

Quarterly Report: October 1, 2008 – December 31, 2008
Armenia Social Protection Systems Strengthening Project
USAID SO 3.4
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**AECOM International Development
January 2009**





USAID ARMENIA, SOCIAL PROTECTION SYSTEMS
STRENGTHENING PROJECT

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October 1, 2008 - December 31, 2008

Implemented by: AECOM International Development (dba TSG)
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ABBREVIATIONS

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



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 first FY09 quarter of the project's activities from 1 September through 31 December 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. A revised agreement was formulated to coincide with the MLSI fiscal year that is the calendar year. A next revision is under discussion in the context of the proposed workplan SPSS has submitted to USAID. 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.

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 Pension Reform Implementation Inter-Agency Working Group (PRIWG) Central Bank of Armenia (CBA), the State Revenue Committee (SRC) the National Institute for Labor and Social Research (NILSR) of MLSI, the 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 Finance (MOF), the Ministry of Economy (ME), the Ministry of Territorial Administration (MTA) and a large number of NGO partners.

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

Structure of the Quarterly Report. The following sections of this report discuss activities undertaken for the four project components in detail, as well as for the contributions of the cross-cutting elements. Each section follows the Year 3 Proposed Work Plan, submitted 1 September 2008, providing the status of activity and sub-activity. The proposed work plan is still being finalized through negotiations with the primary counterpart MLSI as of this writing. 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

FY09 Quarter one progress in achieving component and crosscutting objectives was as follows:

During Quarter one of FY2009, the pension reformers received the Pension Reform White Paper adopted by GOAM on 13 November 2008 and began support of its institutionalization. The first big efforts were assistance with legislative drafting and implementation project management.

MLSI and SESA worked closely with SPSS in strategic planning at their respective levels that will promote a more active, market-driven labor market. SESA statisticians made the first report of what will become a regular labor market survey to assess supply and demand trends. Renovations were completed on 8 additional offices under USAID funding. Three of these, Gavar, Hrazdan and Charentsavan, completed by SPSS will house model service offices that demonstrate how modern employment services serve job seekers and employers.

SLI made further improvements to its data management to allow for risk-based inspection and enforcement models; more importantly, the leadership at SLI began to understand and support the risk-based approach.

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 revision of the social assistance Family Benefit distribution formula, and the research is being completed at the end of the first quarter of FY09. 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 is mapping social worker skill development resources along with NILSR, which holds responsibility for defining the profession. Key in the support of policy change is improvement of program budgeting skills in all MLSI departments, and SPSS is engaged in hands-on training to that effect. 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

- Establishment of a cooperative working relationship with the newly appointed PRIWG.
- Project management assistance to MLSI in managing the entire reform process.
- Continued assistance to SSSS in business process review of the current PAYG pension system.
- Assistance to the PRIWG and the SRC in mapping the business process for the new pension system (including both the existing PAYG pension component and the new funded component).
- Continuing commentary on IT terms of reference for NORK working group (a subgroup of PRIWG).
- Additional modeling and training on the SPSS pension model.
- Drafting solidarity pension law for MLSI working subgroup of PRWIG.
- Drafting funded pension law for MoF working subgroup of PRIWG.
- Review of unified tax law drafted by MoF.
- Proposed revisions to personified recordkeeping law.
- Assistance in developing a public information program.

Component Two: Employment Services Highlights

- Three model offices, renovated by SPSS were opened in Hrazdan REC, Gavar REC and Charencavan. The first Shirak region Job Fair was organized by SESA, with SPSS support, along with 5 nongovernmental organizations in Gyumri. SPSS used Gyumri Job Fair to provide assistance to the Youth Center by organizing “Job formula” training for 60 job seekers of the Shirak region.
- Pre-job fair training for 40 employers was conducted to prepare employers on how they can best use a job fair to fill vacancies and to create an applicant bank.
- Trained 80 participants from MLSI, employment offices, SESA staff and the Youth Center staffs in conducting Job Clubs.
- Two Job Club handbooks for practical use were introduced: one is for job club facilitators and the other is for job seekers.
- “Employer Sample Survey” report was presented to the public through mass media by SESA, nationally and in the regions presenting local results for each marz. Initial agreement on the structure and the content of a Social and Labor Statistics Bulletin was achieved with the NILSR.
- Armenia’s labor market situation, its trends and challenges were discussed in Charentsavan local employment center, during the USAID mission staff and SESA head staff meeting. Based on the Social Enterprise Development Evaluation Committee’s decision, “Astghatsolk” disabled children parent NGO and Armenian Union of Blind Echmiadzin Branch were selected for funding. Grant Agreements and Attachments are being reviewed and negotiated with MLSI and SESA.
- Piloting of a new performance measures system in Vanadzor REC and Shengavit LEC was completed.
- The proposed flow of information and people in model offices was developed with SESA staff.
- 45 SESA offices were connected to the integrated Network under the supervision of the NORK Center and SPSS IT specialists; interim connectivity was supported by SPSS as SESA await installation of a permanent corporate network promised under a World Bank loan .

Component Three: Occupational Safety and Labor Code Highlights

- The team continued working with MLSI on drafting a Comprehensive OSH Act, based on the regulations proposed by SPSS.
- Final troubleshooting of functional problems with the Access-based SLI database, identified during piloting the system in two SLI regional offices, was completed by NORK Center and SPSS , and after the two day joint trainings on the database for data representatives of all SLI structural and regional divisions, the database was introduced at SLI.
- Training on applicability and implementation of international best inspection practices for 25 labor inspectors from SLI regional offices was conducted on November 6th in cooperation with NILSR.
- The results of the second survey of 69 firms throughout Armenia on business community perceptions of the Labor Inspectorate were presented in a workshop organized jointly with Republican Union of Employers of Armenia (RUEA) on October 3 gauging changes in employer attitudes as SLI changes its methods and emphasis.
- A handbook for employers on management information systems and a how-to on implementing OSH at the workplace was published and disseminated through MLSI, Armenian Confederation of Trade Unions, RUEA, Chamber of Commerce and Industry of RA and the ILO Armenia National Correspondent’s office.
- The head of SLI to participate in an IALI event in Riga through SLI funding, institutionalizing ongoing exposure to best practices initiated under SPSS.
- On November 18th the SPSS presented a report on the assessment of Labor Code impact on vulnerable groups in the Armenian labor market at a Conference, titled “The Labor Code as a Contributing Mechanism for Gender Equality” organized by NILSR and UNDP.

Component Four: Social Assistance Highlights

- NILSR Resource center staff with SPSS support continues to work on the electronic version of the “Social Assistance Legislation in Armenia” to be placed under MLSI’s webpage with relevant links from the NILSR webpage.
- MLSI and NILSR , with assistance from SPSS, prepared the basic structure of an annual Social and Labor Statistics Bulletin to be institutionalized in NILSR. With SPSS assistance in the development of a “Sustainable Social Assistance Development Strategy”. A NILSR research group finalized and presented initial findings to MLSI.
- Program Budgeting training completed for more than 80 MLSI and affiliated agencies’ staffs. Subcontractor ARS delivered a social worker’s guide for referral resources for “Children’s Protection in Armenia,” with distribution and web access planned for Quarter 2.
- SPSS assisted the MLSI to develop a procedure to respond to the MTEF quarterly and annual report development. Institutionalizing good budgeting and program justifications is critical to institutionalizing other SPSS policy initiatives.
- Under anti-corruption initiatives, SPSS supported the preparation and delivery of four Social Hour TV programs fostering transparency in collaboration with the Armenia Second Channel and MLSI.

1. COMPONENT ONE: SOCIAL INSURANCE

This quarter, Component One continued to support the counterparts in developing a detailed pension reform program. The support shifted from being primarily pension policy development to a focus on pension reform implementation, and consists of organizational project management support, business process development, information management assistance, legislative drafting, and some continuation of economic and demographic modeling. The principal activities addressed the needs of MLSI, SRCPRIWG 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 proposed pension reform and propose an action plan.

- On August 27th, the PWG delivered the Armenian and English texts of the Pension Reforms White Paper and asked for comments. The PWG delivered its final White Paper to the GOAM and was formally disbanded.¹
- The SPSS team provided draft comments on the White Paper to USAID and to the FSDP project. Meetings were held in September to provide USAID an update on pension reform and to discuss the proposed comments in some detail. A document containing joint USAID-SPSS-FSDP Project comments was provided to USAID on September 29th and delivered to the GOAM in early October.² In addition, SPSS delivered a shorter document focused solely on implementation issues containing a proposed implementation structure.³
- The MLSI was appointed as the agency managing the pension reform implementation process. A new working group, the PRIWG was established in August 2008.⁴ Unlike the previous working

¹ SPSS_FY09Q1_Oct24_UpdatePensionRef_eng

² SPSS_FY08Q4_Sep29_PRWP-SPSS-FSDProjJointComments; SPSS_FY09Q1_Oct01_Sep29SPSS-FSDP-PRWP_arm.pdf; SPSS_FY09Q1_Oct03_SPSS-FSDP-PRWP_eng.doc; SPSS_FY09Q1_Oct03_SPSS-FSDP-PRWP_arm.doc; SPSS_FY09Q1_Oct03_SPSS-FSDP-PRWPComments_arm.pdf;

³ SPSS_FY09Q1_Oct03_PensRefImplProgr_arm; the English text of the implementation issues are listed in the previous month, SPSS_FY08Q4_Sep29_ImplPensRef_eng.

⁴ Decree No 618 dated 15 August 2008, RESOLUTION ON CREATION OF AN INTER-MINISTERIAL WORKING GROUP ON PENSION REFORMS (signed by the Prime Minister).

group, which was focused on policy design and was housed within CBA, this group's mission is the implementation of a new reform program, and it is based in the MLSI. It has the following eight members:

1. Artem Asatryan, Head of the Group, Deputy Minister, MLSI
 2. Vardan Aramyan, Deputy Minister, Ministry of Finance
 3. Vahe Danielyan, Deputy Minister, Ministry of Economy
 4. Aharon Chilingaryan, First Deputy to the Head of SRC
 5. Simon Ghonaghchyan, Head of Finance and Economic department, RA Government
 6. Anna Vardikyan, Head of Division of Financial System Development, Central Bank
 7. Astghik Mirzakhanyan, Head of Pension Reform Group, Central Bank
 8. Smbat Saiyan, Secretary of the Group, Head of Social insurance and pension security Department, MLSI
- The SPSS team met with the PRIWG on October 16th to discuss its assistance. Agreement was reached on the need for better coordination of reform efforts. The legislative drafting and IT components of the reform had been initiated without overall coordination. Accordingly, SPSS offered and the PRIWG accepted assistance with the management of the project, in particular the tracking of the different pieces of the project to assure timely and coordinated completion of tasks. SPSS is assisting MLSI with a detailed project management plan, including a master file that lists all the necessary steps to implement reform and is regularly updated.⁵ The Head of the PRIWG, Mr. Asatryan, attached the large Armenian language version of the master implementation plan to his office wall.
 - SPSS is advising PRIWG on various aspects of the reform and began with a brief memorandum outlining one of the most serious risks: the difficulty of tracking individual contributions.⁶ In addition, SPSS was asked to assist with the review of the draft IT terms of reference (see Section 1.F below).
 - SPSS has attended several subsequent meetings of the PRIWG (November 7, December 15) and numerous meetings of sub-groups established to address various issues. SPSS assists also with keeping minutes.⁷ SPSS has also submitted a memorandum listing the technical questions that require resolution before the implementation design is finalized.⁸
 - GOA announced on November 13 that a pension reform concept has been adopted, but the final document has not yet been released. The PRIWG is working on the basis of the White Paper and the summary prepared previously.
 - SPSS prepared a brief summary of the current pension system for USAID and the US Embassy⁹

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

- The White Paper contains detailed analysis of the proposed reform scenario. SPSS assisted MLSI in making its contributions to this work and in seeking changes to the final reform scenario that was adopted. In addition, SPSS is continuing to model scenarios, as well as fiscal and economic implications of the reform.
- The PRIWG produced an abbreviated version of the White Paper that presents the policy choices in a more concise form for journalists, parliamentarians and other policy makers. SPSS translated

English translation: SPSS_FY09Q1_Oct09_DecreeDevtInterAgencyWG_eng

Rules of the PRIWG: SPSS_FY09Q1_Oct09_RulesInterAgencyWG_eng;

⁵ SPSS_FY09Q1_Dec17_GanttChart_eng ; SPSS_FY09Q1_Dec17_GanttChart_arm

⁶ SPSS_FY09Q1_Oct27_PRIWGRMemo1_RiskAsst_eng, SPSS_FY09Q1_Oct27_PRIWGRMemo1_RiskAsst_arm

⁷ SPSS_FY09Q1_Dec17_MinutesPRIWGMeetingDec15_arm

⁸ SPSS_FY09Q1_Nov24_PRIWGR Memo2_RiskAsst_eng;

SPSS_FY09Q1_Nov24_PRIWGR Memo2_RiskAsst_arm;

⁹ SPSS_FY09Q1_Dec12_PensionOverview_eng

the document.¹⁰ The GOAM is reviewing several versions of this document. As of this time, there is no final document released by GOAM finalizing the pension reform parameters.

