

Quarterly Report: July 1, 2008 – September 30, 2008
Armenia Social Protection Systems Strengthening Project
USAID SO 3.4
USAID Armenia 111-C-00-06-00067-00

**AECOM International Development
October 2008**



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USAID ARMENIA, SOCIAL PROTECTION SYSTEMS
STRENGTHENING PROJECT

ԱՄՆ ՄԶԳ Հայաստանի Սոցիալական պաշտպանության
համակարգերի հզորացման ծրագիր

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July 1, 2008 - September 30, 2008

Implemented by: AECOM International Development (dba TSG)
Contract Number: 111-C-00-06-00067-00

October 3, 2008

Submitted to: USAID/Armenia

Submitted by: AECOM International Development (dba TSG)

This report was made possible with the support of the American People through the U.S. Agency for International Development. The contents of this report are the sole responsibility of TSG and do not necessarily reflect the views of USAID or the US Government.

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ABBREVIATIONS

AED	Academy for Educational Development
ALMM	Active Labor Market Measures
ARS	Armenian Relief Society
AUA	American University of Armenia
CASP	Civic Advocacy Support Program
CBA	Central Bank of Armenia
CDA	Central Depository of Armenia
CMSP	Core Media Support Program for Armenia
CAP	Civic Advocacy Project
CoE	Council of Europe
EU	European Union
FAR	Fund Armenian Relief
FB	Family Benefit
FSDP	Financial Sector Development Project
GOAM	Government of Armenia
IALI	International Association of Labor Inspectorates
ICHD	International Center for Human Development
IEC	Information, Education, Communication and Public Relations
ESC	European Social Charter
ILCS	Integrated Living Conditions Survey
ILO	International Labor Organization
IMF	International Monetary Fund
IT	IT and Administrative System Design
MoE	Ministry of Economy
MoH	Ministry of Health
MLSI	Ministry of Labor and Social Issues
MoF	Ministry of Finance
MOU	Memorandum of Understanding
MTA	Ministry of Territorial Administration
NILSR	National Institute for Labor and Social Research
NGO	Non Governmental Organization
NORK	“Nork” Information-Analytical Center
NSS	National Statistics Service
OSH	Occupational Safety and Health
PARNAS	Personal Account Registration, Numbering and Analysis System
PAYG	Pay-As-You-Go
PFCS	Professionals for a Civil Society
PRIWG	Pension Reform Implementation Working Group
PWG	Pension Working Group
RFP	Request for Proposal
SESA	State Employment Services Agency
SHAI	State Hygienic and Anti-epidemic Inspectorate
SSIF	State Social Insurance Fund
SLI	State Labor Inspectorate
SMEC	State Medical Examination Commission
SIDA	Swedish International Development Agency
SSSS	State Social Security Service
STS	State Tax Service
STTA	Short-Term Technical Assistance

INTRODUCTION

The USAID Armenia Social Protection Systems Strengthening (SPSS) Project aims to improve public and private social protection systems in Armenia and, at the same time, increase opportunities for self-reliance that reduce 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 Protection
- 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
- Sustainability strategies
- Grants management

This report covers the third FY08 quarter of the project's activities from 1 April through 30 June 2008.

Counterparts. The Ministry of Labor and Social Issues (MLSI) is the primary counterpart for the four SPSS project components. The project has established a close working relationship with relevant implementing MLSI departments: Labor and Employment, Social Assistance, Elderly and Disabled, Women and Children, Monitoring, Legal, and its Secretariat since activities began in early 2007. A framework agreement, reflecting the MLSI's work plan for SPSS, was adopted jointly in March 2007 by the project and MLSI after a series of collaborative iterations. This plan covered joint activity for the calendar year 2007, and a subsequent plan for each component has covered the work done to date in 2008. At this writing, the third calendar quarter's plans are completed and the final calendar year's activities have begun. The initially weekly working group, chaired by First Deputy Minister Araik Petrosyan, is now convened on an ad hoc basis at MLSI to provide review of progress by component, as needed.

A similar agreement to cooperate with the State Social Insurance Fund (SSIF), now the State Social Security Service (SSSS), was executed on 18 December 2007, and governs work activity with that agency throughout 2008. The SSSS has been relocated by GOAM to the status of a semi-autonomous agency under MLSI responsible for social insurance administration. Its change of status did not affect the activity plan, and the SSSS activity plan is incorporated into the MLSI agreement for 2008.

The project has simultaneously established working relationships with a number of other relevant agencies and working groups, including the Government Pension Reforms Working Group (PWG), the Central Bank of Armenia (CBA), the National Institute for Labor and Social Research (NILSR) of MLSI, the NORC Information-Analytical Center of MLSI, the State Employment Services Administration (SESA) of MLSI, the State Labor Inspectorate (SLI) of MLSI, the National Statistics Service (NSS), the Ministry of Economy (ME), the Ministry of Territorial Administration (MTA) and a large number of NGO partners.

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

Structure of the Quarterly Report. The following sections of this report discuss activities undertaken for the four project components in detail, as well as for the contributions of the crosscutting elements. Each section follows the approved Year 2 Work Plan, providing the status of activity and sub-activity. Sub-activities not mentioned are scheduled to be undertaken during a different quarter. The section immediately following presents highlights from the quarter in each component area.

QUARTERLY HIGHLIGHTS

General

FY08 Quarter four progress in achieving component and crosscutting objectives was as follows:

In all components, counterparts continue to focus on policies and operations to achieve greater harmony with GOAM European Social Charter commitments. MLSI is seriously working on its broad Social Protection Strategy, and SPSS is supporting specific areas of the strategy, most notably social insurance, labor markets and employment, ageing strategy and social assistance.

During Quarter four of 2008, the pension reformers finalized and presented to donors for comment the Draft Pension Reform White Paper. SPSS led the development of the USAID response to the paper at the end of September 2008. By using the SPSS statistical model to explore parameters of competing policy options, MLSI and other PWG members were able to finalize their proposals by weighing multiple factors and impacts. Based on lessons learned from the ten study tours sponsored by USAID and other donors over the past three years they made their proposals for Armenia. At the end of fiscal year 2008 GOAM had dissolved the PWG assigned to draft the reform proposal and had given the implementation responsibility to a new pension reform implementation working group drawing from several involved agencies and Ministries operating under a Deputy Minister Artem Asatryan of MLSI. SSSS was making plans to implement business process recommendations.

MLSI and SESA worked closely with SPSS in strategic planning at their respective levels to promote a more active, market-driven labor market. SESA employees now understand the basics of how to implement key Active Labor Market Measures in job search skills training, employer relations, job fairs and job clubs. The managers have developed agency performance indicators and tested them in field offices. SESA statisticians have developed labor market survey methods to better assess supply and demand trends and are preparing to do the second semi-annual labor market survey; results will be published. Renovations are completed on 8 additional offices under USAID funding. Three of these, Gavar, Hrazdan and Charentsavan, are just being completed through SPSS and will house model service offices that demonstrate how modern employment services serve job seekers and employers.

From summer 2008, SLI became obliged to perform occupational safety and health inspections, a fact that brings its attention to risk-based enforcement as a way to prioritize use of its resources. In the fourth Quarter, regulations were adopted for handling and storage of petroleum products that were borrowed word for word from SPSS expert recommendations. The beginnings of risk-based inspection organization are shown in two pilot offices that have taken up the data management software refined by SPSS. A repeat of the 2007 survey of public and employer attitudes toward SLI was completed and the results will be used in early October to stimulate employer union discussions with SLI.

In the fourth Quarter of 2008, SPSS entered into a contract with NILSR to provide for MLSI an analysis of existing data and the testing of means proxies for an anticipated further revision of the social assistance Family Benefit distribution formula. MLSI is contemplating both refinement of the indicators and separation of active and passive assistance measures. The social safety net emphasis is being shifted from passive to active approaches. SPSS has supported social worker skill and awareness enhancement within the state benefit system as a step toward early intervention and prevention of long-term dependency. SPSS is supporting development of outsourcing mechanisms for state and local social service provision, as a cost-effective alternative to state-run programming. Outsourcing capacity building is being done with MLSI and with four pilot local government units. Capacity building at NILSR focuses on establishing internal resources to succeed SPSS policy research inputs, especially in service to component four needs.

Component One: Social Insurance Highlights

- SPSS continued modeling activities to assist MLSI to examine and differentiate among pension reform options in order to produce its own proposals. The SPSS team continued analysis of the different data used in the various pension models, including the SPSS statistical model, the PRSP and PROST. SPSS provided a series of calculations to MLSI reflecting additional scenarios proposed by MLSI. Assistance to the Pension Reform Working Group (PWG) at the Central Bank of Armenia (CBA) also continued intensively.
- The PWG completed its work on the White Paper and presented it to GOAM. In addition, GOAM sent the White Paper to USAID and requested comments. Once the English text became available at the end of August, SPSS worked with the Financial Sector Deepening Project (FSDP) to develop joint comments highlighting principal concerns with the proposal.
- The PWG was formally disbanded and replaced by a Pension Reform Implementation Working Group (PRIWG). GOAM has designated MLSI as the principal implementation agency for pension reform. Planning for implementation of pension reform was continued with several deliverables to the MLSI and the PRIWG. In particular, several sub-groups of the PRIWG started to work. One group convened by the head of the NORK Center has started to develop terms of reference for a new personified recordkeeping system. SPSS experts provided feedback to that group. The major SPSS concern is that business process planning precedes development of detailed specifications.
- Four laws are anticipated by GOAM draft implementation program: The 1) Law on Personified Record Keeping System; 2) Law on Basic Pensions; 3) Law on Unified Tax; and 4) Law on Fully Funded Pensions. The Law on Fully Funded Pensions (Second pillar) is to be the principal responsibility of MoF. A working group established by the MoF requested SPSS assistance in drafting.
- Intense work continued on assessment of the business process in 10 SSSS offices. A detailed report was presented to SSSS in early September, and agreement was reached on continuing work on development of information materials for participants and a model office. An assessment report on the SSSS database was delivered as well.
- AUA prepared materials for focus groups determining attitudes towards the pension system and pension reform.

Component Two: Employment Services Highlights

- Technical support and translations were provided to MLSI for the Employment strategy. Comments were provided and assistance provided to MLSI's Employment Department as it presented its strategic recommendations to the Ministry.
- 41 Employer Relations action plans were developed by employment centers.
- Renovations for three pilot model offices met contract requirements and were on time.
- A Social Enterprise Development tendering process resulted in 9 proposals. The top two applicants met with an SPSS committee to negotiate budget and project proposal changes for possible future funding.
- A Performance Measures Manual was introduced and 2 pilot employment offices were oriented for testing the performance indicators over three months.
- Job Search Trainings using a customized manual were implemented for 10 Yerevan Employment Centers and SESA representatives.
- The Youth Professional Center benefited from two presentations; Labor Market Trends and Job Search methods.
- Translation of International Standard Classification of Occupations (ISCO) extracts was provided to NILSR to supplement their Occupational Classification information base.

- Software was developed and provided for processing SESA Employer Survey results in order to use the data for demand forecasting.
- Comments on the draft version of the Employment Strategy were provided.
- The chapter on the baseline situational analysis for Employment Strategy was developed.
- Met with MLSI and SESA to draft 2009 work plan objectives and discuss expectations.
- The Employer Focus group's results were provided to the Ministry, which were created within the Employer Relations training measuring employers' views on SESA's role and image.
- Attended the CHF Employment Center renovation opening in Abovian and Dilijan.
- The review on the compliance of Armenia's labor code and employment law with EU standards was prepared and provided to MLSI.
- Procurement of door signs and placards for SESA offices is in process with SESA support.
- Renovations and office equipment orders were finalized for 3 model offices.
- The capacity built on job fairs led to inclusion of regional job fairs into SESA's 2009 budget.
- The performance monitoring system was prioritized by the Employment Strategy and will be applied to all SESA centers.
- Comments and suggestions were provided on the draft version of Employer Survey Report, compiled by SESA.
- Assisted in sampling methodology for upcoming Employer Survey.
- Based on the contract signed with Arminco 42 SESA offices were connected to the integrated network as a preliminary step toward nationwide use of the GORTS job bank.

Component Three: Occupational Safety and Labor Code Highlights

- On August 28, 2008, as a result of successful cooperation with the SPSS Project, GOAM adopted the Technical Regulation on Minimum Requirements for Construction and Operation of Gas Stations. The adopted regulation is largely based on draft regulations prepared by SPSS Project in February 2008.
- Following up on an MLSI request for prioritizing creation of Occupational Safety and Health (OSH) norms, the Irish General Application Regulations were translated and delivered to MLSI and SLI. They provide OSH norms for 15 hazardous work activities and areas and will serve as a basis for developing a similar comprehensive act in Armenia.
- As part of labor inspectorate modernization, an action plan for introducing a "risk-based" analytical planning and enforcement system was elaborated at SLI. The action plan sets forward necessary steps for implementing risk-based enforcement and provides recommendations for linkages between the health care system, SMEC, SSSS databases and SLI.
- SPSS subcontractor VGM Partners finished the second annual survey of 69 firms throughout Armenia on perceptions of the Inspectorate. The aim of the survey was the assessment of the current attitude of the business community towards labor code, occupational safety and health and SLI, as well as exploring possible avenues for improved SLI-employers cooperation for the second time.
- After troubleshooting the SLI Access database in cooperation with "Nork" Center and SLI it has been successfully piloted in two regional Labor Inspectorate offices. At a joint meeting in the "Nork" Center an agreement has been reached for implementing the database across all regional offices after some correction process and training for targeted SLI staff from all offices.
- A second handbook for employers on management information systems and a how-to on implementing OSH at the workplace was produced for MLSI and SLI, which will be published and disseminated through MLSI, SLI, Trade and Employer Unions in October 2008.
- Based on the papers on options and recommendations for broader inspectorate reform for GOAM prepared by SPSS, the Minister of Economy has prepared a draft strategy for the Inspectorate

System Reform in the Republic of Armenia. Currently it is circulating within GOAM and is expected to be submitted to the Government approval soon.

Component Four: Social Assistance Highlights

- Summary of analytical report and recommendations on Targeting Efficiency was delivered.
- Local Stakeholders' Social Assessment and Planning Training was initiated in four communities: Artik (Shirak region), Alaverdi (Lori region), Nor Norq and Nubarashen (Yerevan).
- RFPs were announced for community social service outsourcing by grant-matching programs in the selected four communities. Proposals were evaluated and the winners were selected for the two Communities: Alaverdi and Nork-Marash, in the framework of community social service outsourcing by grant matching programs in the selected four communities.
- SPSS continued support to improvement of MLSI departments' strategic (concept) paper drafting skills, by presenting recommendations, best practices, and comments.
- The information system for registration of people with disabilities for SMEC was developed and delivered. Trained SMEC staff on the use of the system. Initiated a plan to establish interim connectivity (while awaiting the WB corporate network) so that SMEC can apply the system and skills.
- Proposals were received in the framework of independent living skills development grant-matching program. A proposal evaluation Selection Committee was formed, and the proposals were reviewed. A grant trilateral contract was signed with "Aravot" NGO as the winner of the program in the framework of Independent living skills development grant-matching program.
- A grant contract was signed with NILSR as the winner of proposals in the Framework of Support to MLSI in Development of Social Assistance, Aging and elderly strategy.

