafting new provisions to the Law on Local Self Government, (2) assisting in the design of the Social development paper, and (3) development of the social partnership on the community level.

4.A.2 Support MLSI in identifying minimal social service packages for vulnerable population. Assist with priority setting on service provision.

- Draft analysis of FB system improvement and suggestions for additional changes to scoring provided to MLSI.
- Working with the Ministry of Territorial Administration of the RA to set priorities for social service packages on the community level.

4.A.3 Elaborate methods and mechanisms on needs assessment and targeting.

- Questionnaire on family benefit (FB improvement developed), see above.

4.A.4 Strengthen research capacity of MLSI (NI and NORK) on needs assessment and targeting issues. Produce materials on new methods.

- Active professional discussion with MLSI staff on needs assessment and targeting ongoing through attendance at professional discussions and seminars, see above.

#### **4.B ASSIST IN SOCIAL CONTRACTING WITH NON-STATE STAKEHOLDERS**

4.B.1. Refine instruments for increasing NGO and other parties’ participation in social service provision.

- Continued promotion of social contracting, particularly: organized meetings with Luben Panov, representative from the Bulgarian Center for Not-for-Profit Law ([www.bcnl.org](http://www.bcnl.org)) and Seyran Avagyan, the advisor to the president of RA on local government. The meetings were organized by the support of Mission Armenia NGO to advance partnership and promote social service provision on the local government level.
- On September 27 SPSS supported ARS in organizing a roundtable discussion focusing on the social inclusion of vulnerable children through “State Support to Alumni of RA Child Foster-

Care Organizations” project with the participation of government counterparts and NGO representatives. Recommendations for program improvement were developed.

4.B.2 Design and pilot cost-effective methods for subcontracting, avoiding dual practices, decreasing administration costs.

- Competitive bids are being sought to find the most cost-efficient means to deliver the selected service and to demonstrate the positive effect of applying market principles in the social sphere.
- A Grant-matching program for social service provision in collaboration with the MLSI has been implemented:
  - RFP on Day Care Centers for Disabled individuals was announced in newspapers (twice in Hayastani Hanrapetutyun and AZG), MLSI website and www.carecenter.am. Orientation seminar and discussion of proposal requirements and award conditions was organized for potential applicants.
  - 20 received proposals evaluated by Expert Selection Committee, as a result 6 semifinalists were selected.
  - On September 14 the final selection committee finalized the selection of 5 organizations ("Full Life" CPO, "Astghatsolk" PO, "Havat" Hard Hearing Children's Mothers" PO, and "Prkutyun" PO, Mental Health Foundation) and presented them for funding.
  - Pre-award meetings were conducted with five selected NGOs, the proposals were discussed and finalized during those meetings.
  - Trilateral Grant Agreement with five attachments was signed between MLSI, USAID and respective NGOs.
  - Sixteen regret letters were drafted and sent to non-selected organizations, explanations and justifications were provided to interested parties.
- A Grant management seminar was conducted for four organizations, a PowerPoint presentation on the USAID requirements was made for all organizations.

#### **4.C PROMOTION AND SUPPORT OF SOCIAL WORK AS AN ACADEMIC DISCIPLINE AND CAREER PATH**

4.C.1 Establish professional status of "Social worker".

- Training provided on social work.
- MLSI has made an urgent request to organize training for regional social workers on instructions and methodological support on decentralization of services provided to the elderly and persons with disabilities. Within a short period, SPSS project organized a three-day seminar on 22-24 August that brought together over hundred social workers from regional and community government offices from all regions of Armenia. The seminar on “Increasing Accessibility of Services Provided to the Elderly and Persons with Disabilities”<sup>56</sup> focused on the exposure of the new GOAM procedure on providing prosthetic-orthopedic devices, rehabilitation technology, and other aid devices to beneficiaries. It helped to increase the understanding of the underlying paperwork, customer service to vulnerable population and encouraged GOAM members to participate in successful trend of service decentralization.<sup>57</sup>
- After the seminar, informative booklets (question-answer) on “Procedures of Providing Prosthesis and Orthopedic Devices to People with Disabilities” and on “At home and Institutional Care to the Elderly” were written and at the time of this report were being published. The pamphlets, to be distributed in early FY 2008, comes in parallel versions addressed to service providers and to service users.