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

- SPSS provided comments on the White Paper at the beginning of the quarter, and is preparing additional commentary on fiscal and economic implications of the Reform, to be developed using the SPSS model. SPSS will look at generational and fiscal impacts. This work also has the advantage of being an additional validation and testing of the model.¹¹
- SPSS provided commentary to the PRIWG on the unified tax law. This commentary addressed legal issues and also the fiscal implications of the unified tax proposal (see document referenced in footnote 22 below).
- In addition, SPSS provided a calculation to the IMF comparing analysis of the tax revenues from the current income tax and social contribution system, using 2007 data, and compared the impact that the proposed unified tax law and fully funded pension law would have. The loss of revenue occurs for two reasons: the minimum wage exemption and the transfer of 5% of wages to the fully funded system.¹² The IMF expert made her own estimates and reconfirmed SPSS concerns about the proposed unified tax law and provisions for minimum wage earners that will generate additional fiscal costs of 1 percentage point of GDP for the State budget. This point was not considered by the PWG during its modeling work.
- SPSS experts are working on a paper updating the document presented to MLSI last year with a proposed scenario of the reform. The revised document will update the description of the pension system and present several different scenarios.

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

- Some materials have been prepared for public information; SPSS is assisting MLSI and the PRIWG in developing a detailed public information plan.¹³

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

- No direct activities during this reporting period, although SPSS began to plan pension issues background training for journalists and other civil society entities, GOAM has requested this work be suspended until it adopts a Public Information Strategy in early 2009.

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

- No activities during this reporting period. GOAM has decided to address disability pensions next year.

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

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

- Additional scenario calculations using the SPSS Pension System Model were made pursuant to MLSI requests in July through September 2008. These were discussed with MLSI and PRIWG in October. As noted above, a final document is being prepared to update the report filed in November 2007 to compare the final reform scenario to several others that were considered.

¹⁰ SPSS_FY09Q1_Oct14_TransPenRefProgr_eng.doc

¹¹ D. Snelbecker, STTA, report forthcoming.

¹² SPSS_FY09Q1_Dec17_StateRevTaxesCrrntRefSystems_eng.xls.

¹³ SPSS_FY09Q1_Nov07_CusickLShortPenRefPrpsl_arm; SPSS_FY09Q1_Nov07_CusickLShortPenRefPrpsl_eng; SPSS_FY09Q1_Nov24_PenRefBriefer_arm; SPSS_FY09Q1_Nov24_PenRefBriefer_eng;

- In November, an SPSS expert prepared two more scenarios using the SPSS model to show how the benefits will change if the asset management fees will be 1%, 2% and 3%. The White paper and GOAM suggestion of an asset management fee is 3%, which is very high, and the analysis showed that funded pension system participants will have much lower returns as a result.¹⁴

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

- Training on the second pillar component of the statistical model took place December 8-11, at the Yerevan State University, Faculty of Mathematics and Mechanics, Actuarial Mathematics Department. Invited to attend were persons who had completed training on the zero and first pillar model during December 2008.¹⁵ The model was used extensively and materials were prepared to refer to the proposals for the pension reforms being considered by the GOAM.¹⁶ During the meeting with MLSI Deputy Minister Asatryan it was agreed that SPSS would continue the assistance to 3 trainees from the MLSI in using the SPSS model by assigning different scenario modeling tasks to them and supporting them in presenting outcomes.

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

- Refer to 1.A.3.

1.B.4 Explore introducing behavioral relationships to pension model.

- Refer to 1.A.3.

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

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

- SPSS Project is working on two of the four laws that will be required in a reformed pension system: 1) the draft law on the solidarity or PAYG component of the pension system and 2) the draft law on the funded (or 2nd pillar) component of the pension system. The English and Armenian drafts are being prepared simultaneously.
- Two other laws will be required: a law on the unified tax and a law on the personified recordkeeping system. All four laws are scheduled to be presented to the GOAM by the end of the calendar year 2009.

1.C.2 Produce first draft of law on pensions.

- Several drafts of the law on the funded pension component were provided to the Working Group organized by the MOF.¹⁷ SPSS hosted two long working subgroup discussions on the funded pension component on October 29th and 31st. The SPSS team attended numerous meetings at the MOF to discuss the draft law at the MOF. Several revisions of the draft law were prepared after these meetings.¹⁸ SPSS also prepared a separate chapter of the draft law addressing the regulation of voluntary funded pensions.¹⁹ The proposed sections of the draft law regulate two types of voluntary pensions: individual pension purchased from insurance companies, banks and investment funds, and corporate pensions provided by employers.

¹⁴ SPSS_FY09Q1_Dec05_PRIWGRWGMemo3_Impl_arm; SPSS_FY09Q1_Dec05_PRIWGRWGMemo3_Impl_eng

¹⁵ SPSS_FY09Q1_Dec15_ExtRprtMacKellartraining report forthcoming in January.

¹⁶ SPSS_FY09Q1_Dec5_ModelCommsWP_arm; SPSS_FY09Q1_Dec5_ModelCommsWP_eng

¹⁷ SPSS_FY08Q1_Oct01_Sep30LawFundedPensArtcls1-54_arm; SPSS_FY09Q1_Oct01_LawFundedPensArtcls1-54_eng

SPSS_FY09Q1_Oct06_LawFundedPens_arm; SPSS_FY09Q1_Oct06_LawFundedPens_eng

SPSS_FY09Q1_Oct17_LawFundedPens_arm; SPSS_FY09Q1_Oct17_LawFundedPens_eng;

SPSS_FY09Q1_Oct21_LawFundedPens_arm; SPSS_FY09Q1_Oct21_LawFundedPens_eng;

SPSS_FY09Q1_Oct28_TalkPointsFundPensLaw_arm.doc; SPSS_FY09Q1_Oct28_TalkPointsFundPensLaw_eng.doc

¹⁸ SPSS_FY09Q1_Nov20_LawFundedPens_arm; SPSS_FY09Q1_Nov20_LawFundedPens_eng;

SPSS_FY09Q1_Dec2_LawFundedPens_arm; SPSS_FY09Q1_Dec2_LawFundedPens_eng

¹⁹ SPSS_FY09Q1_Dec4_VolFundedPens_arm; SPSS_FY09Q1_Dec4_VolFundedPens_eng

- In addition, at MLSI's request, SPSS started drafting a revised law on the solidarity pension component.²⁰
- SPSS translated the draft unified tax law²¹ and has provided comments at working group and PRIWG meetings to discuss the law; preliminary comments were provided in writing as part of the technical design issues to be decided, see footnote 6 above. The draft law on the unified tax contains a provision that exempts the minimum wage from the unified tax of 26%. This was a significant change from the reform program that was previously modeled, and substantially alters money flows within the system. More detailed comments on the unified tax draft law were prepared, comparing the cost implications of the unified tax with the minimum wage exemption to the tax revenue generated by the present system, and the relative tax burden of the present system and the proposed system.²²
- Some consideration has been given to having an overall pension system framework law and SPSS has prepared a short draft.²³
- The absence of a draft on the personified recordkeeping system was a concern. However, the SPSS team was advised that a law on personified recordkeeping had been introduced to Parliament by MLSI in March 2008 and passed first reading. This was a draft law essentially restating the current PARNAS business process. It describes a paper process for personified recordkeeping of pension data only. For this and other reasons, it is not an appropriate personified recordkeeping law for the proposed system.²⁴ On December 15, SPSS experts were asked to revise this draft by December 19. A revised draft was prepared, reflecting basic concerns about personified recordkeeping, such as use of electronic records, maintenance of the system by the SRC, and maintenance of records on the unified tax as well as the fully funded pension contributions.²⁵

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

- This is scheduled to take place in February, 2009.

1.C.4 Advise Parliament and Government on refining draft law.

- Not yet applicable to Parliament. Advising GOAM as noted above.

1.C.5 Draft other legislation including regulations, bylaws, beneficiary designation, and other forms and legal documents as needed.

- Not yet applicable.

1.C.6 Advise on mechanism and governance of asset management for second pillar.

- SPSS staff works with FSDP staff to assure that the funded pension law and the investment funds law, which FSDP is drafting, will be consistent and complementary. SPSS met several times with FSDP to obtain comments on the funded pension draft.
- At the PRIWG meeting of December 15, there was agreement that the fully funded pension law must not duplicate the investment fund law. The two laws must be harmonious. The investment fund law should be a fifth law submitted in the same package. There is a need to have asset managers separate portfolios of pension assets from other assets they are managing, and there has to be segregation of assets and separate custody.

1.C.7 Advise on legal responsibilities of custodian.

²⁰ SPSS_FY09Q1_Nov24_LawSolidarityPens_arm; SPSS_FY09Q1_Nov24_LawSolidarityPens_eng;

²¹ SPSS_FY09Q1_Nov18_TranslLawUnifiedTax_eng;

²² SPSS_FY09Q1_Dec17_PRIWGRMemo4_UnifiedTax_eng ; SPSS_FY09Q1_Dec17_PRIWGRMemo4_UnifiedTax_arm

²³ SPSS_FY09Q1_Nov03_LawMultiPillrPenSys_arm; SPSS_FY09Q1_Nov03_LawMultiPillrPenSys_eng

²⁴ SPSS_FY09Q1_Dc16_TransLawPersonRecord_eng

²⁵ SPSS_FY09Q1_Dec17_LawPersonfdRecord_arm; SPSS_FY09Q1_Dec17_LawPersonfdRecord_eng

- See 1.C.6 above.

1.C.8 Advise on legal requirements and administrative process of reporting to individuals.

- This issue is being addressed as part of legislative drafting and business process mapping.

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

1.D.1 Arrange information, education, communication events to improve familiarity with pension issues.

- Planning for joint journalist training with USAID/IREX Core Media Support Program took place in November, however, MLSI and PRIWG determined that such training is premature without having adopted its own public information strategy.

1.D.2 Develop public education plan in accordance with the base period 3 year action plan.

- SPSS supported preliminary planning for public education by MLSI.²⁶ MLSI is developing a detailed public education plan to support pension reform.

1.D.3 Conduct surveys, focus groups, and other information collection activities.

- SPSS contractor AUA initiated focus groups to determine attitudes towards the pension system and pension reform. SPSS staff also attended the focus groups that were held in October. The AUA report on focus groups has been provided and translated.²⁷The report summary concluded as follows:

- There is little general public knowledge about pensions in Armenia.
- Most people believe that pensions are too low and that the current system is inefficient and unfair.
- People are unaware of a proposed reform, and do not approve of paying higher taxes.
- Many believe the state should be responsible for retirement and provide guarantees.
- Opinions on whom to trust (between the government and the private sector) for investing pension savings differ across focus groups, with most urban participants trusting neither and rural participants trusting only the government.
- There is a general lack of trust in government, however.
- At the same time, people believe that allowing private institutions to invest is risky, and international institutions are trusted more than domestic ones.