1. COMPONENT ONE: SOCIAL INSURANCE

Component One continued to support the counterparts in developing a detailed pension reform program reflecting all available data. The support consists of policy analysis, economic and demographic modeling, legislative drafting and administrative support. The principal activities addressed the needs of MLSI and the Pension Reform Working Group (PWG) convened by the Government of Armenia (GOAM).

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

1. A.1. Finalize design structure and parameters of pension reform and propose an action plan.
- Discussions with MLSI and PWG experts were held throughout the quarter to present and discuss alternative pension reform scenarios.
 - Additional scenarios were calculated and presented, see 1.B.1 below.
 - An Estonian Ministry of Finance Pension Reform expert met with MLSI, MF, Central Depository of Armenia (CDA) and PWG at CBA to discuss the proposed pension reform design and implementation issues.¹
 - A U.S. Banking expert had several meetings with MLSI, CBA and commercial banks of Armenia with the purpose of assessing their capacity to become an implementing element of their involvement in the future pension reform.²
1. A.2. Write draft report with analysis and recommendations, including a concept paper.
- Additional translations of the provided materials requested by the PWG were done, including revision of some portions of the translation of the White Paper in order to reflect changes.

¹ SPSS_FY08Q4_Sep4_VTWPcomments_eng, SPSS_FY08Q4_Sep26_VTWPcomments_arm;

² The report will be provided later. Additional elaboration has been requested from the expert.

- On August 27th, the PWG delivered the Armenian and English texts of the Pension Reforms White Paper and asked for comments. The PWG has delivered its final White Paper to the GOAM and has been formally disbanded.
 - The purpose of the overall reform is to continue the current PAYG state pension system at a sustainable level while avoiding old age poverty, and to introduce a funded pillar, with a minimum of new state structures. Details of the reform include:
 - For those with at least 10 years of social tax payment, some of which are prior to the effective date of the reform, an Employment Pension (First Pillar) financed by a unified tax of 26% of wages. The First Pillar consists of two parts: 1) a flat Basic Pension, this pension is the basis for all other benefits; and 2) an amount reflecting years of contributions prior to the reform;
 - For those whose years of social tax payment are entirely after the effective date of reform, only the Basic Pension is to be paid to those with 10 years of social tax payment;
 - A social pension (Zero Pillar) for those without 10 years of social tax payment, set to be 80% of the Basic Pension;
 - Automatic indexation of Zero and First Pillar pensions;
 - Individual funded pension accounts (Second Pillar) financed by contributions of 10% of wages, 5% paid by workers and 5% by the state, up to a ceiling. When the ceiling is reached high-income workers will pay more than 5% in order to reach the full 10%. The employer share is part of the 26% unified tax, meaning the labor burden now will be 26% + 5% = 31% - a five percentage point increase on current obligations;
 - Individual funded pension accounts will be administered in a Centralized Depository and invested by licensed asset managers;
 - A new unified tax, collected by the State Tax Service (now merged with the Customs Service into a combined State Revenue Committee, hereafter SRC), replaces the previous income tax and social contribution tax. The SRC responsibility also includes collection of personified data for the second pillar replacing the PARNAS system established at SSSS;
 - Transfer of Second Pillar savings to asset managers chosen by workers; and
 - Third Pillar voluntary individual pension system.
 - The Prime Minister has designated the MLSI as the agency responsible for implementation, and a Pension Reform Implementation Working Group (PRIWG) has also been formed, headed by an MLSI Deputy Minister.
 - The SPSS team provided draft comments to the White Paper to USAID and to the FSDP project. Meetings were held on September 18, 19 and 24 to provide USAID an update on pension reform and to discuss the proposed comments in some detail.³ A document containing joint USAID-SPSS_FSDP Project comments was provided to USAID September 29.⁴ A major concern is the complex management structure of the new system; another concern is the need for detailed implementation planning and budgeting for the new systems that will be required.⁵
1. A.5 Final draft of report with solid quantitative analysis to support draft legislation and discussion with financial institutions.
- The draft White Paper reform proposal was submitted. The draft legislation is still scheduled for presentation to GOAM in December 2008.
 - SPSS is commenting on the draft White Paper and additional calculations were prepared for submission with the comments.⁶

³SPSS_FY08Q4_Sep12_WPComments_eng, SPSS_FY08Q4_Sep23_UpdatePensionRef_eng; SPSS_FY08Q4_Sep24_DraftMDletter_eng, SPSS_FY08Q4_Sep24_LinksDemocr&GovernObjectvs_eng; SPSS_FY08Q4_Sep24_WPComments_eng, SPSS_FY08Q4_Sep26_WPComments_eng.doc;

⁴ SPSS_FY08Q4_Sep29_PRWP-SPSS-FSDPJointComments;

⁵ Flow chart of proposed system: SPSS_FY08Q4_Sep17_PenRefFlowChart_eng;

⁶ See Appendix 1 to SPSS_FY08Q4_Sep29_PRWP-SPSS-FSDPJointComments;

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.
- The PWG prepared a draft public information strategy. This was discussed at a preliminary meeting with AUA. SPSS subcontractor AUA will be conducting focus groups to identify baseline public information about the reform and which pension issues are of greatest importance to the public and will subsequently measure familiarity with the Pension Reform.⁷ SPSS experts consulted with AUA on the nature of the briefing for the focus groups and on the selection of groups. Employer/employee and urban/rural differences will be explored.
 - MLSI asked SPSS to provide an additional guideline on public information strategy. This document was drafted and delivered in September, reflecting implementation needs.⁸ It requires revision once a full implementation plan is developed.
1. A.7 Organize roundtables, seminars and focus group discussions with participation of the PWG, relevant state bodies, NGOs, employers and media representatives.
- Commentary on the Pension Reform proposal provided by the Estonian Pension Expert was provided to both the PWG and MLSI. See 1.A.1. above. This expert also participated in the June roundtable discussion comparing the several pension systems in other countries studied by the PWG.
1. A.8 Develop proposal for disability insurance in reformed system.
- This issue will be addressed only after the White Paper is approved, but background work is being done.
 - Background information is developed on the various laws affecting people with disabilities and support to developing a strategic approach to disability is being addressed under Component 4.
 - In August, the final stages of a guide for the administration of privileged pensions were developed, which will feed into a disability pension reform.

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.
- Additional scenario calculations using the SPSS Pension System Model were made pursuant to MLSI requests in July through September 2008. A list of all scenario calculations prepared at the request of MLSI is attached (see Appendix 2 on page 42).
 - SPSS has worked with the PWG modeling team in this quarter through several separate interventions to compare approaches, assumptions, and results.⁹ For the years 2008-2021, both teams have followed the assumptions of the Government Program, which tracks the PRSP (Poverty Reduction Strategy Program). The most important of these from the pension point of view are those related to GDP growth, unemployment, informality, the wage rate, and the basic pension and annual accrual value according to which pensions are calculated. Both having employed Government assumptions, it is not surprising that the SPSS and PWG teams' baseline scenarios are reasonably close through 2020. In the longer term, there is some divergence.

⁷ SPSS_FY08Q4_Jul25_PRStrategyWPTTrans_eng;

⁸SPSS_FY08Q4_Sep03_PensRefPublAwarGuidelineDraft_arm.doc,
SPSS_FY08Q4_Sep03_PensRefPublAwarGuidelineDraft_eng.doc;

⁹ SPSS_FY08Q4_Sep30_ExitReportMacKellar.doc;

- The main source of divergence is uncertainty related to the number of pension system contributors and pension system beneficiaries. Specifically, the PROST model used by the PWG does not take explicit account of unemployment, informality, and the sectoral composition of output (especially agriculture vs. non-agriculture). In the longer term, the assumptions regarding these variables built into the SPSS scenario suggest that the PWG is being too pessimistic about social insurance coverage. Even in the absence of reform, structural trends will favor expansion of the contribution base. More contributors means, of course, more beneficiaries, as well, in the outer years. However, neither group has done structural modeling of how many persons will have accumulated the required 10 years of contributory service. Both scenarios regarding the number of old-age pension contributors and beneficiaries are reasonable, but judgmental.
 - One area deserving special note concerns indexation of pensions. Over the course of recent months, the Government has changed its Program to include substantially more generous pension indexation. Because pensions are currently very low, this is understandable. Near-term (2008-2021) pension targets that had previously been based on the poverty line were shifted to the significantly higher minimum consumption basket. The Program also calls for the basic pension to be indexed to the average wage rate while the annual accrual factor is indexed to inflation – a reversal of the previously proposed indexation scheme. The choice of indexation mechanisms raises issues that need to be explored further. One argument is that it dilutes the main function of the basic pension, which is to prevent old-age poverty. If so, it may act as a disincentive to labor force participation and membership in the pension system. It is possible to maintain a reasonable level of pensions through alternative approaches to indexation. Further analysis will explore the incentive impacts in the different approaches.
 - Another important area is calculating the number of partial pensions. According to RA Law on Pensions, the deadline for registration of persons eligible for partial pensions was April 10th 2008. After the registration deadline, the number of persons who will be entitled to partial pensions is known. MLSI requested SPSS to rerun the model with the adjusted number of pensioners and to also consider the fact that among the recipients of insurance disability pensions one third are over age 63, but continue receiving the disability pension, which is higher than if they will turn to old age pension (this is permitted by Law). The required changes were made in the model by SPSS and the detailed output indicators for the long run were produced.¹⁰ In addition, a list of pensioners by types of pensions was prepared separately before and after the modification.¹¹
1. B.2. Conduct study as necessary to supplement existing data on demographic household and labor force of elderly population.
- Completion of an analysis of existing data and annual reporting format is pending, commissioned to subcontractor AUA.
1. B.3. Refine model and produce preliminary fiscal and actuarial calculations.
- Macroeconomic issues related to the introduction of a funded pillar were further analyzed, particularly with respect to the fiscal implications of various replacement rates. Pension scenarios were modeled with various inflation and growth parameters. See activities described in 1.B.1.
1. B.4 Provide training to local staff and counterparts on model use.
- SPSS experts coached MLSI and NILSR staff. Additional training is planned for the application of the model to Pillar II calculations during the Quarter1, Fiscal Year 2009.
1. B.5 Produce revised fiscal and actuarial calculations to feed into law.

¹⁰ SPSS_FY08Q4_Jul10_KeyIndcrsOldNewScenario_armŋ

¹¹ SPSS_FY08Q4_Jul08_PnsinrsNo2009-2021_eng&arm,
SPSS_FY08Q4_Jul10_DisabPartialPrivlGdPnsRevsd2009-2021;

- As noted above, the Government's Pension Reform schedule has been significantly delayed. A draft law is now due only in December 2008. It is possible that the law will not be submitted to the Parliament until 2009.
- Introduced the pension model and capacity building in its use, provided fiscal and actuarial calculations relevant to the ongoing Pension Reform discussions in MLSI and PWG.

1. B.7 Explore introducing behavioral relationships to pension model.

- Planned for next year after evaluating the performance of the model.

1.C Draft and facilitate discussion on pensions law regulations and other legal documents

1.C.1-6.Support legislative activities within the Government's PWG.

- As the finalized White Paper was released in August 2008, legislative drafting continued in September 2008 reflecting the contents of the White Paper. According to the Pension reform implementation schedule 4 laws should be drafted: 1) Law on Personified Record Keeping System; 2) Law on Basic Pensions; 3) Law on Unified Tax; and 4) Law on Fully Funded Pensions.
- In September 2008 SPSS Component One team met Deputy Minister of Finance, Vardan Aramyan at his initiative. Several officials of the MF (Karen Tamazyan, Artak Azizyan) and CBA (Ani Makaryan and Astghik Misrzakhanyan) participated in this meeting, too. SPSS was asked to assist in drafting the Law on Fully Funded Pensions, and timeframes were discussed.
- At the beginning of September SPSS pension lawyers started to work on drafting of the Law on Fully Funded Pensions. 8 Chapters of the Law were drafted, particularly: general provisions, main definitions; rates of contribution; participants of the fully funded pension; status of pension assets; inheritance of pension assets, selection of asset manager, individual pension account and its opening; management system of Funded Pension system; authorities of state institutions involved in regulation and management of the Funded Pension system, functions of CDA and Financial Market Monitoring Service.¹²
- During the drafting process SPSS lawyers actively collaborated with the specialists from MF and tried to resolve varying points of views on different issues regarding fully funded pensions. The main issues for discussions were the following: procedure of opening of personified pension account; pension fund or asset manager; functions of custody of the pension assets; who will be custodian of pension assets: commercial banks or CBA as global custodian.
- SPSS pension lawyers provided legal materials to specialists of MF, particularly, the Macedonian, Estonian and Kosovo Laws on Fully Funded Pensions.
- The first presentation of the Draft Law at the office of Deputy Minister Vardan Aramyan is scheduled for October 1, 2008.

1.D. Advise on Parametric reforms including incremental improvements in administration processes and IT upgrades in the current pension system

1.D.1. Assess Current Administration and Business Processes.

- An assessment of the information management system PARNAS was delivered to SSSS and MLSI.¹³
- Analysis of business process of 10 SSSS offices was completed in May; several SPSS staff members worked on this task to provide a detailed business process understanding of the regional

¹²SPSS_FY08Q4_Sep1_Apr22CBAMemoPensLaw1-2Parts_arm.doc,
 SPSS_FY08Q4_Sep1_Apr22CBAMemoPensLawPart4_eng.doc;
 SPSS_FY08Q4_Sep10_LawFundedPensParts1-23_arm, SPSS_FY08Q4_Sep10_LawFundedPensParts1-23_eng;
 SPSS_FY08Q4_Sep12_LawFundedPensStructure_arm.doc, SPSS_FY08Q4_Sep12_LawFundedPensStructure_eng.doc;
 SPSS_FY08Q4_Sep23_LawFundedPens_Artcls1-29_arm, SPSS_FY08Q4_Sep23_LawFundedPens_Artcls1-29_eng;

¹³ SPSS_FY08Q4_Jul17_Parnas&E-ParnasStratAnal_eng & arm;

offices. SPSS STTA had also supported this activity in April and May. The detailed report on site visits (in both languages) was finalized by the team in July and August, for delivery in early September.¹⁴ During STTA's subsequent consultancy in September, a presentation of the report and a meeting to plan further activities was held on September 29th, 2008.¹⁵ SSSS proposed organizing three working groups: 1) an internal SSSS group to review proposed suggestions; 2) a joint group with SPSS to work on public information materials for applicants and beneficiaries, including both handouts in offices and website materials; and 3) a joint group with SPSS to work on a model office.