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<sup>56</sup> SPSS\_FY07Q4\_Aug22\_Agenda&listofhandoutsdisability\_eng

#### **4.D ASSIST IN CLARIFYING NEW REGULATIONS AND LEGAL RULES UNDERLYING SOCIAL SAFETY NET.**

4.D.1 Improve existing legal and regulatory basis for promoting social contracting with non-state social service providers.

- Grant making process illustrated appropriate approach to social contracting and Trilateral Grants mentioned above serve as models.
- SPSS continued identifying legal obstacles to additional social contracting by MLSI.

#### **4.E ASSIST WITH OPERATIONALIZING SOCIAL SAFETY NET LAWS**

4.E.1 Identify terms and good operational conditions.

- Inventory completed of the current legal framework for social assistance and social services.
- Stakeholder (key NGOs) involvement solicited in identifying the priority legislative changes required: clarification of laws regulating NGO business activity, local government empowerment, budgeting, and outsourcing.

4.E.2 Make recommendations on functioning.

- Research on effectiveness of current systems such as FB and integrated services will lead to recommendations.
- Dialogue with constituent NGOs also is providing information that will lead to recommendations.

### **5. CROSSCUTTING ACTIVITIES**

Crosscutting activities are interwoven in the Components above. Additional information on crosscutting activities is presented in this section.

#### **5.A INFORMATION, EDUCATION, COMMUNICATION (IEC) AND PUBLIC RELATIONS**

SPSS local outreach specialists are working closely with counterparts on strategic planning to design and convey key MLSI and other government counterpart messages to the Armenian public. Press coverage and publications promoting portions of the Social Protection message were generated.

IEC activities for this quarter included high-level meetings and extensive outreach to new target audience such as leading businesses, mining companies, and others related to principal issues of social reforms and the SPSS project mission. Media coverage was assured for key events supported by SPSS project as well as two success stories generated by the project. Training evaluation reports were initiated. Along with component specific activities the team also worked on the website and project brochure.

5.A.1.1 Design round tables, forums, surveys, others and the use the secondary data as needed to support the four components.

- A telephone survey on “The Need to Activate Social Area Coverage by the Mass-Media” was carried out 13-17 July, including print and electronic media outlets. The results were summarized in a report in English and Armenian<sup>69</sup>. The survey builds on a previously conducted situation analysis of the social sector coverage tracking press recaps since April 2007. It draws out important implications and recommendations for public outreach messages and strategy to be developed within the framework of the project together with the counterparts.
- Within the framework of activating social sector coverage and understanding, it was agreed with MLSI counterparts to conduct two integrated training-seminars targeting MLSI key spokespersons and, separately, Armenian journalists and editors (as decision makers in

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<sup>69</sup> SPSS\_FY07Q4\_Aug1\_media survey revised and SPSS\_FY07Q4\_Aug1\_media survey revised\_arm

coverage and issue attention) on social protection sector coverage. All necessary materials were drafted and are under development to finalize and conduct the spokespersons training in early November<sup>70</sup>. Accordingly, a Terms of Reference was drafted to bring in high-level media expertise from an acknowledged public relations/media company.

- SPSS worked extensively on designing the project message on the reform level as well as that of specific component activities, tailored to select beneficiaries and target groups and including consideration of communication methods and their use<sup>71</sup>. The plan is in its final stage of development and will be a working document to cast upon changing realities of the social sector and political implications.
- SPSS agreed with MLSI counterparts to organize and hold a briefing on social protection sector issues for the newly elected Deputies and newly formed Standing Committees of RA National Assembly. SPSS worked with MLSI and the National Assembly counterparts to develop the concept<sup>72</sup> and streamline organizational matters. The event will introduce government and parliamentarian colleagues to each other to discuss social protection reform issues and legislative implications.
- On 23 August, SPSS held a high-level meeting with Mr. Babloyan, Chair of the RA National Assembly Standing Committee on Social Affairs, Healthcare and Environmental Protection<sup>73</sup>. The team introduced to Mr. Babloyan SPSS project's goals and activities, while also discussed joint collaboration issues involving the RA MLSI.
- SPSS worked with MLSI and SSIF colleagues to draft and disseminate press releases on two key events on August 3-4 (Component One Pension Administration Retreat) and 22-24 (Component Four Increasing Accessibility of Services to the Vulnerable Populations seminars), which generated media coverage<sup>75</sup>
- SPSS also worked on producing high response rate evaluation results on monthly basis<sup>76</sup> that present valid and reliable data on training participant feedback and attitudes.
- The annual TraiNet Data report was completed<sup>77</sup> including complete statistical and financial information and gender breakdown of all year one training events.