- In addition, SPSS directed design of questions for a baseline survey to be commissioned from AUA on public knowledge of the pension reform proposal. This survey was also completed in November-December, and the report will be forthcoming in the next quarter.

1.D.4 Design and implement information, education and communication materials and events to facilitate discussion on pension law.

- See 1.D.1 and 1.D.2.

1.D.5 Design and implement information, education and communication materials and events on improvements in the household survey.

- No activities during this reporting period.

²⁶ SPSS_FY09Q1_Dec15_PenRefOutreachPr_arm.doc, SPSS_FY09Q1_Dec15_PenRefOutreachPr_eng.doc; SPSS_FY09Q1_Nov24_FlyerN1BasicInfo_eng docx (watermar)

²⁷ SPSS_FY09Q1_Dec02_PensionFocGrp_eng; SPSS_FY09Q1_Dec02_PensionFocGrp_arm

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

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

- SPSS Pension Administration expert's consultancy and reports were initiated in the previous quarter and were further discussed with counterparts. Based on the ten-office survey of SSSS, SPSS made recommendations. SPSS met with relevant counterparts (deputy directors of SSSS regional offices and others) to discuss the recommendations. In a meeting with SSSS, SPSS staff agreed to work in two directions: developing written materials for the public and preparing for a model office.²⁸ SPSS was also able to arrange a discussion on dealing with difficult clients.²⁹

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

- Revised model office memorandum drafted.³⁰ MLSI has reviewed the ten-office survey and has expressed interest in implementing the changes through the mechanism of a model office.

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

- No activities during this reporting period beyond preparations for early 2009 consultancy.

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

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

- The PRIWG created a sub-group to develop a terms of reference (IT TOR) for the system design of the reformed pension system database. SPSS was asked for comments on the draft IT TOR. The principal concerns are that the IT TOR was drafted prematurely before a business process design was complete and that it did not include budgets.³¹
- In October, SPSS established a working relationship with the SRC and began mapping the proposed business process of the reformed pension system as expressed in the draft IT TOR and the White Paper.³² SPSS started meetings with SRC specialists, and continued meetings with MLSI counterparts and other members of the PRWIG. In October, SPSS prepared the first draft of 5 basic process maps: process of employee enrollment and unified tax calculation³³; tax return submission and processing maps: both paper and electronic submission maps³⁴; money flow process map³⁵ and asset manager choice map³⁶. The maps were translated and submitted to SRC and MLSI for their comments. The maps contain shaded boxes that refer to steps or issues that require more detailed discussions and clarifications.
- SPSS team members repeatedly expressed concerns, in comments on the IT TOR and during several extended meetings with SCR and MLSI officials, that the IT TOR and the White Paper do not cover all possible issues and activities that should be addressed while developing the implementation plan of the reformed pension system. In particular, during an SPSS meeting at

²⁸ SPSS_FY09Q1_Oct16_CusickLExitRprt_eng;

²⁹ SPSS_FY09Q1_Oct14_WekerActionMemoSSSSDifcltClnts_eng;

³⁰ SPSS_FY09Q1_Oct01_ModelOffcBasicPensAdmin_eng; SPSS_FY09Q1_Dec1_ModelOffcSSSSRevsd_arm

³¹ SPSS_FY09Q1_Oct01_TORITMemoComments_arm; SPSS_FY09Q1_Oct01_TORITMemoComments_eng

³² SPSS_FY09Q1_Oct27_BusnsProcsOutlinePRI_eng, SPSS_FY09Q1_Oct27_BusnsProcsOutlinePRI_arm;

³³ SPSS_FY09Q1_Oct23_TaxCalculatnMap_eng.pdf, SPSS_FY09Q1_Oct23_TaxCalculatnMap_arm.pdf;

³⁴ SPSS_FY09Q1_Oct23_TaxReturnsSbmissnPrcesngMap_eng.pdf,

SPSS_FY09Q1_Oct23_TaxReturnsSbmissnPrcesngMap_arm.pdf;

SPSS_FY09Q1_Oct23_E-sbmissnTaxReturnMap_eng.pdf, SPSS_FY09Q1_Oct23_E-sbmissnTaxReturnMap_arm;

³⁵ SPSS_FY09Q1_Oct23_MoneyFlowMap_eng, SPSS_FY09Q1_Oct23_MoneyFlowMap_arm;

³⁶ SPSS_FY09Q1_Oct23_AsstMngrChoiceMap_eng, SPSS_FY09Q1_Oct23_AsstMngrChoiceMap_arm;

MLSI in early October, when SPSS presented a high level funded pension process map³⁷, some doubt was expressed by the Secretary of the PRIWG that it is necessary to map all processes. It was the PRIWG's initial conclusion that the IT TOR and the implementation plan prepared by the MLSI contained if not all, at least the major part of the information and activities necessary for reform implementation. However, the PRIWG has now approved development of the process maps, and its members are interested to see how the business process maps will demonstrate gaps and weaknesses in the IT TOR. SPSS is using Microsoft Visio 2007 software to develop the above-mentioned initial maps. In addition to boxes demonstrating gaps, there is a list of questions, which SPSS resolved with SRC specialists and the IT TOR team in the following weeks. During the second meeting with the SRC team, SPSS and SRC jointly developed a proposed list of processes to map before revising the IT TOR.³⁸ In response to a request from PRIWG, SPSS provided a list of essential questions not answered by the IT TOR as disclosed in the business process maps.³⁹ In response to a request of the SRC, SPSS developed a list of steps, needs and capacities that the SRC will require in pension reform implementation stages⁴⁰.

- In November, based on additional information received, the following process maps were revised: tax calculation map for wage earners; tax calculation map for non-wage earners; tax return submission and processing map; and asset manager choice map and money flow map. The maps were delivered to the SPSS short-term advisor for comments. Upon MLSI request, the draft maps (although in English) were sent to MLSI⁴¹, however they are not finalized as many issues related to calculation of the unified tax and funded pension participant application enrollment well as data verification issues are still unclear.
- After subsequent meetings with the MLSI and the SRC in December all of the business process maps were revised to reflect current understanding of the optimal approach to implementing the reform.⁴² A particularly difficult issue is the treatment of self-employed persons and individual entrepreneurs.
- At the request of MLSI, in addition to preparing maps for the processes, each process map is transformed into a descriptive document, as requested by the PRIWG secretary.⁴³ Following agreement obtained on December 15th during the PRIWG meeting on December 19th, the SPSS team submitted the Armenian versions of the most important process maps with an accompanying memo to MLSI⁴⁴. Thus MLSI has already received the following maps: Tax calculation for wage

³⁷ SPSS_FY09Q1_Oct10_Pillar2ProcessMap_eng&arm.xls;

³⁸ SPSS_FY09Q1_Oct27_BusnsProcsOutlinePRI_eng.doc; SPSS_FY09Q1_Oct27_BusnsProcsOutlinePRI_arm.doc

³⁹ SPSS_FY09Q1_Oct31_QuestionsITTOR_arm.doc

⁴⁰ SPSS_FY09Q1_Dec18_SRCNeedsUnderRefrnImpl_arm; SPSS_FY09Q1_Dec18_SRCNeedsUnderRefrnImpl_eng

⁴¹ SPSS_FY09Q1_Nov25_AsstMngrChoiceMap_eng.pdf, SPSS_FY09Q1_Nov25_MoneyFlowMap_eng.pdf,

SPSS_FY09Q1_Nov25_TaxCalcultnNonWageEarnrsMap_eng.pdf,

SPSS_FY09Q1_Nov25_TaxCalcultnWageEarnrsMap_eng.pdf,

SPSS_FY09Q1_Nov25_TaxRetrnSubmssn&PrcesngMap_eng.pdf;

⁴² SPSS_FY09Q1_Dec9_Map_TaxCalcultn_WageEarnrs_arm; SPSS_FY09Q1_Dec9_Map_TaxCalcultn_WageEarnrs_eng;

SPSS_FY09Q1_Dec9_Map_TaxCalcultnNonWageEarnrs_arm;

SPSS_FY09Q1_Dec9_Map_TaxCalcultnNonWageEarnrs_eng;

SPSS_FY09Q1_Dec10_Map_MoneyFlow_eng; SPSS_FY09Q1_Dec10_Map_TaxRetrnSubmssn&Prcesng_arm;

SPSS_FY09Q1_Dec10_Map_TaxRetrnSubmssn&Prcesng_eng;

SPSS_FY09Q1_Dec15_Map_AsstMngrandcustdianlicinsing; SPSS_FY09Q1_Dec15_Map_AsstMngrChoice2_eng;

SPSS_FY09Q1_Dec15_Map_MoneyFlow_arm; SPSS_FY09Q1_Dec15_Map_MoneyFlow_eng

SPSS_FY09Q1_Dec15_Map_TaxCalcultn_WageEarnrs_arm;

SPSS_FY09Q1_Dec15_Map_TaxCalcultn_WageEarnrs_eng; SPSS_FY09Q1_Dec15_Map_TaxCalcultnNonWageEarnrs2_arm;

SPSS_FY09Q1_Dec15_Map_TaxCalcultnNonWageEarnrs2_eng;

SPSS_FY09Q1_Dec15_Map_TaxRetrnSubmssn&Prcesng_arm;

SPSS_FY09Q1_Dec15_Map_TaxRetrnSubmssn&Prcesng_eng

⁴³ SPSS_FY09Q1_Dec15_Descrpn_TaxCalcultn_WageEarnrs_eng;

SPSS_FY09Q1_Dec15_Descrpn_TaxCalcultn_WageEarnrs_arm; SPSS_FY09Q1_Dec18_Descrpn_TaxCalcultn_WageEarnrs_arm;

SPSS_FY09Q1_Dec22_Descrpn_TaxRetrnSubmssn&Prcesng_arm

⁴⁴ SPSS_FY09Q1_Dec19_MapAsstMngrChoice2_arm

earners and individuals employed with civil-legal agreements; Tax calculation for Employer for non-wage earners; Tax returns submission and processing; Money flow process map; Asset manager choice map and asset manager licensing map and custodian contract process map. The process maps on information flow, pension assignment and payment process, inheritance rights and dispute resolution will be submitted to MLSI by the end of the year.