- Analysis of the Payment Service Agreements signed by SSSS with “VTB Bank” and “ArmPost” CJSC was initiated; SSSS is responsible for making pensions and other benefit payments in Armenia; the purpose of this analysis was to research the pension and other benefit payment procedures, the legal grounds thereof, other legal basis based on which the current practice was developed.¹⁶
 - In September 2008, an Armenian short-term pension expert completed working on the development of implementation rules on assignment of privileged pensions. As a result of his work he provided:
 - Guidelines on privileged pensions assignments agreed to by the Pension Department at MLSI; and
 - Long term privileged pension system policy and implementation recommendations, which will be incorporated into SPSS OSH policy recommendations.
1. D.6 Propose new organizational design covering departments, staffing levels, position descriptions, and pay and grading. Design IT system to support new structure.
- Some organizational changes were proposed in the 10 office report discussed at 1.D.1. Additional changes will be discussed in a working group.
1. D.7 Draft legislation, regulations and rules to ensure implementation of parametric reforms for submission to the Parliament.
- According to the Government Activity Plan for 2008, the first draft of the Pension Reform and appropriate legislation should be submitted in December 2008.
 - Once approved, the White Paper will provide a basis for finalizing the drafting of Laws and regulations.
1. D.8. Define procedures for social insurance payments for self-employed.
- To be addressed as part of the full pension reform implementation plan.
1. D.9 Provide IT and administrative training and support for administrative improvements.
- No training provided; to be addressed as part of implementation plan.
1. D.10 Procure IT equipment needed to make productive use of existing IT equipment.
- No procurements were made and none are anticipated.
1. D.11 Roll out improvements and reforms.
- To be done after reforms and improvements are fully defined.

¹⁴ SPSS_FY08Q4_Sep1_10YerSSSSofficsAsst_arm, SPSS_FY08Q4_Sep1_10YerSSSSofficsAsst_eng;

¹⁵ SPSS_FY08Q4_Sep29_SSSSRecomSummary_arm, SPSS_FY08Q4_Sep29_SSSSRecomSummary_eng;

¹⁶ The report is forthcoming.

1. D.13 Improve services to beneficiaries

- Recommendations for service improvement were initially made in August 2007 and were further detailed in the report reviewing the 10 SSSS offices. This report was submitted in early September and discussed with SSSS on September 29. Please see 1.D.1. above.

1.E Design businesses processes and IT specifications of reformed pension system

1. E.1 Assess gaps between existing business processes and needs under the reformed pension system.

- A brief Implementation Plan for the new system was sent to MLSI several times in previous months; an implementation organization chart was submitted on September 29, 2008.¹⁷
- SPSS is concerned about the lack of implementation planning and budgeting and about the lack of a plan for developing a business process for the reformed system. This is of particular concern in light of the initiation of planning for an IT system. These issues are being raised in comments on the White Paper and in meetings with MLSI. Meetings with MLSI to explain the definition of “business process” and the need for business process development prior to IT development were held in September and will continue in October 2008.
- SPSS is also initiating a meeting with the State Revenue Committee (SRC) to discuss business process needs for collecting the unified tax.¹⁸

1. E.2 Assess gaps between existing IT system and needs under the reformed pension system.

- SPSS was asked to review lengthy terms of reference for a personified recordkeeping system for the new system prepared by an IT working group (a sub-group of the PRIWG). The terms of reference were translated¹⁹, SPSS experts reviewed them and are providing comments. The principal issue is that the business process needs to be designed first. Another important issue is coordination with other working groups: legislative drafting, administrative procedures, and public information.
- Several meetings were held to discuss these issues in further. SPSS experts discussed the following issues with the IT working group:
 - General Comments on the terms of reference,
 - Comments on the Project Plan,
 - Management Information Needs,
 - Business Process Comments,
 - Risk Assessment and Management,
 - Systematic assessment of business processes,
 - Corrections processes,
 - Audit and control,
 - Public information.
- SPSS experts discussed with the IT working group several steps which must be completed during the inception phase of the implementation project²⁰: define project scope, estimate project cost and schedule, define risks, prepare business case, define project environment.

1. E.3 Design in detail the business processes and IT specifications of new pension system including flows of money and information, and the reconciliation process.

- To be addressed in FY09 when business process is defined.

¹⁷ SPSS_FY08Q4_Sep29_ImplPensRef_eng;

¹⁸ SPSS_FY08Q4_Sep24_USAID-SRCTATalkPoints_eng;

¹⁹ SPSS_FY08Q4_Sep3_TORPersonifRecordIS_eng;

²⁰ SPSS_FY08Q4_Sep18_MISImplementPlanning_eng, SPSS_FY08Q4_Sep24_PRISMeetingNotes_eng;

1.F Evaluate and improve PARNAS and SSCs, and rollout an adapted PARNAS across the country (in coordination with World Bank IT projects)

1.F.2 Propose draft legislation, policies, regulations and rules to close gaps related to privacy, data security, corruption, and fraud.

- Deferred until the Reform is defined.

1.G Manage tender for IT system that maximizes interface of PARNAS and Tax Administration systems.

- All activities related to PARNAS are on hold pending the GOAM's imminent decision to replace the system as part of the reform.

1.H Assist counterparts to better harmonize social sector databases to meet international standards and improve security

1.H.4 Procure necessary IT equipment.

- No equipment is procured during reporting period.

1.I Advise on policy and institutional reforms for other social insurance program

1. I.1 Make recommendations on revisions of eligibility requirements, benefit formulae, means testing, population targeting, disbursement, policies and procedures.

- SPSS Experts are working on an Analysis of Social Insurance Programs other than pensions and health. These social insurance programs include maternity, unemployment, temporary disability, permanent disability and occupational disease. For each form of insurance, the analysis will include a summary of best practices, legal analysis and gap analysis with recommendations on improvement will be provided. The List of Legal Acts relevant to social insurance was prepared.²¹

1. I.2-5 Assessment of policy and institutional structure of other social insurance programs.

- This assessment has not yet started; it is dependent on reform proposals still to be adopted.

2. COMPONENT TWO: EMPLOYMENT SERVICES

Component Two contributed to MLSI Employment Strategy working group meetings, provided comments on the draft version of the Employment Strategy, developed the chapter on the baseline analysis incorporated into the Employment Strategy, and provided necessary technical support and translations for Employment strategy. Component team met with MLSI and SESA to draft 2009 work plan objectives and discuss expectations. The developed Performance Measures Manual was presented to SESA high-level staff and accepted for piloting in 2 pilot employment offices. Component Two also completed Job Search training for 51 employment centers' staff and SESA leadership. Employer Focus groups' results, which were created within the Employer Relations training measuring employers' views on SESA's role and image, were provided to MLSI. Software was developed and provided to SESA for Employer survey data input and comments and suggestions on the draft of Employer Survey Report were provided. The team assisted in sampling methodology for the upcoming Employer Survey. Renovations and office equipment orders were finalized for 3 model offices. 9 proposals were received in the result of Social Enterprise Development tendering process, of which two applicants met SPSS Committee and negotiations on budget and project proposal were initiated. Based on the contract with Arminco signed by SPSS and NORC, 42 SESA offices were connected to the integrated network for the interim period before the World Bank funded corporate network begins operation.

²¹ SPSS_FY08Q4_Jul10_ListLegActsSocOutline_eng, SPSS_FY08Q4_Jul10_ListLegActsSocOutline_arm;

- 2.A Assist counterparts to develop Strategic National Employment Service Plan with key elements: stronger links with private sector employers, outsourcing of selected services using social contracting, implementing locally based employment strategies tied to reorganization of staffing patterns, improved job matching, improved self-service, improved tracking of vacancies, as implemented in a model office
- 2.A.1 Assist MLSI to write a National Employment Strategic Plan that applies best practices of EU-Conforming Strategy and responds to the RA- ILO 2007-2011 Strategy, ILO conventions and Employment Strategy guidelines, European revised charter, and National PRSP priorities.
- Component two experts participated in Employment strategy working group, provided comments and suggestions on the draft version of the Employment strategy²². MLSI will circulate the final draft Strategy to social partners for comments and suggestions.
 - Power Point Presentation slides were prepared for internal presentation of the Employment strategy²³.
 - A Baseline analysis chapter incorporated into the employment strategy was developed, with highlights including Armenia’s macroeconomic, demographic and labor market trends²⁴.
 - Meetings were held with MLSI and SESA to draft 2009 work plan objectives and expectations.
 - The following requested translations were provided to MLSI: Bulgarian Employment strategy for 2004-2010 and Bulgaria’s Employment Promotion Act.²⁵
 - A meeting with ILO expert on Employment strategy was initiated; key elements and issues regarding the National Employment Strategy were discussed.
- 2.A.2 Build and strengthen internal capacities within SESA both on central and local levels to implement the new Strategy.
- Training plan documents for model office strategic programs implementation were drafted.
2. A.3 Harmonize employment legislation with the EU-Conforming Strategy, the RA-ILO 2007-2011 Strategy for Decent Work, other ratified ILO conventions and Employment Strategy guidelines, European revised charter, National PRSP priorities and the National Employment Strategy Plan. This will include legislation for agricultural workers and legislation for labor force external migration.
- Macroeconomic and labor/employment statistical data was gathered for development of labor code modeling that shows costs of labor code and barriers to businesses.
 - The review on the compliance of Armenia’s labor code and employment law with EU standards was prepared by the SPSS Consultant and provided to MLSI.²⁶
2. B Assist SESA to develop service-targeting method for prioritizing and outsourcing SESA services
2. B.1 Identify best practices previously piloted and support SESA to develop and replicate those practices.
- Papers for anticipated study tour to the US to view best practices were organized and developed.

²² SPSS_FY08Q4_Aug5_EmplStategyJul31VersComments.doc;

²³ SPSS_FY08Q4_Sep18_EmplStrategySlides_arm.ppt, SPSS_FY08Q4_Sep18_EmplStrategySlides_eng.ppt;

²⁴ SPSS_FY08Q4_Aug19_EmplStratBaselineAnalysis_arm.doc;

SPSS_FY08Q4_Sep12_EmplStratBaselineAnalysis_eng.doc;

²⁵ SPSS_FY08Q4_Jul01_EmplStratBulgaria_arm.doc, SPSS_FY08Q4_Jul01_EmplStratBulgaria_eng.doc;

SPSS_FY08Q4_Jul01_EmplPromActBulgaria_arm.doc, SPSS_FY08Q4_Jul01_EmplPromActBulgaria_eng.doc;

²⁶ SPSS_FY08Q4_Aug20_CompLOfLaborEmployLawsRpt.doc;

2. B.2. Design and discuss methods for rollout, client targeting and service delivery through involvement of stakeholder groups.

- As a follow-up to the Employer Relations training, 41 Employer Relations action plans were received from 10 regional offices and 31 local employment centers, outlining approaches for targeting employers and providing more meaningful services to them.
- Reference 2.D.2.

2.B.3 Refine and adopt necessary materials, tools and guidelines for targeting methods in selected active measures.

- The outcomes from Employer Focus groups created after the Employer Relations training, captures employers' views on SESA's role and image. This document was provided to MLSI per their request²⁷.
- Reference 2.B.2.

2. B.4 Establish model employment offices.

- Renovations and office equipment orders for 3 model offices were finalized.
- Component two participated in openings of Abovyan and Dilijan local employment centers, renovated by USAID CHF BRIDGE project.
- Job Club equipment specifications for model offices and 30 local offices were revised due to budget cuts. On-going discussions with SESA are in process.
- Procurement of door signs and placards for SESA's offices are in process with SESA support.

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

2.C.1 Improve existing legal and regulatory basis for promoting outsourcing of services in SESA as well as support stimulation of community initiatives that would serve clients better if outsourced, such as services for the disabled and programs within the private sector.

- Nine proposals were received in the result of "Social Enterprise Development" competitive bidding process, were assessed and ranked. Two top ranking proposal applicants met with SPSS committee to negotiate budget and project proposal changes for possible future funding.
- The Etchmiadzin Branch of Union of Blind Persons of Armenia and "Astghatsolk" NGO of parents with disabled children, Chambarak received the highest rankings.
- Regret letters are issued to 7 applicants of "Social Enterprise Development" competition.

2.C.2 Determine basic functions of SESA offices based on SESA business processes. Create list of services and prioritize the ones which may more efficiently be outsourced.

- No new activities during this reporting period.

2.C.3 Define and introduce transparent tender process based on NGO selection criteria and type of outsourcing services.

- Reference 2.C.1.

2.C.4 Support SESA in designing a tool to determine internal and external capacity/cost to deliver.

- Performance measure indicators, see 2.D.1, will contribute to cost/effectiveness measures .

²⁷ SPSS_FY08Q4_Aug20_EmplRelFocGroupsAnswers_eng.doc,
SPSS_FY08Q4_Aug20_EmplRelFocGroupsAnswers_arm.doc;

2. D Support continued reforms of SESA offices

2. D.1 Engage SESA staff to determine Marz office administrative and program resource needs, and local office needs. Engage in consensus building with staff and community partners to develop local ownership.

- The performance monitoring system was prioritized by the Employment Strategy and will be applied to all SESA centers.
- Based on the outcomes from working sessions and discussions with pilot offices, the matrix of performance measures, its definitions and data sources were clarified, and a weekly form for data monitoring was developed and provided to SESA.²⁸
- The Performance Measures manual was introduced and discussed during “Performance Measure” working committee sessions comprised of representatives from MLSI, SESA and NILSR.
- SPSS short-term consultant conducted one-day visits to two selected pilot local employment offices (Vanadzor Regional Employment Center and Shengavit Local Employment Center) presenting the Performance Measure Manual, the performance matrix and instructions for the three months of piloting of performance measures.

2.D.2 Assist SESA in developing and publicizing a new portfolio of Active Labor Market Measures including full service offerings, countrywide coverage, involvement of NGOs and private providers and Active Labor Measure message.

- Four two-day trainings on Job Search introduced job search skills, methods for professional counseling to jobseekers for 85 participants from 51 Employment Centers. During the trainings the redesigned manual of Job Search was translated, printed and distributed to participants.
- SPSS short-term consultant introduced tips on how to sort job seekers into service categories during the training on client assessment, titled “Employment Services Delivery Sequence”²⁹.
- Component two experts met with SESA and Gyumri staffs to provide job fair oversight, clarify budgets and to support staff in implementing first Job fair in Shirak marz.
- The capacity built on job fairs led to inclusion of regional job fairs into SESA’s 2009 budget.
- STTA consultant Implemented Job Search training for 22 young participants attending conference sponsored by the Youth Professional Orientation Center. The Event was covered by 2 TV channels (Ar and Yerkir Media) and the Public Radio.
- Job Club manuals and training materials were developed.

2.D.3 Create a model office where self-service programs will be initiated and where one can obtain information on vacancies and active LM measures, including training opportunities, on a walk-in basis.

- Delayed until renovations are completed and staff trained.

2. D.4 Strengthen techniques for client outreach, counseling and referral for services, including those for vulnerable groups.