5.A.1.2 Engage in discussions with all levels of Government and initiate policy discussions.

- Policy decision discussions at all levels of Government are noted in the above Component activity reports.

5.A.1.3 Engage in discussions with all levels of Government regarding new policy procedure changes.

- Procedural change discussions accompany the policy discussions noted in Component reports.

5.A.1.4. Create events such as press releases, round tables, forums, surveys, publications, etc. to disseminate information

- See 5.A.1.1.
- The SPSS project website strategy<sup>78</sup> was finalized. Included in the design is an interactive map of Armenia which will enable online users locate nearby social centers (services, employment and labor), a feature planned for transfer to the MLSI website as it expands its outreach strategy under SPSS guidance.
- SPSS project brochure was drafted and designed. Brochure content, along with a dissemination plan was developed to convey key reform and project specific messages to the public about Social Protection Systems reform.

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<sup>70</sup> SPSS\_FY07Q4\_Jul18\_Beat coverage training, SPSS\_FY07Q4\_Sept17\_MLSI spokespersons\_training

<sup>71</sup> SPSS\_FY07Q4\_Aug31\_draft message plan

<sup>72</sup> SPSS\_FY07Q4\_Aug21\_FACTSHEET\_Parliament, SPSS\_FY07Q4\_Jul17\_NApolicy briefing\_Concept

<sup>73</sup> SPSS\_FY07Q4\_Aug21\_MeetingABabloyan

<sup>75</sup> SPSS\_FY07Q4\_Aug28\_SociworkerSemCoverRecap,  
SPSS\_FY07Q4\_Aug28\_PensionAdminRetreatCoverRecap

<sup>76</sup> SPSS\_FY07Q4\_Sept6\_Augtrainingevaluations, SPSS\_FY07Q4\_Sept 28\_Septtrainingevaluations

<sup>77</sup> SPSS\_FY07Q4\_Sept27\_TraiNet Data Forms 07

<sup>78</sup> SPSS\_FY07Q4\_Jul\_web site strategy

- The SPSS project was announced to the business community in the AmCham quarterly member newsletter in September.
- Briefing plans were completed on pension reform issues for October for AmCham to raise awareness of pension reform costs and considerations among some of the leading businesspersons in Armenia<sup>79</sup>.
- At the end of July, the MLSI Public Relations Department underwent personnel changes. A new employee was hired who was not well prepared to work in Department. SPSS did a job orientation and presented best practices to the new employee, based on which, Anna Hovhannesian delivered a hands-on training for the Public Relations Department focused on the following topics: Basics of Government Public Relations Department and its activities, Organizational relations between the Department and other offices, Public Relations Tools to promote MLSI activities and promote transparency, Presentation skills, Media Sector (including mailing list creation), Professional Press Release Writing and Procedures, Crisis Management and Interview Preparation for Government Officials.
- SPSS worked with MLSI to identify the English language proficiency needs among technical staff and build sustainability in retaining staff skills in English. To support the MLSI initiative to open and hold English club meeting, a plan was put together and agreed with counterparts according to which outreach will be carried out to integrate English speakers and hold results-oriented and successful meetings<sup>80</sup>.

## **5.B POLICY, REGULATORY, AND LEGISLATIVE REVIEW, DRAFTING AND PROMOTION**

Project experts met with Mr. Vache Terteryan, the Deputy Minister of the Territorial Administration of the RA, and discussed relevant regulations on the authorities of local self government bodies. The discussion included the law on the Local Self Government and other related legal acts. Plans were initiated to provide SPSS technical support to drafting legislation to promote social contracting to NGOs at the local level.