- A short list of questions presented in the IT TOR was provided at the working group's request.⁴⁵ This report summarized the outstanding issues remaining as revealed in the maps at that time.
- SPSS experts worked on technical specifications for the IT system for the funded component of the pension system. There were ongoing discussions with the NORC center on the information required for the technical specifications for the new IT System.
- A draft outline of an IT TOR was provided in November.⁴⁶ This outline is to serve as a description of the detailed specifications to be produced in the next quarter on the basis of the business process maps.
- Recruitment of an additional specialist to prepare system specifications proceeded in October and November. A specialist whose work was reviewed by SPSS experts and who has made presentations to MLSI during a study tour in Macedonia in May 2008 was recruited; materials have been sent for review and discussions are ongoing.
- At the request of the PRWIG a detailed assignment for this expert was prepared and circulated for comment.⁴⁷
- On November 19th the SPSS pension team met with OMX – Central Depository experts to discuss the role of the depository in the pension reform and its capacity to maintain and process the required information. OMX is anxious to have a draft of the funded pension law and cannot really analyze the business process definitively without it. During that discussion several important points were revealed related to business process in Estonia, which is being used as a model in Armenia:
 - The Central Depository informs the tax agency if there is a participant voluntarily joining the funded pension system, but is not registered as a taxpayer;
 - If there are inconsistencies between money and information received the Central Depository sends money back to the Treasury and information back to the tax agency;
 - All persons who enroll on a mandatory basis must file enrollment forms; OMX was hesitant to have automatic enrollment citing the difficulty of obtaining accurate addresses in Armenia;
 - OMX does not confirm enrollment with either a letter or an e-mail; such confirmation would appear necessary in Armenia.
- On November 21 and 28 at USAID initiative, SPSS hosted two meetings with other USAID projects to discuss database development issues common to all. Several USAID Projects, including PHCR, SPSS, and IFES are in the process of helping the GOA develop or improve databases with personified information for various purposes (health enrollment, individual pension accounts, voting registration, civil registry, etc.). These projects work with government institutions that have overlapping individual registration needs. Current database development activities are in some instances proceeding in isolation from each other and that there is a danger

SPSS_FY09Q1_Dec19_MapAsstMngrlcinsing_arm
 SPSS_FY09Q1_Dec19_MapMoneyFlow_arm
 SPSS_FY09Q1_Dec19_MapTaxCalcultnNonWageEarnrs2_arm
 SPSS_FY09Q1_Dec19_MapTaxCalcultnWageEarnrs_arm
 SPSS_FY09Q1_Dec19_MapTaxRetrnSubmssn&Prcesng_arm
 SPSS_FY09Q1_Dec19_MemoBusnsMaps_arm

⁴⁵ SPSS_FY09Q1_Nov03_ITTORQuestions_eng

⁴⁶ SPSS_FY09Q1_Nov18_IT TOR Outline_eng.doc;

⁴⁷ SPSS_FY09Q1_Dec01_Pillar2ISSpecifRFP_arm.doc; SPSS_FY09Q1_Dec01_Pillar2ISSpecifRFP_eng

of wasted resources and limited results. In addition, individuals and employers may be required to report the same information to the state repeatedly for different databases. It is a principle of good governance that an individual should be required to report information to the state only once, and that state agencies should be able to process and share the information for all necessary purposes. The projects agree that the following issues are critical:

- There needs to be a single authoritative source that can confirm a person's existence in Armenia;
 - It is imperative for a unique identifier system to be used by different state systems. Most GOAM partners are coming to accept the Social Security number, which was introduced in 2004 with USAID support, but full agreement on its use is not yet reached;
 - Connectivity among the databases and between local and central government is a major issue, but waiting for connectivity should not obstruct proper attention to overall data management requirements. Regardless, the data organization and standardization is needed even within present infrastructure, and can precede broader connectivity.
 - Address identification is necessary;
 - A coherent management information approach is needed to assure security and privacy while also integrating information;
 - A high level GOA group should impose coordination on the database development process to prevent uncoordinated decisions;
 - SPSS experts will be participating in meetings with IFES and the Ministry of Interior to address these issues further.
- On December 12, SPSS experts attended a meeting with OVIR, the Police registration office to discuss the proposed RA government project to issue ID cards and biometric passports. These are the main points covered:
 - OVIR is planning to issue new documents starting from January 1st, 2010 by replacing expired passports. The ID card will be the identity document used inside the country. Passports will be the identity document for traveling outside of the country;
 - A draft law will be submitted in March 2009; the concept paper has been approved by decree of the RA President;
 - The ID number will be the social card number for citizens who already have social cards. For others, an ID number will be generated using the same algorithm. OVIR has regular data exchange with the NORC, which manages the social security number system and use social card numbers in their database now;
 - OVIR has about 60 territorial offices connected to central office. Applicants come to apply for passport at the territorial office, and the data is electronically submitted to the central office where the passport is printed. The passport is transported back to the territorial office where it is delivered to the applicant. For those who are abroad there is a possibility to apply for passport in a consulates. The same approach will be used for the new documents.
 - There is some budget planned for operations but OVIR is still looking for funding.
 - In light of the foregoing, it appears that it is appropriate to use social cards in the pension system and that a unified database is likely to be available.

1.F.2 Assist in project management.

- SPSS offered, and the PRIWG accepted, assistance in project management. SPSS prepared a detailed report on the process of project management, and a seminar for MLSI is being prepared to further explain the process.

- SPSS experts provided the first part of project management training.⁴⁸
- Project management tools are being used to assist the head of the PRIWG to organize and supervise pension reform implementation.

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

- As noted above, the business process design and terms of reference are still not completed. However, an IT TOR was prepared and SPSS provided comments, indicating in general terms the need for business process design before the contract for a new information management system is tendered.

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

- As noted above (See 1.F.3), the business process design and terms of reference are still not completed.

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

- Discussions of the need for data migration initiated with SRC as part of business process mapping are ongoing. Data migration is one of the issues mentioned in the deliverable regarding risks, see footnote 6.

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

- This activity is not yet in process as noted above, although preparations are in process.

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

1.G.1 Provide training on system reform.

- No activities during this reporting period.

1.G.2 Assist with refinement of system as necessary.

- No refinement activities anticipated until after initial design completed.

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

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

- Drafting of analytical paper on social insurance systems in Armenia.

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

- No activities during this reporting period.

2. COMPONENT TWO: EMPLOYMENT SERVICES

⁴⁸ SPSS_FY09Q1_Nov22_ProjManagmntPart1_eng.ppt, SPSS_FY09Q1_Nov22_ProjManagmntPart2_eng.ppt, SPSS_FY08Q4_Nov22_ProjManTrainSample1_eng.doc, SPSS_FY08Q4_Nov22_ProjManTrainTest1_eng.doc, SPSS_FY08Q4_Nov22_ProjManTrainTest2_eng.doc

Component Two focused on supporting the openings of three SESA model offices, which were renovated by SPSS in Charentsavan, Hrazdan and Gavar; and which will become the demonstration sites for modern employment services. Piloting was completed of the performance measurement system that is part of the modern service offices' management. The Employer Sample Survey Report was presented to the public by SESA, and initiates a new practice of public reporting of employment demand trend data. The Job Club manuals and Job Club action plans were presented and discussed during Job club trainings. SPSS Staff participated in the opening of Youth Center, after having presented job search skills training to Youth Center clients in preparation for the Gyumri job fair. The flow chart for model offices design was finalized with SESA staff. Armenia's labor market situation, its trends and challenges were discussed in Charentsavan local employment center, during the USAID mission staff and SESA head staff meeting. SESA successfully institutionalized Job Fair methodology. Job fair assessed and provided to SESA and presented in Gyumri for employers, employment office staff and other stakeholders. Initial agreement on Social statistics bulletin, covering Armenia's social sphere reached with the NILSR. An RFP process for outsourcing employment services for vulnerable populations is in the process of provider selection and contracting. Nationwide job bank technology was initiated for the use of all job seekers.

2.A Assist counterparts to develop a Strategic National Employment Service Action Plan with key elements: stronger links with private sector employers, outsourcing of selected services using social contracting, implementing locally based employment approaches 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 Build and strengthen internal capacities within SESA both on central and local levels to implement an Employment Strategy.

- Discussed the activity plan for FY09 with the MLSI and SESA staff resulting in editorial amendments of the activity plan.

2.A.2 Support in developing the draft strategy for Employment and the Draft Action Plan for Strategy Implementation.

- The team meets regularly with SESA to discuss and coordinate activities towards the implementation of Activity plans.

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

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

- The Grant Agreements and Attachments to Agreement are being reviewed and negotiated with MLSI and SESA, based on the Grants Management Manual previously adopted.
- The Action Memo for Social Enterprise Development Project competition was approved by the CTO. Grant agreements and attachments to the agreement have been prepared, reviewed and delivered to MLSI and SESA for final approval.
- Based on the Social Enterprise Development Evaluation Committee's decision, "Astghatsolk" disabled children parent NGO and Armenian Union of Blind Echmiadzin Branch were selected for funding. Negotiations with other applicants are finalized.

2.C Support continued reforms of SESA offices.

2.C.1 Assist SESA in rolling out the new portfolio of Active Labor Market Measures including full service offerings, countrywide coverage, involvement of NGOs and private providers, and Active Labor Measure message.

- Armenia’s labor market situation, its trends and challenges were discussed in Charentsavan local employment center, during the USAID mission staff and SESA head staff meeting, on December 4.
- Participated in the opening ceremony of MLSI Youth Professional Orientation Center. The mission of Youth Center is to provide guidance to school students in the selection of appropriate occupations in view of the labor market demand and to contribute to the increased competitiveness of younger people in the labor market.
- Trained 80 participants (54 were women) from MLSI, employment offices, SESA staff and the Youth Center staff in Job Clubs. During three 2-day trainings (two in Yerevan and one in Gyumri) the purpose of the function of job clubs using the “Job Club Manual” as a guide was the theme of the training.⁴⁹
- Produced and distributed two Job Club handbooks for practical use: one is for job club facilitators and the other is for job seekers.⁵⁰
- The Component team visited Erebuni employment center and Youth Professional Orientation center, discussed possibilities of further methodological assistance for organizing job club activities.
- The Shirak regional Job fair that was implemented in October in collaboration with 5 private organizations in Gyumri created sustaining materials.⁵¹ 1200 job seekers and 40 employers participated and around 100 jobs were presented. SPSS used this Job Fair to provide assistance to the Youth Center by organizing the “Job formula” training (covering the topics on resume/CV preparation) for 60 job seekers of Shirak region.
- Before the Job fair, training for 40 employers was conducted to prepare employers on how they can best use a job fair to fill vacancies and to create an applicant bank.⁵²
- SPSS used job seekers’ and employers’ questionnaires to assess the process and organizational aspects of Job fair⁵³. Based on the outcomes of the surveys and the subsequent assessment of job fair results on job placements a presentation was prepared and provided to SESA. The outcomes of the job fair were presented to Gyumri employment center staff, with the participation of employers, mass media and other interested counterparts in Gyumri on December 22⁵⁴. As of December 10, 55 of 95 job places were filled by job seekers, while the rest of vacancies are in the process of placement or will be used in the sequel. The assessment provides a clear picture of strengths and weaknesses of the job fair and will give lessons learned to the SESA offices planning to conduct job fairs in 2009.

⁴⁹ SPSS_FY09Q1_Oct09_GrantMJobClubsPurpose&UseRound2_arm& eng.ppt;

SPSS_FY09Q1_Oct06_GrantMUnderstandingJobLoss_arm&eng.ppt;

SPSS_FY09Q1_Oct14_GrantMStress&UnemploymentJobClub_arm&eng.ppt;

SPSS_FY09Q1_Nov04_JobClubTrainingEvRpt_eng;

SPSS_FY09Q1_Nov18_MicheGrantExitRpt;

⁵⁰ SPSS_FY09Q1_Oct03_JobClubsManualLeaders_arm.doc, SPSS_FY09Q1_Oct03_JobClubsManualLeaders_eng.doc,

SPSS_FY09Q1_Oct13_JobClubsManualJobSeekers_arm.doc, SPSS_FY09Q1_Oct13_JobClubsManualJobSeekers_eng.doc;

⁵¹ SPSS_FY09Q1_Nov3_GyumriJobFairEvRpt_eng;

⁵² SPSS_FY09Q1_Oct08_GyumriJobFairEmployerSeminar_arm.ppt;

SPSS_FY09Q1_Oct08_GyumriJobFairEmployerSeminar_eng.ppt;

SPSS_FY09Q1_Oct08_SampleQuestionsForJobFairCompanies_arm.doc;

SPSS_FY09Q1_Oct08_SampleQuestionsForJobFairCompanies_eng.doc

SPSS_FY09Q1_Oct08_UnleashingThePowerOfaJobFair_arm.doc;

SPSS_FY09Q1_Oct08_UnleashingThePowerOfaJobFair_eng.doc;

⁵³ SPSS_FY09Q1_Oct08_GyumriJobFairEvFormEmployers_arm.doc,

SPSS_FY09Q1_Oct08_GyumriJobFairEvFormEmployers_eng.doc,

SPSS_FY09Q1_Oct08_GyumriJobFairEvFormJobSeekers_arm.doc,

SPSS_FY09Q1_Oct08_GyumriJobFairEvFormJobSeekers_eng.doc,

SPSS_FY09Q1_Oct09_GyumriJobFairJobSeekersSurvey_arm.xls;

SPSS_FY09Q1_Oct09_GyumriJobFairJobSeekersSurvey_eng.xls;

⁵⁴ SPSS_FY09Q1_Dec10_JobFairOutcomes_arm; SPSS_FY09Q1_Dec10_JobFairOutcomes_eng

2.C.2 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.