- “Labor market: terms and information sources” presentation at “Job Search formula” training organized by the SESA Youth Professional Orientation Center with RA Chamber of Commerce and Industries, the Life-Long Learning Association and SESA partners³⁰.

²⁸ SPSS_FY08Q4_Aug4_PerfMeasManualRev_eng.doc, SPSS_FY08Q4_Aug4_PerfMeasManualRev_arm.doc, SPSS_FY08Q4_Aug4_PerfMeasPilotOfficeForm_eng.doc, SPSS_FY08Q4_Aug4_PerfMeasPilotOfficeForm_arm.doc, SPSS_FY08Q4_Aug15_TivoryExitRpt.doc;

²⁹ SPSS_FY08Q4_Aug22_JobSearchTrEvRpt_eng.doc, SPSS_FY08Q4_Aug1_JobSearchParticipantManual_eng.doc, SPSS_FY08Q4_Aug1_JobSearchParticipantManual_arm.doc; SPSS_FY08Q4_Aug1_JobSearchServiceDeliverySequence1_eng.doc; SPSS_FY08Q4_Aug1_JobSearchServiceDeliverySequence1_arm.doc; SPSS_FY08Q4_Aug1_JobSearch_eng.ppt; SPSS_FY08Q4_Aug1_JobSearch_arm.ppt;

- Reference 2.D.2.
2. D.5 Assist in developing sustainable monitoring and evaluation system with internal controls for determining overall effectiveness of employment services.
- Reference 2.D.1.
2. D.6 Implement management reform and strategic staffing in pilot offices.
- Reference activities under 2.B.4; 2.D.1; 2.D.2.
2. D.7 Assist SESA to design and introduce continuous and sustainable staff development system.
- Reference activities under 2.D.1; 2.D.2; 2.B.4.
2. D.8 Roll out improvements and reforms to 11 Marzes.
- The activities are in process.

2. E Support improvements to job-matching

2. E.1 Assess current job-matching procedures or practices, including client counseling methods.
- Developed Job Search manual, which will assist SESA staff to implement individual and/or group Job Search counseling for job seekers linked to employer demand and using local Labor Market data.
 - Per MLSI and NILSR staffs' request, SPSS translated extracts from ISCO-0831 and provided to NILSR.
 - Created Job Club Chapter in manual on job matching best practices and counseling method.
2. E.3. Strengthen capacity to analyze labor market and forecast supply and demand.
- Software for Employer survey data input was developed and provided to SESA. The software eases the input of data, minimizes the possible input errors and facilitates the further data analysis.³²
 - Comments and suggestions were provided on the draft version of Employer Survey Report, and compiled by SESA.³³
 - Component two experts assisted in sampling methodology for upcoming Employer Survey. Due to preciously building of staff skills SESA was able to do the sampling using the database gathered from SLI.
 - Meetings were held with experts from Swedish National Labor Market Board, to present and discuss the software developed for Employer Survey and gain Swedish support and input.
- 2.E.4 Assist with developing labor market analysis and forecasting models.
- Reference 2.E.3.
2. E.5. Improve forecasting and analysis to: inform management, support policy reform, and program improvement. This includes: collection of labor-market data beyond firms registering with SESA and upgrading analytical capacity either in-house or linking to other governmental or non-governmental groups.
- Reference 2.E.3.

³⁰ SPSS_FY08Q4_Jul14_EmplforYouthCenter_arm.ppt; SPSS_FY08Q4_Jul14_EmplforYouthCenter_eng.ppt

³¹ SPSS_FY08Q4_Jul11_ISCOTranslIT_arm.doc; SPSS_FY08Q4_Jul11_ISCOTranslIT_eng.doc

³² SPSS_FY08Q4_Aug7_EmplRelInput.mdb

³³ SPSS_FY08Q4_Sep23_EmplSurveyAnalysisSep25Vers_arm.doc;

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

2.F.1 Assess IT requirements for a centrally managed job bank with the following: mechanisms for 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.

- Reference 2.F.2.

2.F.2 Explore IT upgrades needed, including job bank, interconnection with other Social Safety Net components, service to labor market projection function, self-service workstations for job seekers, and SESA MIS.

- Research was coordinated for self-service Kiosks with IT, “Nork” Center, USAID CAPS project to seek Armenia vendor.
- Activities deferred until SESA finishes World Bank sponsored training on GORTS and begins to use and analyze the effectiveness of the system. Currently 3 out of the 10 regional offices have positive results on use of the new GORTS system.
- Based on the contract signed with Arminco 42 SESA offices were connected to the integrated network.

2.G Support improvements of vocational guidance and job (re) training

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

- Activities referenced under 2.C.1; 2.E.2.3.4 as reported above.

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

- Reference 2.C.1.

2. G.3 Assist SESA and employer stakeholders to develop a method to address Labor Market demand-supply shortfalls.

- Reference 2.E.3.

2. G.4 Focus SESA training programs on most vulnerable populations.

- Reference 2.D.2.

2.G.5 Assist SESA to share labor market data with secondary and vocational education and training institutions to develop vocational guidance and career planning services for young job seekers (to be employable with skills in demand).

- No activities during reporting period.

2.G.6 Assist SESA to develop new services for employers aimed at supporting employers to provide customized retraining opportunities to continuously upgrade worker skills (to increase retraining).

- Reference 2.B.2.

2. G.7 Analyze Armenia's status with regard to international conventions for labor classification including recommendations for next steps.

- Reference 2.A.3.

2. G.8 Build capacity within SESA/NILSR to analyze occupational data to develop occupational codes and standards linked to employers' needs.

- No activities during reporting period.

2. G.9 Assess current status and needs of VET system using multiple approaches, including focus groups of students and recent graduates. (This will be used across all tasks and activities, involving labor supply and demand functions, such as career planning and training advice services). Assist post secondary institutions to utilize labor market forecasts in academic planning.

- Component two team agreed to participate in CHF BRIDGES taskforce on “Vocational Training Skills in Construction.” The taskforce will integrate Vocational Resource Centers and develop job creation through use of micro credits and networks between employment, education and training representatives.
- Reference 2.D.2.

2.H Support improvements of SESA and NSS labor market survey, focusing on content, survey design, interviewing procedures, quality control, data management, and analysis and reporting

2. H.1 Recommend improvements in survey content, design and reporting.

- Related to activities under 2.E.3.

2. H.2 Advise on IT and administration systems to support improvements in labor market survey.

- Related to activities under 2.E.3.

3. COMPONENT THREE: OCCUPATIONAL SAFETY AND LABOR CODE

Component Three’s team aims to coordinate at the Ministry level to reinforce and harmonize Armenia’s achievement of its ILO Strategy for Decent Work 2007-2011, including development of safe workplaces and widespread awareness of occupational health and safety. The team continues collaboration with SLI with the aim to expand its impact and build its capacity more effectively to carry out its mission of customer service and oversight. This Component also works with other important actors in GOAM, notably the ME, in the field of workplace safety.

Important achievement for the Component during this quarter is the adoption of “Technical Regulation on Minimum Requirements for Construction and Operation of Gas Stations” by GOAM. The adopted regulation is largely based on draft regulations, prepared by SPSS Project STTA in February 2008. Component Three, following up on MLSI request for prioritizing creation of Occupational Safety and Health norms, delivered to MLSI and SLI the Irish General Application Regulations. It provides Occupational Safety and Health norms for 15 hazardous work activities and areas and will serve as a basis for developing a similar comprehensive act in Armenia. Another important achievement is an elaboration of an action plan for introducing a “risk-based” analytical planning and enforcement system at SLI. The action plan is a benchmarking step towards labor inspectorate modernization and sets forward necessary steps for implementing risk-based enforcement and provides recommendations for linkages between the health care system, SMEC, SSSS databases and SLI.

The Component Three team built on previous work in forging cooperation between the Labor Inspectorate and employers. SPSS subcontractor VGM Partners finished the survey of 69 firms throughout Armenia on perceptions of the Inspectorate for a second year. The aim of the survey was the assessment of current attitude of the business community towards labor code, occupational safety and health and State Labor Inspectorate as well as exploring possible avenues for improved SLI-employers cooperation. The Component, as part of public outreach campaign, also helped SLI with creation of the second handbook for employers on occupational safety and health, which will be published and disseminated in October through MLSI/SLI, trade and employer unions.

Other achievements for the Component during this quarter include successfully piloting in two regional SLI offices of the Access database in cooperation with “Nork” Center. SPSS also did a two

day presentation on occupational safety inspection procedures and SLI reforms for 25 labor inspectors as part of their state funded training at NILSR. Based on the papers on options and recommendations for broader inspectorate reform for the government prepared by SPSS, the Minister of Economy has prepared a draft strategy for the Inspectorate System Reform in the Republic of Armenia. Currently it is circulated within the Government and is expected to be submitted to the Government approval soon. MLSI has drafted the occupational safety and health section of Social Protection Strategy including in it labor inspectorate reforms, applying the relevant SPSS recommendations for broader inspectorate reforms in Armenia.

Lessons learned from this quarter centered mostly on the need for prioritizing the creation of safety regulations and assisting SLI with implementing the proposed inspection systems reforms. Work for FY08 will be concentrated on promotion of these regulations and implementation of proposed inspection and administration reforms at the Labor Inspectorate, especially as it pertains to risk assessment, data sharing and management, and coordination of inspections.

3.A Promote adoption of 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 Decent Work Strategy was developed.

- At the behest of MLSI, a paper describing and outlining EU practices of Public Pay Systems was provided to MLSI³⁴.

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

- Agreement was reached with RUEA on joint actions towards improved Labor Code outcomes in Armenia including public discussions and promotion of changes with business community and MLSI/SLI³⁵

3.A.3 Introduce draft changes and promote MLSI/LI sponsorship of legislative program.

- No draft changes have been requested during reporting period.

3.A.4 Assist MLSI to develop a mechanism for creating a commentary for the labor code.

- A note on Labor Code commentary creation mechanisms was provided to MLSI in June 2007, and creating sample commentaries for Labor Code excerpts were done for MLSI in the final quarter of 2008.

3.B Promote Adoption of needed amendments to Labor Code, and rules and regulations for health and safety

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

- A note on priorities and international practice for creating a Comprehensive Occupational Safety and Health Regulation for Armenia was developed and delivered to MLSI³⁶. Based on the note, the Department of Labor and Employment of MLSI and SLI prepared a report to the Minister following the recommendations of the note for OSH regulations elaboration.
- Following up on MLSI request for prioritizing creation of Occupational Safety and Health norms, Irish General Application Regulations³⁷ was translated and delivered to MLSI and SLI. It

³⁴SPSS_FY08Q4_Jul02_PublicRemunerationDiplom_eng; SPSS_FY08Q4_Jul02_PublicRemunerationDiplom_arm;

³⁵ SPSS_FY08Q4_Jul28_RUEACooperation;

³⁶ SPSS_FY08Q3_May16_CreatingOSHRegulationsCHTT_eng

³⁷ SPSS_FY08Q4_Jul16_IrishOSHregulations_arm; SPSS_FY08Q4_Jul16_IrishOSHregulations_eng

provides Occupational Safety and Health norms for 15 hazardous work activities and areas and will serve as a basis for developing a similar comprehensive act in Armenia.

- At the behest of the State Hygienic and Anti-epidemic Inspectorate (SHAI), the translation of Hygienic norms was delivered to the Ministry of Health (MH).³⁸

3.B.3 Introduce Draft Changes and Seek Approval.

- On August 28, 2008, as a result of successful cooperation with SPSS, GOAM adopted “Technical Regulation on Minimum Requirements for Construction and Operation of Gas Stations.” The adopted regulation is based on a draft prepared by SPSS Project STTA in February 2008 presented to MoE and MLSI. The new regulation reflects all-important aspects of the draft regulation created by SPSS. Specifically, it has the same structure, requires risk assessment and is largely built on performance-based norms and looks into the occupational safety as a complex issue.
- An agreement was reached with RUEA on joint actions towards improved Labor Code outcomes in Armenia including public discussions and promotion of draft OSH regulations with business community³⁹

3. B.4 Stimulate Tripartite public discussions on Work Place Safety Issues.

- By the request of MLSI, SPSS jointly with ILO organized a round table where representatives of social partners came together and discussed the problems, issues and necessary steps forward for establishing and strengthening social partnership towards improved Labor Code in Armenia.⁴⁰

3.C Continued modernization of Labor Inspectorate

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

- After troubleshooting the Access database in cooperation with “Nork” Center and SLI it was successfully piloted in two regional Labor Inspectorate offices. At a joint meeting in “Nork” Center an agreement has been reached for implementing the database across all regional offices after some correction process and training for targeted SLI staff from all offices.
- Recommendations and specifications⁴¹ for a new SLI MIS/IT system with provisions for Risk Based Analysis were developed and shared with SLI and “Nork” Center.

3.C.3 Assist SLI to issue regular reports on labor issues, and provide outreach programs for the private sector, labor unions, and employees.

- A second handbook for employers on management information systems and a how-to on implementing OSH at the workplace was produced for MLSI and SLI which will be published and disseminated through MLSI, SLI, trade and employer unions in October, 2008.⁴²
- A presentation⁴³ on occupational safety and health inspections and systems was provided to “ArmenTel” employees under the training organized by NILSR. Based on the results of the training an OSH training module for labor inspectors will be created jointly with NILSR.
- Logo samples for SLI were presented to the First Deputy Minister and final versions were shortlisted. SPSS has done what it can for the logo development process.

³⁸ SPSS_FY08Q3_Apr28_MinHealthSanitaryHygienicNorms_eng

³⁹ SPSS_FY08Q4_Jul28_RUEACooperation

⁴⁰ SPSS_FY08Q4_Jul21_TripartiteRoundtableRpt

⁴¹ SPSS_FY08Q3_Jun2_LIISRecommendations_arm, SPSS_FY08Q3_Jun2_LIISRecommendations_eng

⁴² SPSS_FY08Q3_Apr15_OSHMISHandbook_eng, SPSS_FY08Q3_Apr15_OSHMISHandbook_arm;

⁴³ SPSS_FY08Q3_May5_NILSRPresentationArmentelSPSS_arm,
SPSS_FY08Q3_May5_NILSRPresentationArmentelSPSS_eng;

3.C.4 Conduct annual survey of business community views on LI performance, transparency and practices.

- SPSS subcontractor VGM Partners finished the survey of 69 firms throughout Armenia on perceptions of the Inspectorate for the second year. The aim of the survey was the assessment of current attitude of the business community towards labor code, occupational safety and health and SLI, as well as exploring possible avenues for improved SLI-employers cooperation for the second time. Together with VGM Partners, SPSS Project prepared a report⁴⁴ presenting the findings of the survey. The report paints a broad picture of the state of labor institutions in Armenia today, and points to existing issues and problems in this sphere and compares the current survey results with the results of identical survey conducted in September-October 2007. SPSS in cooperation with REUA plans to present and discuss the report with employers for comments and recommendations and producing a final report more conformant to public needs on October 3, 2008. The report will be discussed in a closed workshop where participants will express their own view on the survey results, and also propose recommendations and next steps. Based on the results of the workshop the final report on business community views will be prepared and distributed to MLSI, SLI and other partners.