Lena Zezulin and Arsen Manukyan met with the Head of the Pension Department of the MLSI and discussed the issue of amendments in the Law on Social Insurance in case of temporary disability. The responsibility to compensate the employee in case of temporary disability of the latter should be shared between the Employer and the State Social Insurance Fund. A draft law should be developed on the above proposal.

Draft amendments in the Law on Labor Inspectorate is initiated by the SPSS experts Christopher Hartwell, Tigran Tananyan and Arsen Manukyan. The purpose of the amendments is establishing lawful and correct business processes and making the operations of Labor Inspectorate more transparent.

The Draft Law on Amendments in the Labor Code was discussed in the MLSI. Some 60 points (articles) are to be changed. SPSS experts Arsen Manukyan and Tigran Tananyan prepared a package of comments and suggestions on Labor Code Amendments and participated in the final discussion of the mentioned draft. The Draft Law on Amendments in the Labor Code was officially submitted to Government for approval.

## **5.C IT AND ADMINISTRATIVE SYSTEM DESIGN**

Following are the accomplishments as of Quarter Four:

- Initial assessment of existing IT hardware capacity and business processes for information management is completed.

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<sup>79</sup> SPSS\_FY07Q4\_Sept18\_Amcham\_Landis\_present

<sup>80</sup> SPSS\_FY07Q4\_Sept27\_englishclub\_eng

- Preliminary analyses show a strong need for connectivity and for integrated data management systems, under a strongly led top-level Information Policy Unit that oversees IT implementation.
- Equally critical will be donor coordination in order to maximize constructive use of their respective bits of scarce resource.
- Specifications defined with users for development of a Document Flow system and for the Information System for Disabled registration internal data management systems will create a basis for better client service and transparency.
- Finalized tender process will be completed in October in cooperation with the NORK center, which will implement the system.

## **5.D IT AND OTHER COMMODITY PROCUREMENT**

Two tenders following USAID and GOAM rules for development of Information Systems are in preparatory stage: Information System for Disabled registration and Document Flow Information System. The tender process is a teaching tool for IT counterparts.

## **5.E ANTI-CORRUPTION INITIATIVES**

As part of recommendations on the proposed amendments to the Labor Code, many of the comments presented by SPSS that were aimed at leveling the playing field between public and private organizations were accepted by the Ministry. These amendments were submitted to the government at the end of the quarter and currently await approval. The draft manual presented to the Labor Inspectorate contained sections on appropriate behavior for inspectors, including refusing offers of transportation from inspected entities and protocol in dealing with difficult inspections. Agreement was reached with counterparts on the production of a manual for employers apprising them of their rights in relation to regulations on occupational health and safety.

The grants program of Component 4 on “Community Day Care Center for Disabled Individuals” was undertaken and completed in this quarter. The process was widely announced in two newspapers, on the MLSI website, and at the [www.careercenter.am](http://www.careercenter.am) website, and information was open to all organizations; moreover, an orientation seminar was organized for all applicants. Selection criteria was discussed with the MLSI and announced in the RFP, and based on these criteria, a selection committee (including MLSI and SPSS representatives, as well as international NGO representatives) chose winners from the proposals. The entire selection process was recorded and filed, and a Grants Policy-Procedure Manual and a Grant Beneficiary Handbook were developed from this process (the manual is currently being finalized for future grant-making procedures).

A transparent tender process to select a firm for the renovation of the NILSR was completed, including creation of an RFP, development of a selection committee with Ministry participation, creation of evaluation criteria, and finally selection of a winning firm.

## **5.F GENDER**

In Quarter Four, IEC events have had 139 persons attending, of whom 70 were men and 69 were women. Gender balance is sought in all capacity building activities, and special effort is made to prepare female participants to assume roles of greater responsibility.

## **5.G MONITORING AND EVALUATION**

M&E technical guidance will continue with Component Four assistance to develop project-level monitoring and evaluation for selected MLSI social projects. There are 60 ongoing projects in MLSI at this writing. M&E demonstration projects are being selected. M&E requirements for the grantees under the social contracting program have attended a seminar on performance monitoring and have received a manual developed specifically to guide this process.