- Developed the charter describing the flow of information and people in the model offices based on discussions with SESA staff. The discussion with SESA staff led to minor changes in the proposed flow chart⁵⁵.
- SESA Regional and Local Employment Center charters are being revised to support goals and tasks of the model offices.
- Three model offices renovated by SPSS were opened: Hrazdan REC and Charencavan LEC on October 24th with participation of SPSS and SESA staff, regional and local authorities.
- On October 28th, the renovated Gavar REC was opened with presence of the US Ambassador, Minister of Labor and Social Issues, Governor of Gegharkunik region, Mayor of the city of Gavar and other officials. All three modernized Employment Offices will provide professional working environment to activate progressive programs and labor market measures.

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

- The piloting of a new performance measures system in Vanadzor REC and Shengavit LEC is completed. SPSS and SESA are studying the outcomes of the piloting before making recommendations for implementation in the model offices⁵⁶. The model offices will be the first to institutionalize performance-based management systems in SESA.

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

- Preparations are under way to bring an STTA to guide this effort in early 2009.

2.D Support improvements to job-matching.

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

- The “Employer Sample Survey” report was presented to the public by SESA, and was covered on TV. Participants included more than 20 representatives from ministries, employer’s union, and vocational guidance institutions.⁵⁷ SESA is implementing this presentation in the regions presenting local results for each maze. The presentation of 8 (from 11) regions took place during November-December. SPSS’ Employment Services team participated in presentation of Shirak region’s report.

2.D.2 Recommend improvements in survey content, design and reporting.

- Based on the progress from the previous Employer Survey methodology, SESA is in process of implementation of next Employer survey by own initiative, allowing SPSS assistance to be limited to procedural guidance and oversight.

⁵⁵ SPSS_FY09Q1_Nov28_ModelOfficeFlowChartRevised_arm; SPSS_FY09Q1_Nov28_ModelOfficeFlowChartRevised_eng

⁵⁶ SPSS_FY09Q1_Dec15_PerfMeasShengavitLEC_arm; SPSS_FY09Q1_Dec15_PerfMeasShengavitLEC_eng;
SPSS_FY09Q1_Dec15_PerfMeasVanadzorREC_arm; SPSS_FY09Q1_Dec15_PerfMeasVanadzorREC_eng

⁵⁷ SPSS_FY09Q1_Oct28_EmplSurveyReport_arm, SPSS_FY09Q1_Nov13_EmplSurveyReport_eng;
SPSS_FY09Q1_Oct29_EmplSurveyPressRelease_arm, SPSS_FY09Q1_Oct29_EmplSurveyPressrelease_eng;

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

2.E.1 Advise on IT and administration systems to support improvements in labor market survey.

- No additional activities during this reporting period.

2.E.2 Advise on tendering and management of contracts to develop new systems.

- The new GORTS system was introduced in SESA's offices and connected to the central database.
- Based on a contract signed with Arminco for interim connectivity while awaiting permanent connectivity, 45 SESA offices were connected to the integrated Network under the supervision of the NORC Center and SPSS IT specialists, and supported in the interim by SPSS.

2.E.3 Provide IT training and support for improvements.

- NORC Center established technical support and training of the new GORTS system implemented in all connected SESA's offices.

2.E.4 Assist with refinement of systems as necessary.

- SPSS assisted NORC Center in preparation of a service level agreement for SESA connectivity (as an amendment to the Arminco contract).

2.E.5 Provide training on new systems and establishing ongoing training function within SESA.

- No additional activities during this reporting period, see 2.E.3.

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

2.F.1 Promote cooperation between SESA and the career centers of education and training institutions. Assist post secondary institutions to utilize labor market forecasts in academic planning as well as curricula development.

- Career centers are routinely incorporated into Job Fair planning.
- The initial Employer Sample Survey Report began the furnishing of reliable data to academic institutions, which were invited to the presentations of local survey data.

2.F.2 Assist SESA to develop new services for employers aimed at supporting employers to provide customized retraining opportunities to continuously upgrade worker skills (to increase retention). Training needs analyses and training advice.

- SPSS assisted SESA to sharpen the employer-relations focus of an anticipated US study tour.

2.F.3 Build capacity within SESA/NILSR/other stakeholders to analyze occupational data to develop occupational codes and standards linked to employers' needs.

- No activities during this reporting period.

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

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

- The structure and the content of a Labor and Social Statistics Bulletin, developed by SPSS team and covering Armenia's social/employment sphere was discussed at the NILSR. Initial agreement was achieved.

- The analytical summary of Armenia’s labor market for 2008 prepared for the meeting with US Ambassador⁵⁸.
- Employment Services component’s activities for 2008 were presented for USAID/Washington representative and USAID/Armenia mission staff at SPSS office⁵⁹ on 1 December. Subsequent briefing on 4 December involved the SESA leadership in a discussion of priorities and plans. Refer to 2.C.1, 2.D.1

3. COMPONENT THREE: OCCUPATIONAL SAFETY AND LABOR

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

This quarter, the Component Three built on previous successes in forging cooperation between the Labor Inspectorate and NORK Center. Final troubleshooting of functional problems of the Access-based SLI database, identified during piloting the system in two SLI regional offices, was completed by NORK Center in cooperation with SPSS Project, and after trainings on the database for data representatives of all SLI structural and regional divisions, the database was introduced at SLI. 21 SLI employees participated in the two day trainings on November 6-7, 2008. The other important area of success is the approval of 2009 work plan by SLI including the implementation of the Risk Based Enforcement Action Plan.

Work undertaken this quarter again concentrated on the public outreach functions of the Inspectorate, including presentation of the results of the second survey by SPSS subcontractor VGM Partners of 69 firms throughout Armenia on business community perceptions of the Labor Inspectorate in a workshop organized jointly with RUEA. Sixteen employers and other stakeholders attended and commented on the results. The component team, as part of a public outreach campaign, also helped SLI with the creation of the second handbook for employers on occupational safety and health, which was published and disseminated through MLSI, Armenian Confederation of Trade Unions, RUEA, Chamber of Commerce and Industry of RA and ILO Armenia National Correspondent’s office. SPSS encouraged the head of SLI to participate in IALI event in Riga through its own funding for ongoing exposure to best practices, and this was done. The SLI head then enjoyed national television coverage as an up-to-date leader.

Other important achievements for the Component this quarter include continued work with MLSI on drafting a Comprehensive OSH Act, based on the IBP modeled regulations proposed by SPSS. The new Head of the Labor and Employment Department agreed to follow SPSS recommendations and requested SPSS to assist with further revisions of the draft Act. Agreement was reached to work jointly and finalize the drafting before March 2009. The team also successfully cooperated with NILSR conducting training on applicability and implementation of international best inspection practices for 25 labor inspectors from SLI regional offices. As part of cooperation with NILSR the Component made a report on the assessment of Labor Code impact on vulnerable groups in the Armenian labor market at a joint NILSR and UNDP Gender Conference.

⁵⁸ SPSS_FY09Q1_Dec12_LaborMarketOverv_eng

⁵⁹ SPSS_FY09Q1_Dec1_USAIDPresentationEmploymentServices_eng

Lessons learned from this quarter centered mostly on the need for assisting SLI with establishing better interaction and coordination within different Ministry agencies (SMEC, NORC and SSSS). Also reinforced was the emphasis of the Ministry on regulations for occupational safety and health. Works for 2009 will be concentrated on further assistance with drafting a comprehensive OSH regulation and implementation of Risk Based Enforcement Action Plan and the improved complaints mechanisms at the Labor Inspectorate.

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

3.A.1 Comment on Labor Code.

- A note on Labor Code commentary creation mechanisms was provided to MLSI in June 2007, and has not been supplemented.

3.A.2 Implementation practices for norms delivered.

- The team continued working with MLSI and SLI on drafting a Comprehensive OSH Act, based on the proposed regulations by SPSS. The new Head of the MLSI Labor and Employment Department (LED) agreed to follow SPSS recommendations and requested SPSS to assist with further revisions of the draft Act. Agreement was reached to work jointly and finalize the drafting before March 2009.
- 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 community.
- The Component presented a report on the assessment of Labor Code impact on vulnerable groups in the Armenian labor market at a Conference on November 18th, titled “The Labor Code as a Contributing Mechanism for Gender Equality”, which was organized by NILSR and UNDP⁶⁰.

3.B Continued modernization of Labor Inspectorate.

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

- 2000 copies of handbooks for employers on management information systems and a how-to on implementing OSH at the workplace were published. They were disseminated through MLSI (200 copies), SLI (400 copies), Trade Unions (400 copies), Employer Unions (400 copies), ILO office (100 copies) and Chamber of Commerce and Industry of RA (100 copies).

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

- The Component, in cooperation with REUA, organized a workshop⁶¹, where 16 employers and other stakeholders discussed the report of the second annual survey of business community views on SLI and occupational safety conducted by SPSS subcontractor VGM Partners. After presentation⁶² of the report participants expressed their views and comments on the survey results, also proposed recommendations and next steps for making the report more conformant to public needs.
- The third annual survey of business community views on SLI performance, transparency and practices will be conducted in the third quarter of FY09.

⁶⁰ SPSS_FY09Q1_Nov03_TananyanTGenderConferance_arm.doc, SPSS_FY09Q1_Nov03_TananyanTGenderConferance_eng.doc;

⁶¹ SPSS_FY09Q1_Oct28_VGMEmployerPresRUEATrainingRpt;

⁶² SPSS_FY08Q4_Oct01_VGMEmployerPresRUEA_eng.ppt, SPSS_FY08Q4_Oct01_VGMEmployerPresRUEA_arm.ppt;

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

- A provision for presentation of best practices of registering and responding to complaints is included as part of this year's annual work plan with MLSI.
- Component three has started the assessment of current complaints mechanisms at SLI. Presently the review of legislation and appropriate practices at SLI is being conducted.

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

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

3.C Propose amendments to regulations that increase sanctions for corrupt behavior and provide other safeguards against corruption.

3.C.1 Promote Civil Service Codes of Behavior.

- No direct action has been taken yet, although LED foresees highlighting the Code for Civil servants in the training of staff by project year 4.

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

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

- Final troubleshooting of functional problems of Access-based SLI database, identified during piloting the system in two SLI regional offices, was completed by NORK Center in cooperation with SPSS Project, and after the two day trainings on the database for data representatives of all SLI structural and regional divisions, the database was introduced at SLI.
- Implementation of the Risk Based Enforcement Action Plan at SLI, prepared by SPSS Project, to help identify high-risk firms through data analysis and accordingly prioritize inspections, is underway. The action plan sets forward necessary steps for implementing risk-based analysis and provides recommendations for linkages between the health care system, SMEC, State Social Security Service (SSSS) databases and SLI. Analysis of data from SSSS and SLI on employers' social contributions, short term disability costs, employee numbers and accidents was conducted for identifying companies with potential occupational safety risks.
- After discussion at MLSI State Labor Inspectorate agreed with 2009 work plan between SLI and SPSS. One of the main areas of actions in 2009 will be the implementation of the Risk Based Enforcement Action Plan at SLI.

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

- Training on applicability and implementation of international best inspection practices for 25 labor inspectors from SLI regional offices was conducted on November 6th in cooperation with NILSR as part of budget funded SLI trainings.⁶³ During the coming months the Component will also focus on identifying people at SLI and NILSR for building in-house training capacities.

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

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

⁶³ SPSS_FY09Q1_Nov06_NILSRPart1LaborPresn_arm.ppt, SPSS_FY09Q1_Nov06_NILSRPart1LaborPresn_eng.ppt

- Series of discussions and seminars with MLSI, Employers and Trade Union representatives are planned for promoting ownership and awareness of Occupational Safety and Labor Code for FY 2009.