3.C.5 Promote establishment of efficient, effective complaints mechanism.

- A provision for presentation of best international practice of registering and responding to complaints SLI was included as part of this year's annual work plan with MLSI, and will begin in October 2008.

3.C.6 Assist LI to establish complaints hotline.

- An agreement was reached with SLI on an expert to institute a complaints mechanism. It is planned that the expert will be able to work with SLI before the end of the calendar year.

3.C.7 Provide training on data collection and analysis such as wage and skill surveys, MIS/IT systems and changes in business processes.

- SPSS STTA did a presentation of his findings in OSH data collection and analysis for SLI Statistical Analysis Division staff and "Nork" Center.

3.C.8 Procure or assist procurement and installation of IT system components linking field offices to center.

- The activities are under responsibility of the World Bank/MLSI according to donor coordination agreements.

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.

- SPSS Project STTA elaborated an action plan for introducing a "risk-based" analytical planning system at SLI⁴⁵. The action plan⁴⁶ sets forward necessary steps for implementing risk-based analysis and provides recommendations for linkages between the health care system, SMEC, SSSS databases and SLI. The STTA analyzed data from SSSS and SLI on employers' social contributions, short-term disability costs, employee numbers and accidents for identifying companies with potential occupational safety risks. Amongst the 25,000 Armenian businesses surveyed, 985 firms had costs of short-term disability exceeding 10% of their social contributions.

⁴⁴ SPSS_FY08Q4_Sep03_VGMsecondSLIsurvey_arm, SPSS_FY08Q4_Sep03_VGMsecondSLIsurvey_eng;

⁴⁵ SPSS_FY08Q4_Jul13_ExitReportKusiak

⁴⁶ SPSS_FY08Q4_Jul12_RBAActionPlan_eng, SPSS_FY08Q4_Jul12_RBAActionPlan_arm,

Consequently, these businesses were recommended to be the focus of the SLI's planned inspections in 2009.

- Two papers on Inspectorate Coordination Reforms were provided to GOAM partners. One outlined the inspectorate reform steps in Latvia⁴⁷, the other provided recommendations on the structure and duties of Inspectorate Coordination Council in Armenia⁴⁸. Based on these papers and other recommendations for broader inspectorate reforms from SPSS, the Minister of Economy prepared a draft strategy for the Inspectorate System Reform in Armenia. Currently it is circulated within GOAM and is expected to be submitted to GOAM approval soon.
- MLSI drafted the occupational safety and health section of Social Protection Strategy, including in it labor inspectorate reforms applying the relevant SPSS recommendations for broader inspectorate reforms in Armenia.

3. E.2 Collect and analyze data on firms and industries, and create data bank. Improve LI capacity to collect and analyze data as well as maintain data bank.

- SLI Access database, which has undergone troubleshooting with the help of SPSS Project, was successfully piloted in two regional offices. Data base training for the staffs of these two regions was conducted by “Nork” Center through mediation of SPSS Project. At a joint “Nork,” SLI and SPSS meeting in the “Nork” Center agreement was reached to conduct training for targeted SLI staff from all offices for rolling the database to all regions. The successful implementation of the Access database will be an important step for installation of a modern database, which will have provisions for a Risk Based analysis system.

3. E.3 Propose criteria for selecting high-risk firms.

- The action plan for introducing risk based enforcement system at SLI provides criteria for selecting high-risk firms: the sector, frequency and costs of injuries and diseases.

3. E.4 Assist SLI to develop and implement new business processes with mechanisms to identify, sanction and eliminate unsafe and unfair practices, and ensure that work conditions meet acceptable standards. Establish IT system and procedures for identifying high-risk firms.

- Under the framework of state funded training course for 25 Labor Inspectors at NILSR, the Component did two days presentation on OSH inspection procedures and inspectorate reforms⁴⁹.
- The component worked on FY09 work plan with the Labor Department and SLI.

4. COMPONENT FOUR: SOCIAL ASSISTANCE TO VULNERABLE POPULATIONS

The last quarter of this fiscal year was productive. Component Four and crosscutting technical teams produced and delivered on almost all milestones proposed in the Work Plan of Fiscal year 2008, and within Counterpart's Cooperative Framework. The quarter mainly was marked by announcements of grant-matching programs, organization of selection panels for announced RFPs in the field of Community services outsourcing with 4 selected communities, “Independent Living Skills Development for Vanadzor Orphanage Graduates”, and support to MLSI in Development of Social Assistance and Aging Strategies.

Continued support was offered to different departments of MLSI in elaboration of the upcoming strategic paper including the whole social safety net.

⁴⁷ SPSS_FY08Q4_Jul03_InspectionReforminLatviaSteps_arm; SPSS_FY08Q4_Jul03_InspectionReforminLatviaSteps_eng

⁴⁸ SPSS_FY08Q4_Jul03_ICCstructure_arm, SPSS_FY08Q4_Jul03_ICCstructure_eng

⁴⁹ SPSS_FY08Q4_Jul22_SecondSLItrainingatNILSR_arm, SPSS_FY08Q4_Jul22_SecondSLItrainingatNILSR_eng; SPSS_FY08Q4_Jul23_SecondSLItrainingatNILSR_arm, SPSS_FY08Q4_Jul23_SecondSLItrainingatNILSR_eng,

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.

- Support to the MLSI working group for ongoing nationwide survey for Formulating an Elderly Strategy was continued, financial support on focus group qualitative survey was finalized, and a summary of the report was produced.⁵⁰
- Finalized support to SMEC in redesigning and revamping current agency and regional offices (52) signage system adding a sustainable nature to the entire system.
- An RFP on Development of Social Assistance and Aging, elderly strategy as support to MLSI was announced, and the selection committee was formed. NILSR was selected as the winner for elaboration of both components of Sustainable Social Protection Strategy. SPSS signed a grant contract with the winner⁵¹.
- Performance of Component Four activities was discussed in the Framework of WP with counterparts, milestones were clarified and accepted.
- Intensive work with Departments of Children, Women, and Family Issues of MLSI was continued in the Framework of support for a strategy of family violence and child abuse prevention. Particularly, recommendations on the Action plan of Prevention of Child Abuse and Neglect concept paper was delivered (including monitoring indicators and outcomes).⁵²
- Cooperation with other donor organizations and discussions on possible joint effort in capacity building process were continued, particularly:
 - On July 16, a meeting was held with representatives of Japonica Intersect research center, possible cooperation in activities related to disability issues in Armenia was discussed, particularly, participation in the planned roundtable discussion, etc.
 - On July 18, Component Four team met representatives of Communities Finance Officers Association, discussed service outsourcing programs for communities.
 - On July 25, the team participated in the PRSP system indicator revision meeting.
 - On September 26, SPSS Grant Projects were presented at the Round Table Discussion on “Foundation of Hope: Integrating Disabled into the Productive Workforce.”⁵³

4.A.3 Elaborate methods and mechanisms for needs assessment and targeting. Develop survey to evaluate targeting efficiency of social assistance provision.

- An analytical report with recommendations on improving efficiency of targeting was finalized and provided to the Counterpart.

4.A.4 Encourage participation in European Commission conferences, workshops and discussions on social protection strategy and policy issues.

- No changes during reporting period.

4.A.5 Explore establishing legal clinic to provide legal advice on social services.

- No changes were indicated during this quarter of SPSS recommendation that MLSI should confine itself to referral to existing legal clinics rather than attempting to operate clinics.

⁵⁰ SPSS_FY08Q4_Jul10_NILSRReponFcsGrAtch_arm; SPSS_FY08Q4_Jul10_NILSRReponFcsGrAtch_eng
SPSS_FY08Q4_Jul10_NILSRReponFcsGr_arm; SPSS_FY08Q4_Jul10_NILSRReponFcsGr_eng;
SPSS_FY08Q4_Jul10_NILSRSumRep_eng

⁵¹ SPSS_FY08Q4_Sep09_AgeingStratActionMemo.doc, SPSS_FY08Q4_Sep02_SocAssistActionMemo.doc;

⁵² SPSS_FY08Q4_Sep23_RecActionPiChildAbuse_eng.doc, SPSS_FY08Q4_Sep23_RecActionPiChildAbuse_arm.doc;

⁵³ SPSS_FY08Q4_Sep26_SocialPartnership_eng,
SPSS_FY08Q4_Sep26_SocialPartnership_arm;

4.A.6 Development of disabled registration information system for SMEC.

- Information System at “Nork” center was installed and is operating from June 1st. 60 SMEC employees were trained in order to improve their computer user skills and use of disabled registration information system by CHS -SPSS subcontractor and “Nork” center.
- CHS worked on improvement of system administrator documentation to meet comments provided by SPSS IT experts.
- SPSS IT experts jointly with “Nork” center renegotiated details of contract with Arminco for implementation of network connectivity for 48 SMEC offices with the possibility for connection. Some remaining remote offices, where ARMENTEL basic data network is missing, may use dialup connections via phones.

4.A.7 Development of Information system for children without parental support.

- Several meetings were organized with MLSI, “Nork” center and ongoing EC-TACIS project lead, to discuss business process development issues concerning “Manuk” Information database. As a result, it was decided that SPSS would assist in developing specifications.

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.

- In July four communities (Artik, Alaverdi, Nor Norq and Nubarashen) submitted background, goals and objectives for the community social services to be outsourced.
- MLSI initiated RFP for “Accessible communities for individuals with disabilities.” Under SPSS project guidance and support, the RFP was drafted and finalized by the MLSI Disabled and Elderly department⁵⁴; the deadline is November, 2008.
- Community meetings were conducted for Artik and Nubarashen communities. The communities agreed to rebid the competition and invite NGOs to apply for the project.
- Community Needs Assessment Training was conducted by SPSS STTA for four communities. A Training guidebook was finalized and delivered by the STTA⁵⁵.

4.B.2 Design and pilot cost-effective methods for subcontracting by grant matching programs.

- Based on community selected social services and developed background, goal and objectives of the RFP were developed for four communities. The RFPs were discussed and finalized with communities and MLSI⁵⁶ and announced.
- On August 5th, a pre-bid orientation seminar was organized for the applicants of the community social services development in four communities (Artik, Alaverdi, Nor Norq and Nubarashen) competitions.
- Six proposals were submitted for the “Nor Norq Community Center for Disabled Individuals and Elderly,” three proposals – for “Alaverdi Community Support Center,” one proposal- for Artik and Nubarashen communities.

⁵⁴ SPSS_FY08Q4_Aug1_AccesComRFP_eng;

⁵⁵ SPSS_FY08Q4_Sep11_StakeholdTrainingReport, SPSS_FY08Q4_Sep11_ArmSocServAssesGuidebookFinal_eng; SPSS_FY08Q4_Sep05_GantChartBAndreozzi_arm, SPSS_FY08Q4_Sep05_GantChartBAndreozzi_eng; SPSS_FY08Q4_Sep05_GantChartTimeplanBAndreozzi_arm, SPSS_FY08Q4_Sep05_GantChartTimeplanBAndreozzi_eng; SPSS_FY08Q4_Sep05_LogicModelBAndreozzi_arm, SPSS_FY08Q4_Sep05_LogicModelBAndreozzi_eng; SPSS_FY08Q4_Sep12_BAndreozziExitRpt_eng; SPSS_FY08Q4_Sep11_ArmSocServAssesGuidebookBrief_eng;

⁵⁶ SPSS_FY08Q4_Jul10_Noubarashen_arm; SPSS_FY08Q4_Jul10_Noubarashen_eng; SPSS_FY08Q4_Jul10_NorNorq_arm, SPSS_FY08Q4_Jul10_NorNorq_eng; SPSS_FY08Q4_Jul10_Artik_arm, SPSS_FY08Q4_Jul10_Artik_eng; SPSS_FY08Q4_Jul10_Alaverdi_arm, SPSS_FY08Q4_Jul10_Alaverdi_eng;

- On September 12th, 2008 a Selection Committee Meeting was held for “Alaverdi Community Support Center.” The committee included representatives from Alaverdi Municipality, USAID Civic Advocacy Project, Social Assistance Department of MLSI, and SPSS Project. The selection Committee recommended two proposals for funding, the proposal was to have a joint project: the first proposal by “Full Life” NGO, and the second proposal by “Vahagni XXI” NGO.
- On September 19th, 2008 a Selection Committee Meeting was held for “Nor Norq Community Center for Disabled Individuals and Elderly.” The committee was represented by representatives of Nor Norq local Municipality, USAID Civic Advocacy Project, the Elderly Issues Division of MLSI, and SPSS Project. The Committee recommended two proposals for funding, and joint implementation of the project.
- On July 8th, 2008 a pre-bid orientation seminar was organized for the applicants of “Independent Living Skills Development for Vanadzor Orphan Graduates” competition. Three proposals were received, and a selection committee was formed. After finalizing the results of the competition, “Aravot” NGO was approved for funding; two applicants were notified through regret letters⁵⁷.
- Negotiations were conducted with “Aravot” NGO on project changes and inclusion of all orphanage graduates into the independent living program. The number of the project beneficiaries’ increased, appropriate changes was introduced in the project budget.
- Grant agreement for “Independent Living Skills Development for Vanadzor Orphan Graduates” Project is drafted and in process of approval.
- Site visits to the Grantees continued, particularly to “Mental Health Foundation” NGO for the report verification.
- Two hours training on Log frame design were produced for the Monitoring and Control Department of MLSI.
- On August 7th a success story on SPSS grantee “Havat” NGO was posted to the web with further posting to the front page.⁵⁸

4.B.3 Develop public outreach program with NGOs concerning children's issues and social rights.

- Subcontractor ARS developed a questionnaire on NGO-provided social services and distributed through the ARS branch offices. 1300 state, international and local organizations have been investigated and the information on 571 of them is now in a computer database with its expanded electronic version, particularly:
 - Of 1125 local NGOs, 346 reported about implementing some activities in the Child protection field, 100 are being clarified in further to obtain referral information, and the remainder is no longer operating the referenced services.
 - Of 175 International-Donor organizations, 75 provided information.
 - Through the survey, a complete list of state and community institutions was resulted.
 - Information is collected and assessed regarding the legal acts regulating child protection issues, made a short description of each legal document contents, and dates of approval.
 - A short book containing the information is to be made available to NGOs and social workers in the State system along with guidance on using the information as a basis for referrals to community-based resources.

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

4.C.1 Establish professional status of “Social Worker.”

- Discussions on job positions in the field of Social work continued with MLSI relevant Departments clarifying the application of standard position descriptions provided in the previous quarter.