## 5.H SUSTAINABILITY STRATEGIES

Because SPSS interventions are tailored to realistic sustainability requirements, which usually means they are modest in scope, the project policy is to focus on the ability of the counterparts to maintain the effort indefinitely. Job Fair training, job club design, day care requirements for people with disabilities, labor inspection protocols and record-keeping, etc. are being introduced with keen consideration of present institutional capacity and motivation.

## 5.I GRANTS MANAGEMENT

Following are the accomplishments as of Quarter Four:

- Grants Policy-Procedure Manual and Grant Beneficiary Handbook were translated into Armenian and distributed to recipients and counterparts.
- An Evaluation Sheet for Proposal Evaluation Committee Experts was developed.
- Grant competition was announced along with the Ministry of Labor and Social Issues.
- Twenty applications were received and four were sent to committee members for evaluation.
- Grant Agreement with five attachments was reviewed and finalized by NGOs and MLSI, as well as SPSS.

## 6.A PROGRESS TOWARDS WORK PLAN OBJECTIVES

The work plan of SPSS guides the steps reported above. At present, the progress toward larger project goals and objectives is on the correct path and within the anticipated timelines. Corrections have been made within the 2008 work plan. The most significant influences are the shifts in political climate, which may slow the progress of pension reform and the diversion of resources to material, rather than technical, assistance.

## 6.B PROGRESS TOWARDS USAID ARMENIA FY2007 TARGETS

The SPSS project is an implementing mechanism of the USAID Armenia Mission approach to investing in people and supporting economic growth. During the fourth quarter, SPSS gained sufficient information to define more clearly the targets for Program Elements 3.3.1 Policies, Regulations and Systems and for 4.6.3 Workforce development. The targets are displayed in the table below.

Targets Met for Program Element 3.1 Policies, Regulations and Systems	2006	2007		2008
		Target	Actual	Target
1. Number of Social Protection Policy Reforms Drafted, Adopted or Implemented With USG Support	N/A	1	14	9
Pension Concept Paper Sections Drafted			5	
Increase in Pension Levels to Approach Poverty Level Adopted			1	
Pension reform proposals drafted			5	
Pension administration reform proposals drafted			2	
Social Contracting Instrument accepted by GOAM			1	
2. Number of Nationwide Poverty/Vulnerability Mapping Efforts Being Supported	N/A	0	0	2

The achievements reported in the text above chart systematic progress toward drafting of the Pension Reform concept paper, which will become the foundation for the national policy debate and for the selection on reforms to be adopted in at least three pillars. However, the progress towards this target will be delayed because the GOAM recently moved the due date for the work of the Pension Reform Working Group (this includes the pension reform White Paper and draft legislation) from December 2007 to June 2008.

The research is underway for a revision of Family Benefits targeting. Initial recommendations and calculations were provided to MLSI. The Social Assistance departments in MLSI are cooperating. From this work will come improved targeting methods and also improved capacity to produce and use data to refine future targeting.

Social work curriculum is approaching the design stage. The need for paraprofessional Social Work training throughout the regions continues to be a priority curriculum development need. Poorly trained staff are one of the challenges facing community-based NGOs providing needed social services. The curriculum developed in 2008 will become instruments for both government and NGO implementers. Some methodological assistance was provided for regional social service offices.

Clarification of conflicts in legislation governing the business practices of NGOs has been requested from the Ministry of Justice. If the reply is not forthcoming, or if it does not fully clarify the business issues, legislation will be drafted and promulgated. A mechanism for social contracting has been adopted for pilot by MLSI. Trilateral grant agreement was signed between MLSI, USAID and five selected NGOs. In the coming year SPSS will work to establish parallel social contracting mechanisms to enable local governments to plan, budget and contract for social services from local NGOs.

The secondary data from MLSI that will inform target-setting for Program Elements 3.3.2 Social Services and 3.3.3 Social Assistance will be passed to the SPSS project at the beginning of Quarter 3 to allow refinement of their targets.