4. COMPONENT FOUR: SOCIAL ASSISTANCE TO VULNERABLE POPULATIONS

4.A Strengthen social safety net programs.

4.A.1 Capacity building for social safety net improvement and development of basic analytical and research skills at NILSR.

- A training program is ongoing for NILSR resource center staff to support the development of basic analytical and research skills needed by MLSI. The RA National Assembly (NA) research division staff and SPSS expert delivered the trainings both at NILSR and NA.
- During October, the trainings were mainly concentrated on the creation of the databases relevant to the social safety net needs focusing on standard and legal references as well as information materials pertaining to vulnerable populations relevant to the system needs and available on-line for internal users within the MLSI system.
- In November-December the Resource center staff continued working on the formulation and updating of the NILSR website layout and content. Currently NORC Center created technical opportunity for the website but SPSS strongly recommended to assess the international experience and prepare relevant layout of pages with relevant materials before launching NILSR's website to the public.
- SPSS Crosscutting team began to transfer SPSS's library to NILSR and worked out a matrix for the registration of donations coming from different sources in preparation for electronic conversion of the data in the future. 87 pieces of professional literature were thus listed in the library at NILSR.⁶⁴
- SPSS assisted the Resource center staff to gather donations from other sources, including the MLSI. More than 100 pieces of professional literature were donated by the Social Assistance Department, and 25 pieces of SPSS-funded publications were submitted.
- The Resource center staff together with the SPSS continues to work on the electronic version of the "Social Assistance legislation in Armenia" to be placed under MLSI's webpage with the relevant link from NILSR's webpage. The resource center staff is tasked to place the updates and do the follow-up to the electronic copy of the SPSS-funded publication of the "Compilation of Social Assistance Legislation" finalized in October 2008.
- In the framework of Capacity building for social safety net improvement and development of basic analytical and research skills in the MLSI and NILSR, SPSS used IBPs to design an outline for an Annual Labor and Social Statistics Bulletin^{65&66}. The main purpose of the bulletin is the presentation in figures of the main directions and trends of the social security system in Armenia. Preliminary negotiations at the NILSR reflect interest in institutionalizing the annual compilation and publication.

Initial agreement was achieved that NILSR will:

- Circulate the draft document among relevant staff members;
- Gather the comments;
- Present the idea to the Ministry to get its approval.

SPSS will help:

- With the development of the procedure for that project;

⁶⁴ SPSS_FYQ1_Nov29_NILSRLibraryMatrix.xlsx;

⁶⁵ SPSS_FY09Q1_Dec5_ArmeniaSocialSecurityBulletinoutlineTABLES_arm.doc

⁶⁶ SPSS_FY09Q1_Dec5_ArmeniaSocialSecurityBulletinoutlineTABLES_eng.doc

- With the practical implementation of the project at the initial stage;
- Train the relevant staff;
- Assist with the electronic and hard copy publication.

4.A.2 Support MLSI in identifying minimal social services.

- In the framework of SPSS assistance for the development of a “Sustainable social assistance development strategy”:
 - NILSR research group did regressive analyses of the database of 2007 Household Survey prepared by the NSS;
 - They tested the definition of poverty-related proxies as a part of studying basics of non clear factors theory (attempt to introduce the new formula);
 - They also did the stimulation of the proposed regressive formula using the database “Paros” and household survey results and deliver a comparative analyses of formula developed for family benefits, including research of inclusion exclusion errors, coverage of vulnerable families by type in the program, and the feasibility of amending the vulnerable indicators.
- In the framework of that activity, the following tasks were accomplished within the time period October-December 2008:
 - Formulation of a questionnaire for a field test was finalized, piloted, polished;
 - Training of the interviewers was delivered on October 10th;
 - Field interviews started on October 11th and lasted for 10 days;
 - 1015 questioners were filled;
 - Electronic processing of the 1015 questionnaires was organized to compare the consistency with the existing formulas;
 - Simultaneously, work on a secondary assessment continued.^{67/68/69} and was finalized by mid December;
 - The first preliminary report with preliminary observations was prepared and submitted to SPSS and MLSI;^{70/71/72/73}
 - 150 households were chosen for the secondary survey.
 - Simultaneously to the field work a questionnaire-data-supervision has been conducted by experts;
 - Secondary survey was delivered at the beginning of December 2009;
 - The second final report was finalized and submitted to SPSS and MLSI.
- The research team did some preliminary analyses of the received data that showed the level of effectiveness of the current family benefit system.
 1. The current family benefit system does not mitigate social polarization; the Gini index remains unaffected in terms of household income whether or not we take into account the benefit amount.
 2. The current system is not always targeted: around 50% of households of the poorest decile are deprived of the benefit.
 3. According to various estimations, the poverty rate equals 31% in the country, whereas the impact of the family benefit system on the reduction of the poverty rate is limited to a maximum of 3%.
 4. According to various estimations, the deficit of the minimum sum of the population’s income makes not less than 41%, while the impact of the system on the poverty gap is insignificant and

⁶⁷ SPSS_FY09Q1_Oct10_QuestionFamSocEconoStatusNILSR_arm.doc

⁶⁸ SPSS_FY09Q1_Oct10_SampleMarzFamSocEconoStatusNILSR_arm.doc

⁶⁹ SPSS_FY09Q1_Oct15_ActPlaFamSocEconoStatusNILSR_arm.doc

⁷⁰ SPSS_FY09Q1_Nov29_SocAsistDevStrategy_arm.doc;

⁷¹ SPSS_FY09Q1_Dec19_DevelopmentOfSocialAssistanceStrategy(secondresult)NILSR_eng.doc

⁷² SPSS_FY09Q1_Dec19_DevelopmentOfSocialAssistanceStrategy(secondresult)NILSR_arm.doc

⁷³ SPSS_FY09Q1_Oct15_ActPlaFamSocEconoStatusNILSR(arm).doc

equals only 2%. This is an evidence of the fact that the system still has unresolved issues related to efficiency of targeting , and as a result there is not sufficient funding for all beneficiaries.

5. According to all estimations, the severity of population's poverty, i.e. the disproportion of income distribution as a result of family benefit system remains almost unaffected (drops by only 0.01 points) for the major part of population in most need.
 - Final reporting and follow up of the survey is to be done in January February 2009.

4.A.3 Develop Mechanism for Annual Evaluation of Social Assistance targeting.

- SPSS supported the following activities:

1. 2009-2011 MTEF requests were finalized and submitted to the Ministry of Finance. The following support was given:
 - a. Finalization of 2009-2011 MTEF request,
 - b. Development and finalization of documents in accordance with the format of Appendix 2 of the RA State Budget.
2. Assistance was provided in development of a procedure on MTEF request, quarterly and annual report development.
 - a. A procedure regulating the MTEF request development was worked out and agreed on with the MLSI Deputy Minister.
 - b. By the Order of the MLSI Deputy Minister the procedure was in circulation for comments and recommendations by all departments and divisions.
 - c. The MLSI finance division suggested organizing a discussion on the procedure at the Deputy Minister's office.
 - d. The finalized version will be submitted to MLSI for final approval.
3. SPSS provided assistance to the structural and separate units of MLSI on the Appendix 4 of the RA 2009 Budget Financing Request in budgeting the Ministry's programs in accordance with that format. Currently, the activities are aimed at clarifying the data of that format.
4. Assistance was provided in developing the 9-month report on performance of non-financial indicators of programs implemented by MLSI and financed by the RA 2008 State Budget.
 - a. Currently activities are underway in developing the 9-month report of performance of non-financial indicators of the 2008 programs of the Ministry,
 - b. Support was provided to the structural and separate units of the Ministry in program reporting.
 - c. Based on the reports submitted by the MLSI divisions, the Monitoring division will summarize the non-financial indicators of programs after which the Finance division will add the financial indicators of those programs.
5. SPSS mentored NSS and MLSI staffs in preparing the annual analysis of the impact of social transfers on poverty in Armenia (both in Armenian and English)⁷⁴ for the National Poverty Report "*Social Snapshot and Poverty in Armenia*". Upon NSS request, SPSS arranged support for the translation of 6 chapters of the report.
6. SPSS mentored NSS in preparing Power Point slides on the Impact of social transfers on poverty in Armenia (both in Armenian and English)⁷⁵ and presented them at the press conference conducted by the NSS and MCC at Tekeyan Center on October 15th.
7. SPSS provided training of the MLSI staff on MTEF request development and program budgeting. Within November hands-on trainings were finalized in the key analytical departments. SPSS trainers concentrated on the 2009 Budget analyses and possible monitoring

⁷⁴ SPSS_FY08Q4_Sep19_ContrtoNSSsnapshot2007.doc

⁷⁵ SPSS_FY09Q1_Oct15_PovrtyImpctSocTrnsfrs_arm.ppt; SPSS_FY09Q1_Oct15_PovrtyImpctSocTrnsfrs_eng.ppt

schemes.^{76,77} In December, combined group trainings were organized in the NILSR. During the training sessions combined groups (representatives of different agencies under MLSI umbrella) analyzed cases typical for different agencies to get a better vision of budget processing in different agencies.

- a. For this purpose the SPSS crosscutting team prepared the training participant list, consisting of 15 groups.
- b. The training schedule for each group was developed taking into account the necessary theoretical and practical knowledge for each group.
- c. The materials to be delivered during the training were developed.
- d. The training of the MLSI staff has started^{78/79/80}.

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

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

- The Action Memo of “Alaverdi community support center” project for funding is approved by USAID. “Vahagni XXI” NGO was approved for funding; the Grant Agreement and Attachments are drafted.
- The Action Memo of “Nor Norq community center for disabled individuals and elderly” project for funding of “Paros” NGO is approved by USAID/Armenia. The Grant Agreement will be drafted in January. “Mission Armenia” NGO, the other high-scoring bidder, did not submit a revised proposal for smaller project.
- On October 26, 2008 Artik town elections were held, the Mayor of Artik town was changed. A meeting was conducted with new Mayor of Artik town Khachatur Varagyan, to confirm community interest in continuing the project.
- The Grant Evaluation committee is formed for scoring and selection of the Artik grant application. The meeting was planned for December 24, 2008 and was postponed indefinitely at MLSI’s request.
- Nubarashen Community competition is pending on community final decision to continue the project.
- Accessible community competition is in process. The competition is being handled by MLSI Elderly and Disability Department, according to the process outlined in the SPSS grants management manual.

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

4.C.1 Establish professional status of "Social worker" by strengthening civil society groups.

- In the process of the preparation of a trainings needs assessment to be delivered as part of the NILSR capacity building efforts, SPSS started social workers’ education mapping in Armenia.
- SPSS continues to identify and map the possibilities of education that provide preparation and comprehensive training modules development for different levels of careers in social work:
 - Diploma of Social Work from the Vocational training schools;
 - Certificate from some Distance learning courses;
 - Undergraduate Degree - Bachelor of Social Work (BSW) from the Yerevan State University and Gyumri Pedagogical Institute;
 - Graduate Degrees - Master of Social Work (MSW) Yerevan State University;

⁷⁶ SPSS_FY09Q1_Nov01_StateBudgetAppend1_pdf;

⁷⁷ SPSS_FY09Q1_Nov01_SateBudAppenCover_arm.doc;

⁷⁸ SPSS_FY09Q1_Oct17_BudgNewForm_arm.ppt

⁷⁹ SPSS_FY09Q1_Oct17_BudgNewForm_eng.ppt

⁸⁰ SPSS_FY09Q1_Oct17_ProgBudgArm_arm.ppt, SPSS_FY09Q1_Oct17_ProgBudgArm_eng.ppt

- Trainings for social workers in civil or public service organised by the NILSR in the framework of yearly retraining programs paid from the State Budget;
- Trainings organised by international organisations in collaboration with the Government and local NGOs.

The level of education required for a career in social work varies with the type of work, work setting and location. In most cases, participation in the trainings organised by NILSR reflect the minimum educational requirement for entry into the profession or preservation of the position received years ago. In order to qualify for the position of the Social Worker of a local Marz' Children's Division, the minimum requirement is a BSW or MSW in Social Work, plus 3 years of experience.