⁵⁷ SPSS_FY08Q4_Sep2_IndLivSkillRegrLetter_eng, SPSS_FY08Q4_Sep4_IndLivSkillActionMemo;

⁵⁸ SPSS_FY08Q4_Aug7_HavatSucStory_eng.doc;

- Drafted Ethics Code for Social Workers was delivered with Social Assistance Department of MLSI and is in the process of Approval by the Ministry of Justice of Armenia.
- The assessment of the role of social workers in combating violence and trafficking was finalized with the Women and Children’s Department of MLSI; report is underway.
- In August-September 2008, SPSS continued to work with NILSR relevant departments for preparation of a Training Needs Assessment. In the process of this work, it became clear that there is no real picture of human resources available and involved in the service delivery within the MLSI system. Currently NILSR and SPSS are working on a questionnaire to support the Human Resource Composition Survey and to prepare a MLSI Human Resource Map, which will be used as a comparative tool during the Training needs assessment process.
- In August-September 2008, SPSS started the assessment of Social work vocational education in Armenia. Meetings were organized with representatives of MLSI, NILSR, Ministry of Education, Republican Center for Vocational Training, NGO community. According to the recent findings, 44 students were registered in two vocational training schools in Gyumri. In October 2008, SPSS is planning to do evaluation of the curricula of the vocational schools and finalize the analysis.

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

- Reference 4.C.1 regarding preparatory work.

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.

- A Guideline on organizational issues of social contracting at the municipality level is in the drafting process.
 - Draft Law on Amendments in the Law on Self Government Body was developed. The purpose of amendments is to prompt municipalities to cooperate with non-commercial organizations on the principal of social contracting.
- Local government social contracting issues were presented at the second round table on “The prerequisites of establishment of Social Partnership in National Level,” organized by Professionals for Civil Society (PFSC) NGO within the framework of the “Financial Sustainability of NGO Sector” project on September 24, 2008.⁵⁹

4.D.2 Provide translation of manuals, recommendations and standards for monitoring and evaluation at the project level. Define specification, audit, quality control and monitoring methods.

- Activities are in process.

4.D.3 Propose regulations to establish legal basis for fundraising activities that improve NGOs participatory capacity.

- Continued support to NGO organizational capacity building and development of sustainability strategy within “Mission Armenia” NGO. The fundraising sustainability strategy development has received its SPSS input.
- Support to “Mission Armenia” NGO organizational capacity building and development of sustainability strategy is completed. Report on “Mission Armenia” NGO sustainability strategy and capacity building⁶⁰ was submitted.

⁵⁹ SPSS_FY08Q3_Apr29_SocPartnrshpLegFrmw_arm;
SPSS_FY08Q3_Apr29_SocPartnrshpLegFrmw_eng

⁶⁰ SPSS_FY08Q4_Aug4_MACapBuildStrategy_eng;
SPSS_FY08Q4_Aug4_MAFinalReport_eng;
SPSS_FY08Q4_Aug4_MAOrgDevManual_eng;

- Community Social Services Development Project Concept for fundraising activities⁶¹ was drafted with the support of the SPSS Project.
- Materials for fundraising and proposal writing training for NGOs were organized. The training is scheduled for October – November, Fiscal Year 2009.

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

- Activities are in process.

4.E Assist with operationalizing social safety net laws

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

- Work on preparation of a book of reference materials on legal acts and procedures of social assistance in the country was finalized with Social Assistance and Legal Departments of MLSI. The book is in the process of publication.

4.E.2 Propose new draft regulations to improve Social Safety Net functioning.

- New regulation-promulgating activities were undertaken; work continued on elsewhere-noted items regarding social work and social contracting.
- Draft Law on Amendments in the Law on Self Government Body was developed, but is under internal review. The purpose of amendments is to prompt municipalities to cooperate with non-commercial organizations on principal of social contracting.

5. CROSSCUTTING ACTIVITIES

5.A.1 Information, Education, Communication (IEC) and Public Relations

5.A.1.1-6. Design round tables and forums as needed to support the four components.

- From July 7-30, SPSS organized a “Job Search” training for SESA local and regional staff and training for students at the Youth Professional Orientation Center to build capacity for 80 staff members of SESA and Regional Employment Center and enhance skills for Youth Vocational Occupation. This event laid a groundwork of job search management and facilitation skills, structured guidance for individual and/or group Job Search counseling within employment centers and assisted in conferring job search concepts, such as personal appraisal, career exploration, search strategies and individual interviews.
- IEC team supported Component 3 with a round-table discussion held on July 18th on “Strengthening Social Partnership Mechanisms toward an Improved Labor Code in Armenia” jointly with ILO, with deep experience in developing social partnership in Armenia. The round-table was meant to establish and strengthen a balanced tripartite discussion among the three basic social partners – the labor, employees and the Government, particularly on the subject of labor regulation. The event helped MLSI to better understand needs of various players in the field and make efforts in facilitating conversation and interactions among stakeholders as it formulates policy recommendations.
- On July 23th, SPSS employment services enhancement component organized a 3-day working session aimed to discuss the Manual on Performance Measures by the Performance Measures Committee representing SESA, MLSI and NILSR. The working session was followed by piloting the indicators in two SESA offices in Vanadzor and Shengavit (Yerevan), as well as by on-the-job

SPSS_FY08Q4_Aug4_IndividualDonors_eng;

SPSS_FY08Q4_Aug4_LocalBusinessmenProfiles_eng;

SPSS_FY08Q4_Aug4_USDiasporaOrgsWorkinArm_eng;

⁶¹ SPSS_FY08Q4_Aug26_SocServCommunityConcept_eng;

training for selected offices on the use of Performance Measures. The developed indicators and the Manual will substantially aid SESA to implement its new Strategic Plan.

- SPSS finalized a joint Journalism Certification Class on “Social Issues Reporting” partnering with the Core Media Support Program for Armenia (CMSP), implemented by IREX Armenia. This was a six-week, 36-hour certification course through AUA Extension Program targeting a group of Armenian journalists, selected on competitive basis, with sessions started from June 2008. Journalists were delivered comprehensive knowledge about three major social issues- labor market, family benefits, violence; feature writing and editing; labor market, family benefits, violence; feature writing and editing; layout and design; and data analyses. 11,000 copies of the insert were published and widely distributed via the local and regional press. Nine hundred copies were distributed via regional based NGOs. English and Armenian versions of the insert are available for the public via the internet (www.spss.am).
- 4 students interning through SPSS Student Internship Program are learning program support skills for various programmatic activities including research of international best practices, processing training evaluations, website updates, etc.
- Competitive base selection process of new interns was organized. Out of seven finalists, two new interns were recruited to support Component 1 and Crosscutting. Both interns are from regions and are students of universities in Yerevan.
- From July 29th- August 13th, SPSS organized four two-day training sessions on Job Search⁶² for 85 SESA Employment Center staff members. The training aimed at building knowledge and skills on providing effective job search methods to job seekers through a Job Search Manual, which was introduced during the training session. The training extended to SESA staff structured guidance to implement individual and/or group job search counseling. It helped to strengthen job search management and facilitation skills.
- From September 5-11th, SPSS organized a “Stakeholder Training on Community Social Services Needs Assessment III” for Community Core Team Leaders and NGOs, which was in fact the continuation of Stakeholders Training as a part of the Local Government Social Services Development initiative started in November 2007. This training⁶³, as part of a long-started initiative, helped to enhance knowledge of working in community partnerships, increase knowledge and application of Logic Model in project development, as well as develop monitoring and evaluation indicators for long-term success.
- IEC produced a Power-point Presentation⁶⁴ on the SPSS draft Annual Work Plan (2009) for MLSI. The presentation was aimed at ensuring the national counterparts understand the SPSS commitment to providing consistency between the SPSS annual activities as required under its USAID contract are consistent with the needs and requirements declared by component-level counterparts in MLSI.
- SPSS finalized the proofreading and preparation of a publication of the compilation of the legal documents on social assistance and submitted the signal copy prepared by the printing house to MLSI for approval. After the approval, the publication was ready and distribution of 1000 copies to social workers working in the system is in process.
- SPSS finalized the preparation of the publication of the Frequently Asked Questions prepared as a follow up of the social workers trainings delivered in January – May 2008 on family benefits and social assistance issues. It was planned to print 5000 copies of the brochure to be distributed among social workers, media and the NGO community. But due to upcoming changes in the social benefits systems and financial constrains it was decided to postpone the publication to FY2009 and amend it with recent information and updates.

⁶² SPSS_FY08Q4_Aug22_JobSearchTrEvRpt_eng;

⁶³ SPSS_FY08Q4_Sep11_StakeholdTrainingReport;

⁶⁴ SPSS_FY08Q4_Aug22_WorkPlanPresn_eng, SPSS_FY08Q4_Aug22_WorkPlanPresn_arm;

- SPSS continues support to MLSI on Program Budgeting management training as an integral part of the sustainability of systems it is strengthening. SPSS long and short term staff worked with MLSI to prepare training schedule for Program Budgeting and Excel trainings for the core group of specialists involved in budgetary process from MLSI and affiliated agencies. SPSS consultant finalized the support and submitted the report on non-financial indicators and annual report preparation process in the second week of August, 2008^{65/66/67}.
- In July- August, 2008 SPSS supported MLSI to prepare two TV programs on employment and Job clubs for the “Social hour” Armenia second channel TV project (biweekly, on Saturdays, at 16:00p.m.). The first TV program’s title was “Social Partnership,” devoted to the involvement of NGO community in social assistance provision. The second program was devoted to the mission and activities of NILSR.
- In September, 2008 a TV program was prepared, which was devoted to the upcoming pension reform; Artem Asatryan, MLSI Deputy Minister was the guest at the studio.
- The Annual Training Report⁶⁸ was completed, including complete statistical and financial information and gender breakdown of all year two training events.
- Upon the request of the Pension Department of MLSI, SPSS drafted a guideline on the Pension Reform Public Awareness Raising and Participation Campaign Plan. It contains Public Relations strategy approaches, groups of messages for different audiences and descriptions of necessary tactical steps in developing a Public Information/Awareness Campaign^{69/70}.
- The OSH handbook (Component Three) first draft has been circulated and is expected to be published in October 2008.
- A new SPSS brochure in Armenian and English is in the final stage of development, and expected to be published in October 2008.
- MLSI system promotion bookmark has been designed, and can be used for future counterpart website promotions.

5.A.2 Component 1 – IEC

5.A.2.1 Arrange information, education, communication events to improve familiarity with pension issues.

- SPSS assisted MLSI in preparation of a guideline on public information strategy to be used as additional source of information during the outreach campaign related to Pension reform.

5.A.2.3 Conduct surveys, focus groups, and other information collection activities.

- AUA finalized the preparation of the Focus Group Discussion on Pension System Reforms in Armenia. A Guide for moderators was prepared. The Focus group will be delivered in two marzes and in Yerevan.

5.A.3 Component 2 – IEC

5.A.3.1 Design and implement a public outreach campaign including production of brochures, round tables, and seminars on employment services for employers and employees.

- Partners made use of best practices presented by SPSS during numerous meetings and trainings as well as the the model Job fair practice used during the Job fair organized in Yerevan on October 2007, to deliver Job fairs in the regions.

⁶⁵ SPSS_FY08Q4_Aug29_BudgetConProcedureMTEF_eng;

⁶⁶ SPSS_FY08Q4_Aug29_BudgetConProcedureRegul_eng;

⁶⁷ SPSS_FY08Q4_Aug29_BudgetConProcedureAnnual.doc;

⁶⁸ SPSS_FY08Q4_Sep29_FY08TrainingReport;

⁶⁹ SPSS_FY08Q4_Sep03_PAPGuidelineDraft_arm.doc;

⁷⁰ SPSS_FY08Q4_Sep04_PAPGuideline_Draft_eng.doc;

- Sample survey techniques and in-house reporting model taught by SPSS were used in current practices.
- Manuals on job search, performance measures have been finalized and submitted to the partners to be used in everyday practice.
- Preparation of manuals for job clubs is still on process, expected to be finalized in October 2008.

5.A.4 Component 3 – IEC

5.A.4.2 Design and implement information, education and communication campaign including publishing materials and organizing press conferences and round tables.

- At the request of MLSI, SPSS jointly with ILO organized a round table where representatives of social partners came together and discussed the problems, issues and necessary steps forward for establishment and strengthening social partnership in Armenia. Since MLSI and its partners are preparing a republican level collective agreement, the round table also served as a forum for discussing its needs and possible implications. This round table helped MLSI to organize a public forum where different opinions, viewpoints, new approaches and policy recommendations for refining the Labor Code through social partnership in Armenia were gathered. It also served as a forum for awareness raising, by assisting participants to better understand the needs of different actors of the field facilitating cooperation and dialogue among stakeholders.
- VGM Partners conducted the “Labor Code and Occupational Safety” survey among 69 companies during July-August, 2008 with the aim of assessing the current attitude of the business community towards labor code, occupational safety and health and SLI, as well as exploring possible avenues for improved SLI-employers cooperation for the second time. Together with VGM Partners, SPSS Project prepared a report presenting the findings of the Survey. The report paints a broad picture of the state of labor institutions in Armenia today, and points to existing issues and problems.
- The second handbook for employers on OSH was prepared in cooperation with MLSI, which will be published in October 2008, and distributed through MLSI/SLI, trade and employer unions, reference 3.C.1.

5.A.5 Component 4 – IEC

5.A.5.1 Support of development of an internal stakeholder awareness campaign by arranging education, information, communication events and materials.

- Compilation of the Legal acts on Social assistance was finalized and printed. 1000 copies will be distributed among social workers and practitioners.
- A resource center was established in NILSR to serve the needs of social workers, civil and community servants, students and scientists.
- Information on Social and Family benefits, violence and abuse in families and workplace, as well as relevant data was presented to journalists and the result of this presentation articles on these topics were published in an insert generated by the trainer team and trainees. 11.000 copies were distributed countrywide.
- SPSS supported the preparation of the MLSI bulletin on organization of social assistance in Armenia. The publication was finalized in July 2008.

5.B Policy, regulatory, and legislative review, drafting and promotion

5.B.1. Seek Stakeholder Inputs.

- MLSI requested and received consultation in four cross-cutting legal areas:
 - Addressing the issue of social contracting by non-commercial organizations.
 - Drafting report on European social charter.
 - Address community development needs, and
 - Identify any required legislative changes.

5.B.2. Apply International Best Practices and Lessons Learned.

- Analysis of Legislation on Non-commercial organizations including NGOs and foundations was provided.⁷¹ Despite some provisions on the law on NGOs, the legal analysis showed that Armenian legislation creates no impediments for non-commercial organizations, including NGOs, to engage in entrepreneurial activities and enter into social contracting relations. A detailed memorandum was prepared on this subject.⁷²
- The law on non-commercial organizations is liberal and provides an opportunity to groups engaged in non-commercial activities to make a choice as to legal form when establishing a non-commercial organization. If the members of the initiative group have concerns with respect to freely entering into contractual relations, then the organizational-legal form of a foundation shall be preferable.
- Analysis of the Partnership Act between MLSI and NGOs was approved by Order No.97-A/1 of RA Minister of Labor and Social Issues of July 17, 2008, as well as amendments to MLSI Charter (Government Decree N467 of May 15, 2008) promoted improvement of the legislative framework, and supplemental legal grounds were established for cooperation between MLSI and NGOs.
- SPSS Project assisted MLSI and other Ministries to prepare a report on how Armenia is meeting its commitment as a signatory of the European Social Revised Charter.
- The deadline for submission of the third report on Revised Social Charter is October 31, 2008. The report will be focused on Social Security Rights. In June 2008, MLSI sent a letter to all the related Agencies in RA in order to receive appropriate materials. With this letter MLSI also requested each of them to assign a responsible person to work jointly with MLSI and SPSS on preparing the third report.