Number of new improved workforce development policies drafted through USG assistance	2006	2007		2008
		Target	Actual	Target
	N/A	3	58	10
Employment Law Amendments proposed			12	
MLSI labor policy proposals			24	
Labor Code Amendments proposed			19	5
Labor Inspectorate Reform Plan			1	
Explosive Environments Safety Regulations and Implementation Plan proposed			1	1
Mining Safety Regulations proposed			1	
Inspectorate Administrative Reform Plans				2
Risk-based system reform drafted				2

The SESA program development has targeted upgrading of regional offices' working conditions and capacity to better serve employers and job seekers. The development of a National Social Services Sector Strategy has begun. Within this strategy, an employment action plan will be created in cooperation with the MLSI and SESA. A final document will be completed in 2008. SPSS will continue to work at the agency level on the action plan while supporting the strategic needs of the Ministry. A series of recommended amendments to the Labor Code have been presented to the GOAM's MLSI Employment department. The theme of the recommendations is to strengthen market principles and to resist a tendency in that department to drift back to planned economy practices. More than three policy changes have been proposed to date, and a dialogue among Ministries in September generated a final list for 2007. Additionally, the Labor Inspectorate is discussing internal organization with long-term public administration expert Christopher Hartwell, and is on schedule to begin its orientation towards risk-based enforcement. Along with the Ministry, it is also reviewing regulations created during the quarter, including explosive atmospheres and mine safety standards, and timely adoptions are expected.

## **7. ISSUES AND STRATEGIES**

As soon as the Parliamentary election was finished in early May, Armenia began to prepare for the Presidential election that will be held in early 2008. Parties are aligning themselves, and top-level ministry counterparts, especially at MLSI are driven by complex external agendas.

The Government has recently made promises to increase basic pension amounts by 60 percent, and the PWG is adjusting its expectations to both take this promise into account and to postpone major reforms until after the election. The timeline has shifted from September to December to June 2008 during this quarter. Extending the date is not damaging, as the level of information and capacity for informed decision increases with time. There is much for SPSS to do concerning both the administration of existing pensions and preparing stakeholders to design an affordable and sustainable reform for the future.

Similarly, GOAM is challenged by its aspirations for improved conformity with European standards throughout its Social Protection System, making SPSS contributions in all components and crosscutting activities especially timely.

## 8. TABLES AND CHARTS

**TABLE 1: ACCUMULATED TRAINING NUMBERS ORGANIZED BY TSG**

**(JULY – SEPTEMBER 2007)**

#	NAME	ORGANIZED BY	PLACE	DATE	TOTAL NUMBER OF PARTICIPANTS	MALE	FEMALE
1	Orientation seminar on Proposal submission for Community Day Care Centers for Individuals with Disabilities	TSG	SPSS office, Yerevan	July 16	48	20	28
2	Pension Administration Retreat	TSG, AED, SSIF	Arthur's Resorts, Aghveran	August 3-4	17	13	4
3	Seminar on Increasing Accessibility of Services Provided to the Elderly and Persons with Disabilities	TSG, MLSI	Congress hotel, Yerevan	August 22	26	19	7
4	Seminar on Increasing Accessibility of Services Provided to the Elderly and Persons with Disabilities	TSG, MLSI	Congress hotel, Yerevan	August 23	36	26	10
5	Seminar on Increasing Accessibility of Services Provided to the Elderly and Persons with Disabilities	TSG, MLSI	Congress hotel, Yerevan	August 24	28	21	7
6	Roundtable Discussion on Mining Safety and Regulations in Armenia	TSG	SPSS office, Yerevan	August 31	18	14	4
<b><i>SUBTOTAL FOR AUGUST 2007</i></b>					<b><i>173</i></b>	<b><i>113</i></b>	<b><i>60</i></b>
7	Roundtable	TSG	SPSS	September	18	5	13

	meeting on Partnerships for Job Fairs		office, Yerevan	4			
8	Workshop-training on Job Fair Overview and Guidelines for Employers	TSG	SPSS office, Yerevan	September 9	10	5	5
9	Workshop-training on Job Fair Overview and Guidelines for Job Seekers	TSG	SPSS office, Yerevan	September 25	8	2	6
10	Orientation seminar on Grants Management – USAID Standards	TSG	SPSS office, Yerevan	September 25	6	2	4
<i>SUBTOTAL FOR SEPTEMBER 2007</i>					<b>42</b>	<b>14</b>	<b>28</b>
<b>TOTAL</b>					<b>215</b>	<b>127</b>	<b>88</b>

**CHART 1: SPSS PROJECT TABLE OF ORGANIZATION**