- SPSS is in the process of finalization of the referral guide “Children’s Protection in Armenia,” was prepared by the ARS (SPSS subcontractor). 1000 copies of the guide will be printed and distributed among major stakeholders, social workers in GOA, NGOs and Local Government. It is planned to place the referral database on the MLSI website for public access, as well as to organize round tables to attract main stakeholders’ attention to the existing gaps. This guide will provide concise, practical information, present the latest developments in this area; explain the current role of social services and the law safeguarding children. It will be a valuable source of information about the formal and informal sources of child protection assistance in the country. It will also contain a comprehensive Map of Child Protection Systems.⁸¹
- SPSS works with the ARS on a promotional bookmark to advertise the electronic database related to children protection in Armenia to be placed and maintained on the MLSI website by the Women, Family and Children’s issues department and will be supported by the NILSR Resource center.
- In December two articles highlighting social work issues were published in the local press. The first article was devoted to the problems of “single” mothers and how the absence of professional consultancy affect people’s life.⁸² The second article was devoted to the “working poor” and unequal conditions in the labor market.⁸³

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

- Preparations are under way with social service training mapping and NILSR training needs assessment capacity building, see 4.C.1.

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

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

- Recommendations regarding the effect of the FB social assistance payment process revisions contained in the White Paper were delivered along with pension reform comments and recommendations. The White Paper proposes significant reorganization of cash benefit administration, but makes no mention of the non-cash benefits currently administered under the same system.
- In October –December 2008 SPSS together with the MLSI Social Assistance Division continued the distribution of the “Compilation of Legal Acts” among the social workers and relevant community partners.
- SPSS participated in the discussion of the draft law on “State Guarantees for the Provision of Equal Rights and Equal Opportunities for Women and Men”, which was developed with the initiative of the RA Ministry of Labor and Social Issues and the support from the UNDP “Gender

⁸¹ SPSS_FYQ1_Nov29_ARSRBookConten.doc;

⁸²SPSS_FY09Q1_Decembe1_PublicationlocalPressWorkSingleMothers_eng.doc

⁸³ SPSS_FY09Q1_December11_PublicationlocalPressWork_eng.doc

and Politics in Southern Caucasus” Project. The draft law was prepared by a group of experts representing the National Assembly, Government and civil society under the overall coordination of the National Institute of Labor and Social Researches. SPSS advised caution in providing benefits and protections, as they may become employment disincentives.

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

- See 4.B.1.
- SPSS helps MLSI’s relevant departments and NILSR to prepare the electronic resources of Children, Women and Family-related legislation to be placed on the MLSI website (www.mss.am)

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

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

- No activities during this reporting period.
- SPSS teamed with the Women and Children issues department of the MLSI to prepare in January a round table devoted to the circulation of the information and transparency of social issues and activities related to vulnerable groups of population. It is expected that the round table will join multidisciplinary team of professional from formal and informal sectors.
- On December 10 2008, SPSS’s Capacity Building expert was invited to present Economic Rights Violation in Armenia during the conference organized by the UNDP, UNFPA, UNAIDS, IOM, UNICEF under the MLSI umbrella.

5. CROSSCUTTING ACTIVITIES

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

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

- On October 3rd SPSS, in cooperation with RUEA, organized a workshop, where 16 employers and other stakeholders discussed “The Labor Code and Occupational Safety” survey report prepared by the TSG subcontractor VGM Partners. The workshop raised the concerns of the business community regarding SLI’s performance, transparency and cooperation with employers.
- From October 9-10th, 2008, SPSS supported SESA and the MLSI Youth Center to organize a Job Formula Training in Gyumri, aiming to assure more efficient participation of the youth in the job-fair in Gyumri on October 14th, 2008. The main achievements of the training included improved job search skills – better CV writing, preparation for job interviews etc., and opportunities of learning about employer demands and requirements, in the meanwhile setting up cooperation between regional youth centers, local businesses and employer organizations. The interactive method of trainings helped the youth to get a clearer idea of the practical side of the job-search process.
- On October 14th, 2008, SPSS supported SESA to organize its 4th Job Fair, located this time in Gyumri. 41 employers and over 1000 job seekers participated with 150 current vacancies being advertised. Preparation for the Job fair included mentoring SESA staff to train employers and job seekers on how to make the best use of the job fair. As a follow-up of SPSS support to active labor market measures, SPSS organized three 2-day Job Club trainings from October 23-29, 2008. This training was to strengthen the skills of job club facilitators in the SESA regional offices as they train job seekers to network and share information on job search.

- On October 31st, 2008 SPSS with the SESA staff coordinated a presentation on the Employer Survey Report presenting the labor market trends (including the projected job openings, specializations, etc.) for the next 6 months, 1 year and 2 years by Employers forecasts.
- SPSS conducted an Access database training for SLI specialists from November 6-7th, which aimed at introducing the Risk Based Analysis System in all SLI regional centers. It will serve as an important step for development of a modern database with provisions for the system.
- SPSS organized “Project Management Essentials” training on November 22nd, 2008, which was specifically designed for MLSI, SSSS, NORK Center, MOF and CBA middle and senior management, involved in the Pension System Reform in Armenia. The training was aimed at encouraging the target group for applying modern project management methodologies, obtaining better control and efficient use of existing resources in order to achieve reform goals within a limited timeframe and restricted budget.
- SPSS conducted 4-day training on Armenian Pension System Model on 2nd Pillar at the Yerevan State University, Faculty of Mathematics and Mechanics, Actuarial Mathematics Department, from December 8-11, 2008. The main participants included representatives from MLSI, NISLR, NORK Information-Analytical Center and students from the Yerevan State University Actuarial faculty, who had completed training last year. The model was used extensively and materials were prepared to refer to the proposals for the pension reforms being considered by the GOAM. The completion of the training course was marked by the afternoon ceremony of handing certificates and electronic copies of the Funded Pillar Pension Model at the SPSS Project office hosting representatives from the MLSI and the SPSS project’s CTO at USAID.
- A new Internship program round is underway with an internship announcement posted on the SPSS website.⁸⁴ Two new interns are planned to be recruited in addition to the current three students now interning through SPSS Student Internship Program, to learn support skills for various programmatic activities, including research of international best practices, process training evaluations, website updates, etc.
- In addition to the finalization of the evaluations forms⁸⁵ for the last quarter, an overall Training Summary⁸⁶ was prepared for the entire SPSS Project duration with respective average scores for the evaluation forms. The document reflects both in-country training events and the third-country study tours with detailed gender distinctions. On-going training reporting is in process on TraiNet, the official USAID training reporting software, which is a requirement for all USAID projects.

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

- SPSS assisted the MLSI to develop a procedure to respond to the MTEF quarterly and annual report development. The final adoption is expected in December 2008. Institutionalizing good budgeting and program justifications is critical to institutionalizing other SPSS/MLSI initiatives.

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

- SPSS helped SESA to organize the openings of the Model Employment Service Offices in Gavar, Charencavan, Hrazdan, Kotaik and Gegarkunik marzes, renovated by USAID/ SPSS Project. The purpose of the openings, with high-level participation by the US Ambassador, the Minister of SLI and other officials, was the information campaign to attract jobseekers and employers’ attention and encourage collaboration with SESA⁸⁷. The press release was featured on the US Embassy website.

⁸⁴ <http://www.spss.am/digests.php?date=24/11/2008>

⁸⁵ SPSS_FY09Q1_Dec23_DecEvaluations.xls
SPSS_FY09Q1_Oct30_OctEvaluations.xls

⁸⁶ SPSS_FY09Q1_Dec23_Training Summary_eng

⁸⁷ SPSS_FY09Q1_Oct28_UpdateBreifer_eng.doc⁸⁷ SPSS_FY09Q1_Oct28_GavarEmpCentOpenBriefer.doc;

- A Press release⁸⁸, distributed to the Media, and a running line for local TV channels announcing the Gyumri Job Fair was drafted by IEC team and provided to SESA for additions.
- SPSS IEC team supported SESA staff to prepare press releases announcing Hrazdan, Charentsavan⁸⁹ and Gavar⁹⁰ Employment Center Openings to raise public awareness of these events.
- IEC team provided a photo portfolio, illustrating sustainable social protection development activities carried out by SPSS Project in Shirak and Lori Marzes for a photo-exhibit, organized by USAID/PO and Embassy/PAS on December 5th with a purpose to reflect USG humanitarian and development assistance to the earthquake victims and subsequent recovery efforts.

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

- As a support to Component Two, the IEC team prepared the SESA Employer Survey Report⁹¹ (English and Armenian versions) for distribution by SESA. Supporting the Component Three team, the design of the OSH Handbook was finalized and 2000 copies of the Armenian version printed for distribution amongst SLI, employers and employer organizations.

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

5.B.1 Seek stakeholder inputs.

- SPSS facilitated vigorous stakeholder discussions of the pending Pillar I law.

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

- No activities during this reporting period.

5.B.3 Assist with strategic planning.

- Strategic planning support was strong in all components.

5.B.4 Draft legislative and regulatory proposals.

- Reference 1.A and 1.C.

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

- No activities during this reporting period.

5.B.6 Assist with revisions.

- No revisions during this reporting period.

5.C IT and administrative system design (IT).

(Note: Activities under 5.C will be reflected under other components upon approval of the updated FY09 workplan)

5.C.1 Guide implementation of IT Strategy.

- SPSS IT experts had several meetings with the NORK Center managers to engage them into strategy elaboration and preparation of an action plan. In particular, best practices of identifying priorities and available resources, inventory of hardware, software and staff skills were proposed.

⁸⁸ SPSS_FY09Q1_Oct13_GyumriJobFairPressRelease_arm.pdf

⁸⁹ SPSS_FY09Q1_Oct23_Hrazdan&CharentsPressRelease_arm.pdf⁸⁹

SPSS_FY09Q1_Oct23_Hrazdan&CharentsPressRelease_arm.pdf;

⁹⁰ SPSS_FY09Q1_Oct26_GavarPressRelease_arm.pdf⁹⁰ SPSS_FY09Q1_Oct26_GavarPressRelease_arm.pdf;

⁹¹ SPSS_FY09Q1_Oct08_EmplSurveyReport_eng, SPSS_FY09Q1_Oct08_EmplSurveyRptRevision_arm

5.C.2 Create electronic instruments to establish communication between government and civil society and establish information portals including developing websites with interactive capacity.

- Revived the MLSI and agencies' WebPages and terms of reference for the social protection sphere prepared by the NORK Center.

5.C.3 Advise on development of automated information exchange system for all data used in the social sphere.

- Coordination with other USAID projects invested in personified records.

5.C.4 Assist with sustainable IT planning.

- IT seminar at the NORK Center was organized and a presentation on the IT Infrastructure Library (ITIL), promoting best practices of IT infrastructure management, was delivered.⁹²
- The first part of project management training was delivered.⁹³

5.D Anti-corruption initiatives (AC)

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

- Under anti-corruption initiatives SPSS supported the preparation and delivery of three Social Hour TV programs fostering MLSI transparency, with the Armenia Second Channel, on the following issues:
 - October 11th, 2008- Elderly Home Care (Guests in studio were Ripsime Kirakosyan, Chairperson of "Mission Armenia" NGO, and Lilit Ogadganyan, Director of Elderly House);
 - October 18th, 2008- Youth Employment Orientation Center (Guest in studio was Haikuhi Gevorkyan, Head of the Center);
 - October 25th, 2008- MLSI Priorities of Armenia's Demography Policy (Guest in studio was Artem Asatryan, MLSI Deputy Minister).
- Current SSSS procedures are being assessed, and the proposed revisions are made so as to minimize discretion and opportunities for corruption. For example, having pension specialists handle the applications of persons arriving in turn, instead of having each pension specialist handle all persons in a single zip code, is a procedure that would reduce corruption risks.