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

- The seminar and Legislative Drafting Courses organized by SPSS for MLSI in May-June 2008 were highly appreciated by MLSI, and proposed a new request to organize similar activities in terms of the Law on Administrative Principles and Procedures, but financial limitations mean that this course probably will not be organized.

5.C IT and administrative system design (IT)

5.C.1 Promote adoption of IT Strategy.

- Continued reinforcing the development of strategic thinking consistent with the earlier-delivered strategy development guide.

5.C.2 Create electronic instruments to establish communication between government and civil society.

- “Nork” Center modernized the MLSI website with SPSS assistance. Several electronic instruments were implemented for communication between the Government and civil society: departments and agencies reports, e-mail inquiry of information and on-line requests for meeting with MLSI officials.
- SPSS performed reevaluation of the MLSI revamped website and proposed recommendations for its further improvement.⁷³

5.C.3 Establish information portals including developing websites with interactive capacity.

⁷¹ SPSS_FY08Q4_Jul09_AnalysisNGOLegisIn_eng & SPSS_FY08Q4_Jul09_AnalysisNGOLegisIn_arm;

⁷² SPSS_FY08Q4_Sep1_NGOLegaAnalsSocPartnrshp_armŋ

⁷³ SPSS_FY08Q4_Sep23_MLSIWebSiteAnalis;

- By the request of MLSI, SPSS IT experts jointly with “Nork” Center IT specialists started to gather and analyze requirements for social sphere information portal and websites of MLSI and affiliated agencies. The social sphere information portal should provide working tool for MLSI, its agencies and employees for efficient collaboration and information exchange. For citizens and organizations it will provide personalized access to the necessary information and on-line services.
- SPSS IT experts will assist “Nork” Center in project planning and design of the social sphere information portal during FY2009.

5.C.6 Development of Document Flow System for MLSI.

- The Information System was installed and is operating at “Nork” Center from July 15th, 2008.
- “Nork” Center and SPSS subcontractor CHS trained 30 MLSI employees on the use of the Document Flow System.
- The Information System was installed and operates at the MLSI secretariat starting from August 1st.
- An SPSS IT specialist participated in the Document Flow System software testing and acceptance procedure.
- During the pilot use of the Information System at the MLSI secretariat some change and system improvement requests were gathered, and the SPSS subcontractor worked on their implementation.
- Starting from September 1st the Document Flow System is in use in all the MLSI departments.

5.C.7 Development of automated information exchange system for all data in the social sphere.

- SPSS IT experts jointly with “Nork” IT specialists started to gather and analyze requirements for data exchange system.

5.D IT and other commodity procurement (ITP)

5.D.1 Build capacity for IT equipment procurement.

- SPSS IT experts jointly with “Nork” Center specialists worked on providing network connectivity infrastructure for SMEC offices: requested quotations, performed the evaluation, selected the best proposal and prepared contract for the installation of network connectivity for SMEC offices and service agreement for providing connectivity.
- SPSS IT experts jointly with “Nork” Center specialists monitored and controlled execution of the contract on installation of network connectivity for SESA offices.

5.D.2 Develop and implement training on needs assessment, systems priorities, cost benefit analysis, IT and admin specifications, tender process, installation.

- No trainings during reporting period.

5.E Anti-corruption initiatives

- SPSS continued to support capacity building for producing the MLSI social issues TV program entitled “Social Hour,” aired on the H2 TV channel (which covers the entire country). The program was designed as a source of directly accessible information for Armenians in social assistance services provision and as a tool for civil society to struggle against abuses and corruption. 8 programs were broadcasted in July-September, 2008:
- In July 2008, SPSS supported MLSI to prepare two TV programs on employment and Job clubs.
- In August, 2008 SPSS supported MLSI to prepare two TV programs. The title of the first TV program was “Social Partnership” and it was devoted to involvement of the NGO community in social assistance provision, and two NGO leaders were guests at the studio. The second program

was devoted to the NILSR mission and activity, and the Director of NILSR was the guest of the program.

- In September 2008, a TV program was prepared, which was devoted to upcoming pension reform. Artem Asatryan, MLSI Deputy Minister was the guest at the studio.
- The choice of the main topic of the biweekly TV program is in response to the priorities of the society. The “Social Hour program” started in mid-March and gets increasing public interest.
- SPSS in partnership with MLSI and CMSP, implemented by IREX Armenia organized a joint Journalism Certification Class on “Social Issues Reporting”, which resulted a nationally distributed newspaper insert on social issues.
- During the trainings and in the process of preparation of the insert it became clear that sometimes in regions people have no idea about accessible grants and loans and about ongoing assistance programs. Lack of information gives birth to corruption when the loan and credit getting process is endangered due to the lack of information. The insert team applied to loan and credit organizations with suggestion to place information about them in the insert to stimulate people to go in a direct way.
- In August 2008 RA Prime Minister circulated an order with a suggestion to pay more attention on the regulatory framework and procedures of the Government activities. In tune with that request and due to SPSS recommendations, SPSS assisted MLSI with preparation of the Budget procedure for MLSI and affiliated agencies.

5.F Gender

- For the report period, 195 people attended SPSS Project events, of which 70 were men and 125 were women. See the Accumulated Training Chart below, clause 8.

5.G Monitoring and Evaluation

- Monitoring site visits are conducted to two Day Care Centers (Mental Health Foundation and “Havat” hard hearing children’s mothers” NGO). The site visits are conducted with the MLSI Elderly and Disability Department and the Analysis Department as follow up after Financial and Programmatic report review processes for Day Care Center grants.
- Introduction of Performance Measures in the management of SESA promotes institutionalization of Monitoring and Evaluation procedures in that agency.

5.H Sustainability Strategies

- NILSR Resource center capacity building; an SPSS Capacity building expert is involved in ongoing training of the NILSR newly created Resource center staff. Three trainings were organized out of NILSR:
 1. at the UN resource center (co-trainer UN Librarian);
 2. at the National Assembly A (co-trainer- Head of NA Information Department);
 3. at the National Assembly B (co-trainer- Head of NA Information Department).
- Currently NILSR staff is working on best practices assessment. The goal of the exercise is to find out what indicators are used in international practices to monitor social services in CIS countries and in other places. The Library staff is tasked to clear, systemize and list the library stock in an excel catalog (materials of international organizations).
- SPSS started preparation of the next training to be delivered by the Academy of Science Resource center staff.

- Resource center staff continues to learn about best international practices exercised in different countries in similar institutions and stated the development of the first database.
- SPSS continues consultancy on best budgetary practices process in MLSI. Within the reported period of time the following procedures were developed:
 - For the organization and implementation of the process of developing the Draft Request of Medium-Term Expenses Program of MLSI and of submitting the Draft Request to MoF.
 - For the organization of the process of developing the annual draft request for budgetary financing of MLSI and submitting to MoF.
 - On regulating the activities implemented by MLSI in the framework of the budgeting process in the RA in the given year.

5.1 Grants Management

- Seven grant competitions were conducted during this reporting period. Competitions aimed at strengthening MLSI and local government capacity on outsourcing.
 - First competition on “Independent Living Skills Development for Vanadzor Orphan Graduates” was conducted with MLSI Family, Women and Children Issues department. The RFP was prepared jointly with SPSS and MLSI. The competition was announced in newspapers and on websites. Three proposals were received; the selection committee was formed and consisted of MLSI, SPSS, World Vision Armenia and ARS representatives. The committee selected “Aravot” NGO for the implementation of the project, the selection process is finalized, the grant is approved for funding. The implementation of the project will start on October 1, 2008.
 - Second competition on Social Enterprise Development was conducted jointly with SESA. 9 proposals were received. The selection committee included SESA, Counterpart International, USAID Civic Advocacy Project (CAP) Project, SPSS project representatives. The selection process is being finalized. Two organizations are nominated for funding: “Astghatsolk” NGO and Union of Blind Echmiadzin Branch. The selection process will be finalized in October.
 - Third competition on Community Social Services Development is in process. The RFPs were prepared and announced with four communities: Nor Norq, Noubarashen, Alaverdi and Artik. Three proposals were received for Alaverdi Community, six proposals for Nor Norq Community, one proposal for Artik, and one proposal for Noubarashen communities. The competitions will be re-announced for Artik and Noubarashen communities. For Alaverdi and Nor Norq communities selection committees were organized including MLSI, SPSS Project, CAP and local government representatives. The selection process will be finalized in October for Nor Norq and Alaverdi communities.
 - Fourth competition on “Accessible communities for individuals with disabilities” is being conducted by MLSI Elderly and Disabled Department. The RFP was prepared by MLSI with SPSS Project support. The competition is announced, the selection process is scheduled for November 2008.

6. OVERALL PROGRESS

6.A Progress Towards Work Plan Objectives

The USAID-approved work plan of the SPSS Project determines the steps reported above. At present, the progress toward larger project goals and objectives is on the correct path and within anticipated timelines, with the most notable exception, the Project’s support for pension reform. The delays are due to a series of GOAM postponements made in its own ambitious timeline. SPSS considers that slowing the planning and implementation will improve results, though it has been geared to run alongside its counterparts. Adjustments to counterpart needs and strengths were made in the 2008 SPSS Project work plan, which was approved in September 2007, but the GOAM delays were repeated several more times during the implementation year. The most significant additional

influences on timely actions have been shifts in political climate, administrative reorganizations, and counterpart interests. Counterpart interest shows itself in weak staffing or funding commitments. For example, despite continued requests that a grants manager be appointed in MLSI, none has been assigned; the result is lack of accountability for the function that now spreads over program and monitoring staff without clear role definition. A sustainable outsourcing function will not survive this way.

6.B Progress Towards USAID Armenia FY2008 Targets

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

Indicator Name	FY'07 Result	FY'08 Target	FY'08 Rev. Target
3.3.1. (a) Number of Social Protection Policy Reforms Drafted, Adopted or Implemented with USG Support	1	9	23
3.3.1. (b) Number of Nationwide Poverty/Vulnerability Mapping Efforts Being Supported	0	2	2
3.3.2. (a) Number of people benefiting from USG-supported social services	150,620	160,000	160,000
of total: male	84,930	90,000	90,000
female	65,690	70,000	70,000
3.3.2. (b) Number of USG-assisted organizations and/or service delivery systems strengthened that serve vulnerable populations	5	5	10
3.3.3. (a) Number of people benefiting from USG-supported social assistance programming	547,250	550,000	550,000
of total: male	307,000	330,000	330,000
female	240,250	220,000	220,000
3.3.3. (b) Percent of total eligible persons receiving assistance through USG-supported social assistance programming	57%	67%	67%
4.6.3. (a) Number of new improved workforce development policies drafted through USG assistance	58	9	To 3.3.1

The targets for FY2008 are an increase over FY2007, reflecting both acceleration of assistance and more realistic estimates of the Project's abilities given the political climate and relationships. FY2008 has been an active year with a high level of technical advising in all components. This second project year brought the highest expected number of proposals for change. As implementation becomes the focus in the final year of the base period, we will see fewer proposed changes but more deepening of the chosen policy options.

Program Element 3.3.1, regarding policy change, registers the ongoing project support to GOAM reforms. SPSS continues its assistance in creating and augmenting the legislative framework in the social protection sphere, working with MLSI and other partners to support better policymaking, work toward meeting international obligations along with parallel legislative reforms related to all components, with pension policy and implementation, with employment and labor regulation policies, and with social assistance policies. Of this set, pension reforms are driven by the strongest force of political will, and thus require the greatest amount of legal drafting. The drafting has been under way even as the PWG's White Paper took shape, although the final proposal has not yet been officially adopted so final drafts are not done. SPSS is working with CBA and MoF working groups on parts of the task. The SLI is highly motivated to adopt normative regulations regarding occupational health and safety, as it is now required to do this enforcement. The sharp increase, from nine to 23, of

expected policy and legal reform proposals in the 2008 revision, is due to combining workforce development policies (formerly 4.6.3) into program element 3.3.1, not simply because of sharply increased interest in social reform. There is a lesser degree of interest on GOAM partners' part to revise the Employment Law, the Labor Code, or the Social Assistance Law. During FY 2009 GOAM will propose a comprehensive Social Protection Strategy and will find need for much policy change and legislative drafting.

SPSS is assisting MLSI and its agencies to more transparently administer existing programs. Year 2008 should see an expansion of beneficiaries of assistance as targeting and public relations are improved, but the data for measuring impact comes from GOAM and is not yet available. Because there is a greater problem with social assistance inclusion errors than exclusion errors, there is potential that the two corrections will cancel out, and the data will not reflect the whole story.

The final, and perhaps most important, facet of the SPSS Project's work in the context of the Program Elements is not only to sharpen the targeting of social assistance subsistence benefits, but to facilitate Armenia's transition to active benefits that promote economic independence and greater labor force participation. For these goals, the SPSS Project remains focused on introducing Active Labor Market Measures and increasing labor flexibility through reform of the Labor Code in Components 2 and 3. In Component 4 the grants program is stimulating GOAM support of day care services for the elderly and disabled, a program pre-requisite to deinstitutionalization of large groups of elderly and disabled. As social services move from passive assistance to services designed to bring vulnerable populations into greater social and economic independence, heavy state spending can be reduced. The continued success of the grants program with service provider NGOs develops private sector capacity and introduces competition to service delivery. It also helps state and local governments develop mechanisms for cost-effective partnerships to deliver essential services.

7. ISSUES AND STRATEGIES

The new Government has settled in and is working hard to convey its seriousness to its citizens and the international community. Thus much attention is going to reducing corruption, improving management efficiency, strengthening rule of law and increasing social protection to vulnerable populations. The Prime Minister was head of CBA as the pension reform was being designed. He has dissolved the reform design PWG and replaced it with a reform implementation PWG, which operates under MLSI. Many old SPSS counterparts have new duties and are appropriately turning to SPSS for technical assistance.

The European Social Charter provides the basic framework for Armenia's social protection strategic planning. EU accession is not an immediate or even distant prospect, but membership in the European neighborhood is a national goal and is thus a strong incentive to uphold the social democratic values referenced above. During the final quarter of FY08 MLSI continued to organize to support development of a comprehensive social protection strategy. The strategy will address issues including, but not limited to, the four Components of the SPSS Project: design and implementation of a well-managed multi-pillar pension system; elimination of extreme poverty through re-defined family and other social benefits; decent work for all; access for vulnerable populations; as well as equity and social inclusion.

In the upcoming project year emphasis will be on institutionalization of policies and program innovations introduced in the two prior project years.

8. TABLES AND CHARTS

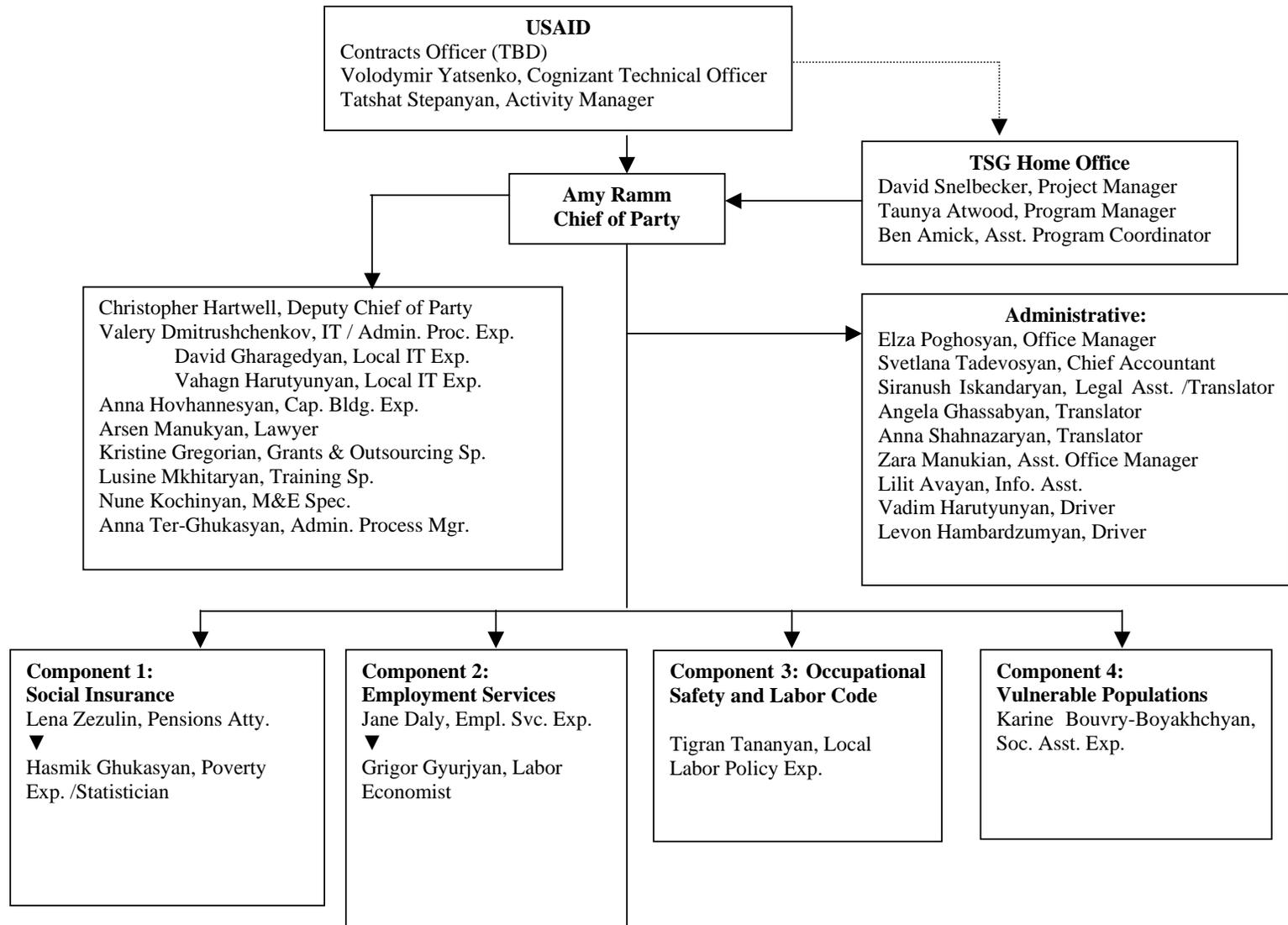
Table 1: Accumulated Training Numbers Organized by TSG

(July-September, FY 2008)

#	Name	Organized by	Place	Date FY 2008	Total Number of Participants	Male	Female
1	Logical Framework	MLSI	MLSI	July 2	8	3	5
2	Social Issues Beat Coverage	IREX, SPSS	AUA	July 4-5, 11-12	16	0	16
4	Strengthening Social Partnership Mechanisms toward an Improved Labor Code in Armenia	SPSS, ILO, RA MLSI	SPSS	July 18	15	10	5
5	Occupational Safety Health Inspections	NILSR	NILSR	July 22	25	18	7
6	Employment Programs Performance Measures	SPSS	SPSS	July 22-24	27	3	24
7	Resource Center Maintenance and Research	SPSS	NILSR	July (ongoing)			
8	Youth Summer School on Job Search	SPSS, MLSI	YPOC	July 31 - August 12			
9	Stakeholder Training on Community Social Services Needs Assessment III	SPSS	SPSS, Alaverdi	September 5-11	19	10	9
Total for July-September:					110	44	66

Chart 1: SPSS Project Table of Organization

TSG Armenia Organizational Chart as of September 30, 2008



APPENDIX 2: LIST OF SCENARIO CALCULATIONS PREPARED AT THE REQUEST OF MLSI USING THE SPSS PENSION SYSTEM MODEL

Scenario/request title	File name	Date prepared/ submitted	Brief description
Model Baseline Scenario	Version 0.1 Baseline 4	11/1/2007	Baseline model that was revised based on available historic data on labor force and was provided for training on model in December
Comparison Tables: SPSS, PWG, and PRSP (Excel file)	SPSS_FY08Q2_Jan24_ModelComparsNote_tables	1/24/2008	Provides comparisons of three basic scenarios developed by PWG, PRSP-2 and SPSS
Comparisons between SPSS, PWG, and PRSP Pension and Labor Market Scenarios and Comments on the Relevant Portions of the PRSP-2 Draft (Word doc.)	SPSS_FY08Q2_Jan24_ModelComparsNote_eng SPSS_FY08Q2_Jan24_ModelComparsNote_arm	1/24/2008	This note address consistency issues between pension and labor market scenarios now being developed by the SPSS Project, the PWG technical team working with PROST, and the PRSP team. It is based on (i) the PRSP-2 draft, received 18.01,(ii) MoF tables containing PRSP information, received December 2007, (iii) PWG PROST summaries, received 18.01, and the SPSS model Version 0.1 Baseline 4 scenario. An accompanying table is given as an Excel spreadsheet.
Model Baseline Scenario Comparisons / Issues (PPP)	SPSS_FY08Q2_Feb13_TechMeetingModelCompLandis_arm SPSS_FY08Q2_Feb13_TechMeetingModelCompLandis_eng	For February 13th event	To understand differences in scenarios developed by PRSP, PWG, and SPSS
Changed indexation scenario	Version 0.1 Baseline 5 indexation	February	<ul style="list-style-type: none"> • The basic pension grows 20 percentage points faster than inflation in every year 2009-2015. After 2015, it grows at the rate of inflation. • The annual accrual factor grows 3 percentage points faster than the rate of growth of the average nominal wage rate in every year 2009-2018. After 2018, it grows at the same rate as the average nominal wage rate.

<p>Indexation scenario. The basic pension is indexed to CPI after 2015 and the annual accrual factor is indexed to the average nominal wage rate after 2018</p>	<p>SPSS_FY08Q2_Feb21_Indexation_engl SPSS_FY08Q2_Feb21_Indexation_arm</p>	<p>2/21/2008</p>	<ul style="list-style-type: none"> • The average pension is equal to 101.6 percent of the poverty line in 2008 (this is unchanged from our previous scenario). • The average old-age insurance pension is 151.9 percent of the poverty line in 2012. • The average old-age insurance pension is AMD 67,500 in 2018. • The benefit ratio (average pension to average wage) peaks at 37.4 percent in 2015 after which it declines to 34.4 percent in 2018 and 28.2 percent in 2021. • The basic pension is 105.9 percent of the poverty line in 2015.
<p>Changed indexation and higher benefit ratio scenario</p>	<p>Version 0.1 Baseline 5 plus high benefit ratio</p>		<ul style="list-style-type: none"> • From 2016-21, the basic pension is assumed to grow 5 percentage points per year more rapidly than the rate of inflation; from 2022-30, grows 3 percentage points per year faster; from 2031-40 1 percentage point per year faster; and in 2041 and afterwards, increases at the same rate as inflation. • From 2019-30, the accrual factor grows 3 percentage points per year faster than the nominal wage rate; from 2031-40, 1 percentage point per year faster; and in 2041 and beyond grows at the same rate as the average nominal wage rate. <p>Under this scenario, all other assumptions remaining the same, the insurance pension balance is projected to be -5.1 percent of GDP in 2060. This may be compared to a balance of 0.3 percent of GDP in 2060 under the assumptions above.</p>
<p>Higher replacement rate: The average old-age insurance pension should be 35-40 percent of the average wage in 2018 and maintain that level thereafter</p>	<p>SPSS_FY08Q2_Feb21_HighBenefitRatio_eng SPSS_FY08Q2_Feb21_HighBenefitRatio_arm</p>	<p>2/21/2008</p>	

Lower eligibility scenario	Version 0.1 Baseline 5 plus high benefit ratio and lower eligibility		We simulate a given path for required minimum years of service to qualify for an insurance pension; specifically, a one year-per- year increase from 5 in 2010 to 10 in 2015. As discussed in the Technical Coordination meeting of 13.02.08, the SPSS model does not incorporate an explicit assumption on this variable; the explicit assumption for us is the proportion of the population turning 63 that qualifies for an insurance pension.
Changed path for required minimum years of service to qualify for an insurance pension	SPSS_FY08Q2_Feb21_LowerEligibility_arm SPSS_FY08Q2_Feb21_LowerEligibility_eng	2/21/2008	We assumed that the proportion of the population turning 63 that qualifies for an insurance pension declines from 95 percent in 2010 to 75 percent in 2030, and remains the same thereafter. The proportion receiving the social pension is increased correspondingly. This is a purely ad hoc assumption. However, the scenario may at least serve as a sensitivity check. In the long run (2060) the insurance pension deficit is 3.9 percent of GDP, as opposed to 5.1 percent under the scenario of continued near-universal eligibility.
Letter to Smbat Saiyan,	SPSS_FY08Q2_Feb21_LetterMLSI3Scenarios_eng SPSS_FY08Q2_Feb21_LetterMLSI3Scenarios_arm	2/21/2008	In response to your request of January 24th on pension reform model scenarios we are pleased to provide the calculations and results prepared by Landis Mackellar.
Increased life expectancy scenario	Version 0.1 Baseline 6 indexation and lower eligibility	Feb-08	Life expectancy – as per international best practices we also have added 1 year per decade. Thus the average life expectancy will be 78.8 in 2060 compared to 73.7 years recorded in 2005.
Long-term tables: low eligibility and indexation and high replacement rate	Final tables with revised data on pensioners Apr 14	4/14/2008	Provides comparisons for 2005; 2008; 2010; 2012; 2018; 2020; 2030; 2040; 2050; 2060

Long-term tables: low eligibility and indexation and high replacement rate	Final tables with revised data on pensioners Apr 15	4/15/2008	Requested more years to be provided : Add years 2009; 2011; 2015; and year 2034
Model new version	Version 0.1 Baseline 7 indexation and lower eligibility and high replacement rate	April	Adjusted shares of pensioners
Projections of key indicators of Armenia's Pension System using the statistical model developed by SPSS project	SPSS_FY08Q3_Apr18_KeyIndFinLowElHighRep_eng SPSS_FY08Q3_Apr18_KeyIndFinLowElHighRep_arm	4/18/2008	Average pension will equate the poverty line in 2008 and then will exceed it. The average pension will reach the level of minimum survival basket in 2015.
Main assumptions that serve as a basis for projections of key indicators of Armenia's Pension System using the statistical model developed by SPSS project; as of April 17, 2008	SPSS_FY08Q3_Apr18_ExplnFrmsModAssmptn_arm	4/18/2008	Explanation of main assumptions
Using recently revised data from SIF	Version 0.2 Smbat_last indexation and lower eligibility and high replacement rate	May	With adopted government program and revised PRSP-2 indicators the model was rerun to meet the main targets of the government
Applying higher years of service	Version 0.3 with high years of service	June	The level of formality was increased in Version 2 scenario but the years of contributory service remain at the lower level, which was increased upon our initiative and submitted to MLSI
Very brief description of key indicators and assumptions used in the model	SPSS_FY08Q3_June 18_ExplnInfo lastmodelassumptions_arm SPSS_FY08Q3_June 18_ExplnInfo lastmodelassumptions_eng	June	Very brief description of key indicators in the model

<p>Overview of Assumptions Underlying Forecasts of Main Indicators of Pension System of Armenia as of June 23, 2008 Made through Statistical Model Developed by SPSS Project</p>	<p>SPSS_FY08Q3_Jun30_ModelAssumpDescrptNote_eng</p>	<p>June</p>	<p>A comparative analyzed of April and June scenarios with comparative charts and explanations</p>
<p>Projections of key indicators of Armenia's Pension System according to the main macroeconomic developments foreseen in GOA program for 2012-2021 and PRSP-2 revised version, including introduction of the funded system using the statistical model developed by SPSS project</p>	<p>SPSS_FY08Q3_Jun30_ModelAssumpDescrptNote_eng</p>	<p>June</p>	<p>Very detailed list of output data on the long run (2007-2060)</p>
<p>Adjusting the number of disability and portal pension recipients</p>	<p>Version 0.4 with adjusted pensioners</p>	<p>July</p>	<p>Since April 10th the applications on registration for partial pension are no longer accepted, so the Government has more precise number of possible beneficiaries of that type of pensions. Upon Mali request the number of these group of pensioners was adjusted to replicate the possible trend.</p>

Projections of key indicators of Armenia's Pension System according to the main macroeconomic developments foreseen in GOA program for 2012-2021 and PRSP-2 revised version, including introduction of the funded system using the statistical model developed by SPSS project (with adjusted number of pensioners)	SPSS_FY08Q3_July_10_KeyIndcrsOld&NewScenario_arm&eng	July	Very detail list of output data on the long run (2007-2060) with adjusted number of pensioners
Number of pensioners by types of pensions for 2009-2021	SPSS_FY08Q4_Jul8_PnsinrsNo2009-2021_eng&arm	July	Table containing detailed list of pensioners by types of pension before the revision
Number of pensioners by types of pensions for 2009-2021 (adjusted number of pensioners)	SPSS_FY08Q4_Jul10_DisabPartialPrivlgdPnsRevsd2009-2021	July	Table containing detailed list of pensioners by types of pensions after revision
List of indicators necessary to develop the SPSS statistical model for pension scheme projection		July	Just Smbat requested to help him to write down this list