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

- Pension law drafting includes attention to processes that would discourage corruption, including maximizing the use of technology for receiving and processing tax and contribution reports, and automating applications for pensions.

5.E Gender (G)

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

- For the report period 288 people attended SPSS Project events, of which 128 were men and 160 were women. For more details, see the Accumulated Training Chart below, clause 8.

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

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

⁹²SPSS_FY09Q1_Oct01_ITILSeminar_eng.ppt

⁹³SPSS_FY09Q1_Nov22_PM_Inro_Part1_rus.ppt, SPSS_FY09Q1_Nov22_PM_Inro_Part2_rus.ppt, SPSS_FY08Q4_Nov22_PMtraining_Sample1_rus.doc, PSS_FY08Q4_Nov22_PMtraining_test1_rus.doc, SPSS_FY08Q4_Nov22_PMtraining_test2_rus.doc

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

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

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

- In its own staffing decisions (14 of 22 long-term staff are women, and there are 9 females and 8 males engaged through service agreements), SPSS strives to maintain gender balance.

5.F Monitoring and Evaluation (M&E)

5.F.1 M&E implementation and refinement.

- The SPSS quarterly report for October-December FY09 tracks the progress of the project components in conformity with the Work Plan of FY09, which has yet to be approved.
- In the framework of the Budget training program, SPSS pays special attention to the work with non-financial indicators of performance measures to ensure clear mechanisms to strengthen the ability to monitor and evaluate MLSI programs.
- The FB targeting assessment will provide data for improved social assistance targeting, see 4.A.2.
- Grants Management is used as a context for development of project logframes with financial and non-financial performance indicators. MLSI Department staff gained direct monitoring and evaluation experience through their participation in grants management duties.
- SESA completed in this quarter a pilot of agency performance measures that will first be rolled out to the three model offices supported by SPSS.
- As a continuation of SPSS STTA consultancy, NILSR is working on monitoring and evaluation indicators to measure the efficiency of the services provided to the elderly population in Elderly Houses. A questionnaire was prepared and piloted in Gyumri Elderly House.^{94/95}
- The baseline analysis of public knowledge of the proposed pension reform (see 1.D.2) offers a baseline for assessment of the upcoming public information campaign introducing the reform.

5.G Sustainability Strategies (SS)

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

- No activities during this reporting period.

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

- SPSS is intensively supporting rollout of program budgeting methodology to all departments at MLSI according to the 2008 decision by MOF for all GOAM entities.
- SPSS supported SESA in the delivery of job fairs in 2008. SESA has obtained state funding (via the State Budget) for the delivery of 6 job fairs in 2009.
- SPSS supported MLSI in preparation and delivery of Social hour TV Program in 2008, and there are funds in 2009 Budget for continuation of that initiative.
- SPSS supported publication of the MLSI Bulletin 2008 (1000 copies) and MLSI funded the publication of 2000 copies, plus ensured publication planning in the 2009 MLSI Budget.

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

- Every activity involves stakeholders.

⁹⁴ SPSS_FY09Q1_Oct14_ElderHousEvalnSupportQuestn_arm.doc

⁹⁵ SPSS_FY09Q1_Oct14_ElderHousEvalnSupportQuestn_eng.doc

- 5.G.4 Provide training and mentoring sufficient to establish a sustainable skill base among implementers.
- All SPSS activities aim to establishing sustainable capacity among counterpart implementers. Reference especially 1.B, 1.C, 1.E, 1.G, 2.A-E, 3.B, 3.D, 3.E, 4.A, 4.B, 4.E, and 5.C in this reporting period.

5.H Grants Management (GM)

- 5.H.1 Allocate grant funds in a manner consistent with strategic priorities and targeting established with GOAM.
- Refer to 4.B.1.

6. OVERALL PROGRESS

6.A Progress Towards Work Plan Objectives

The activities reported above are against a work plan proposed by SPSS to USAID in September 2008, pending adaptations resulting from consultations with the primary counterpart, MLSI, formal approval is anticipated in early 2009. The revisions to date are, for the most part, refinements of the goals and objectives above, which derive from the original USAID SPSS contract/RFP. At present, the progress toward larger project goals and objectives is consistent with the RFP, but adjusted to subsequent counterpart interests, and within anticipated timelines, with the most notable exception being the stretched timeline of the project's support for pension reform according to the stretch of GOAM's own timeline. 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 without formal staff responsibilities assigned. Much counterpart interest has surfaced for infrastructure support and for general institutional reforms (e.g. formulating wage scales for civil servants) that are beyond the scope of SPSS, and are a source of irritation to counterparts.

6.B Progress Towards USAID Armenia FY2009 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 Result	FY'09 Target
3.3.1. (a) Number of Social Protection Policy Reforms Drafted, Adopted or Implemented With USG Support	1	25	12
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	792,799	1,143,747
3.3.2. (b) Number of USG-assisted organizations and/or service delivery systems strengthened that serve vulnerable populations	5	17	29
3.3.3. (a) Number of people benefiting from USG-supported social assistance programming	547,250	497,954	453,888
3.3.3. (b) Percent of total eligible persons receiving assistance through USG-supported social assistance programming	57%	66.9%	72.3%

The policy reform targets peaked in FY2008 and attention in FY09 is cementing implementation during the final year of the SPSS Project base period, FY2008 was been an active year with a high level of technical advising in all components. As implementation becomes the focus we expect to see fewer proposed changes but more deepening of the chose 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 the MLSI and other partners to support better policymaking, work toward meeting international obligations along with parallel legislative reforms related to all components, with pension policy and implementation, with employment and labor regulation policies, and with social assistance policies. Of this set, pension reforms are driven by the strongest force of political will, and thus require the greatest amount of legal drafting. SPSS assisted substantially in the drafting of the four separate laws comprising the reform that have been submitted to GOAM as of 25 December 2008. SPSS is assisting the MLSI and its agencies to more transparently administer existing programs. 2008 saw expansion of beneficiaries of assistance as targeting and public relations improved, and as SPSS policy recommendations moved into additional spheres such as worker safety.

7. ISSUES AND STRATEGIES

The 2008 recent re-formation of Government continues to affect counterpart relations, especially as the responsibility for pension reform implementation falls to MLSI, despite the fact that it has opposed many aspects of the reform. As SPSS works to support implementation, the issues of weak planning and management skills are prominent challenges.

8. TABLES AND CHARTS

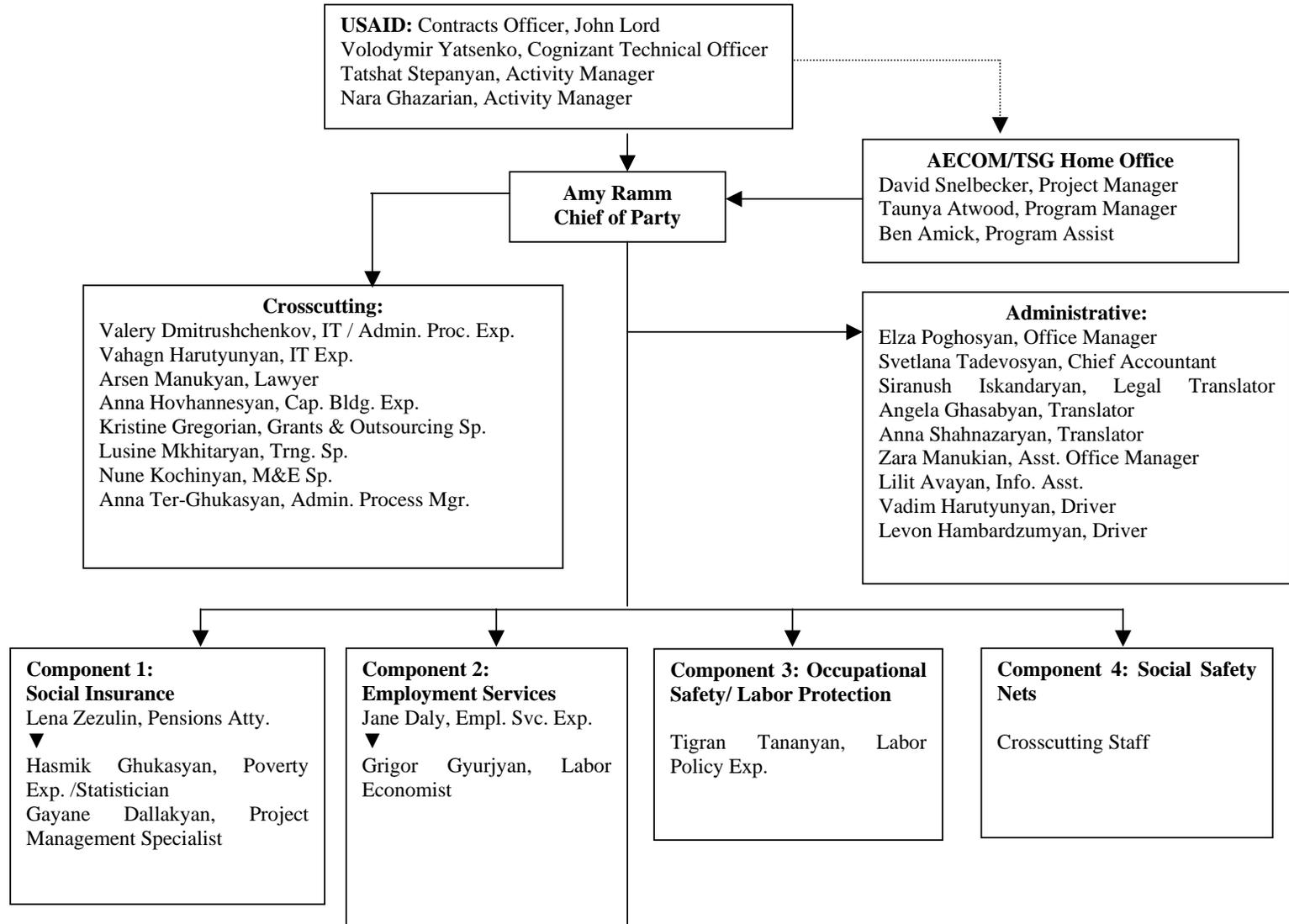
Table 1: Accumulated Training Numbers Organized by TSG

(October-December, FY2009)

#	Name	Organized by	Place	Date FY 2009	Total Number of Participants	Male	Female
1	The IT Infrastructure Library (ITIL)	SPSS	NORK Center	October 1	17	9	8
2	Presentation and discussion of Labor Inspectorate survey report	SPSS, RUEA	RUEA Conference Room	October 3	19	11	8
3	Discussions on the methodology of working with difficult clients in State Social Security Service (SSSS) offices	SPSS	SPSS office	October 22	13	2	11
4	Job clubs	SPSS, SESA	Gyumri, SPSS, Erebuni Hotel	October 22-30	80	26	54
5	Introducing the Program Budgeting System	SPSS	MLSI	October 6-December 28	80	49	31
6	Labor and Safety Inspection: International Best Practices and Applicability for Armenia	SPSS	NILSR	November 6	25	22	3
7	Access data base training for SLI specialists for introducing the system in all regional centers	SPSS	NORK Center	November 6-7	21	4	17
8	Project Management Essentials. Key Terms, Knowledge areas and Processes	SPSS	SPSS office	November 22	11	4	7
9	Armenian Pension System Model on 2 nd Pillar	SPSS	Yerevan State University	December 8-11	19	1	18
Total for October-December:					288	128	160

Chart 1: Organizational Chart

TSG Armenia Organizational Chart



APPENDIX 1: FINANCIAL DATA

Base Period	Contract Amount	Invoiced Amount	Percentage Invoiced
CLIN 1 Total Direct Costs	\$7,842,318	\$5,155,577	66%
CLIN 2 Total Indirect Costs	\$2,522,057	\$1,561,344	62%
CLIN 3 Fixed Fee	\$570,040	\$369,431	65%
TOTAL	\$10,934,415	\$7,086,351	65%
Obligated Amount	\$9,334,415	\$7,086,351	76%